Universidade de Aveiro Departamento de Economia, Gestão, Engenharia Industrial e Turismo
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Estratégia de operações das empresas sociais: recursos, práticas e competências

Operations strategy of social enterprises: resources, practices and capabilities

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Operations strategy of social enterprises: resources, practices and capabilities

Tese apresentada à Universidade de Aveiro para cumprimento dos requisitos necessários à obtenção do grau de Doutor em Engenharia e Gestão Industrial, realizada sob a orientação científica da Doutora Marlene Paula Castro Amorim, Professora Auxiliar do Departamento de Economia, Gestão, Engenharia Industrial e Turismo da Universidade de Aveiro e coorientação do Doutor Luís Miguel Domingues Fernandes Ferreira, Professor Auxiliar do Departamento de Engenharia Mecânica da Universidade de Coimbra.

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Dedico este trabalho à minha família.

o júri

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palavras-chave

Estratégia de operações, empresas sociais, organizações híbridas, identidade organizacional, recursos, práticas operacionais, competências operacionais.

resumo

Nos últimos anos, tem-se assistido à emergência de empresas sociais como um importante elemento no panorama organizacional e na resposta aos desafios sociais. Estas organizações, também reconhecidas na literatura como organizações híbridas, caracterizam-se essencialmente por uma dupla identidade organizacional, combinando objetivos sociais e objetivos económicos dentro da mesma estrutura organizacional. Esta dualidade de objetivos que caracteriza as empresas sociais desafia o conhecimento existente no domínio das estratégias de operações, uma vez que levanta questões sobre os objetivos aos quais a função de operações deve responder, bem como os recursos e as práticas existentes ao nível operacional que levam ao desenvolvimento de competências operacionais distintivas. Assim sendo, o principal objetivo deste trabalho de investigação é compreender como as empresas sociais configuram a sua estratégia de operações. Para tal, foi conduzido um estudo exploratório, adotando uma abordagem de investigação multi-método. Numa primeira instância, foi desenvolvida uma taxonomia com o objetivo de caracterizar as empresas sociais em Portugal de acordo com a sua identidade organizacional. Posteriormente, foram conduzidos casos de estudo em empresas sociais com diferentes características para perceber como elas configuram os seus recursos e práticas de forma a desenvolver competências distintivas. Os resultados sugerem a existência de quatro perfis de empresas sociais, que exibem diferentes níveis de comprometimento para com aspetos sociais e de mercado, assim como diferenças ao nível das características da missão e do desempenho. Em relação às suas estratégias de operações, identifica-se o envolvimento da comunidade como uma das dimensões de desempenho operacional deste tipo de organizações. No entanto, elas tendem a combinar várias dimensões de desempenho operacional como resposta à sua dupla identidade. Motivadas pelas restrições ao nível dos recursos e os benefícios associados à existência de um ambiente colaborativo, as empresas sociais adotam uma maior diversidade de práticas que visam o desenvolvimento das competências operacionais de melhoria dos processos e cooperação. As suas especificidades levam também ao desenvolvimento das competências de mobilização de recursos e de abertura.

keywords

Operations strategy, social enterprises, hybrid organisations, organisational identity, resources, operational practices, operational capabilities.

abstract

In the last years, social enterprises have emerged as an important element in the organisational landscape and in the response to social challenges. These organisations, also acknowledged in the literature as hybrid organisations, are characterized essentially by a dual organisational identity, combining social and economic aims under the same organisational structure. This duality of objectives that characterizes social enterprises challenges the existing knowledge on operations strategy, as it raises questions about the objectives to which the operations function must respond, as well as about the existing resources and practices at the operational level which lead to the development of distinctive operational capabilities. Thus, the main objective of this research work is to understand how social configure their operations strategy. In order to meet this objective, it was conducted an exploratory study, adopting a mixed methods research approach. In a first instance, a taxonomy was developed aiming to characterize social enterprises in Portugal according to their organisational identity. Afterwards, case studies were conducted in social enterprises with different characteristics to understand how they configure their resources and practices in order to develop distinctive capabilities. The results suggest the existence of four social enterprise profiles, exhibiting different levels of commitment towards social and market aspects, as well as differences in terms of mission characteristics and performance. Regarding their operations strategy, community engagement is identified as one of the operational performance dimensions of such organisations. However, they tend to combine multiple operational performance dimensions as a response to conflicting demands. Motivated by resources constraints and the benefits associated with the existence of a collaborative environment, social enterprises adopt a greater diversity of practices aiming the development of improvement and cooperation capabilities. Their specificities also lead to the development of the mobilization of resources capability and the openness capability.

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CHAPTER 1. Introduction

1.1. Topic relevance and motivation

Operations strategy has been extensively explored in the literature on operations management (Boyer, Swink, & Rosenzweig, 2005; Chatha, Butt, Jajja, & Arshad, 2018; Rungtusanatham, Choi, Hollingworth, Wu, & Forza, 2003). Although the process of defining an operations strategy may be different for manufacturing and service operations (Armistead, 1990; McLaughlin, Pannesi, & Kathuria, 1991; Voss, Roth, & Chase, 2008), it typically involves a set of decisions concerning the structure and the functioning of the operating system (Slack, Chambers, & Johnston, 2001). These decisions represent how the organisation uses its resources to develop operational capabilities that will enable it to achieve a sustainable competitive advantage in the sector (Lowson, 2002, 2003) and, consequently, the expected performance (Espino-Rodriguez & Gil-Padilla, 2014; Martín-Peña & Díaz-Garrido, 2008a). If opportunities are identified successfully but then their implementation at the operational level fails, the organisation's ability to sustain a competitive advantage will also fail (McDermott et al., 2003).

Operations strategy literature addressing service operations remains scarce (Bouranta & Psomas, 2017; Boyer et al., 2005) because many service management problems have a higher degree of complexity and are less conductive to analytical modelling (Roth & Menor, 2003). There are some research topics in the service operations field that are still unexplored and have great potential for advancing conceptual and empirical research. Field et al. (2018) and Victorino et al. (2018) identify key research themes, such as the management of knowledge-based service contexts addressing the response to society's challenges through service operations, as well as the operational implications of the sharing economy. Social enterprises represent a significant research opportunity to advance conceptual and empirical research in the field of service operations by investigating services as a driver for social change, *i.e.*, exploring how to improve well-being through the design and delivery of services that create social impact (Field et al., 2018; Victorino et al., 2018).

Social enterprises are organisations that pursue social and economic goals simultaneously (Battilana & Lee, 2014; Doherty, Haugh, & Lyon, 2014). Their emergence has been driven by several contextual forces. In some countries, especially in Europe, substantial cuts have been made in the financial support provided by the State to non-profit organisations due to the economic context, fuelled by the economic crisis. Consequently, non-profit organisations that meet social needs (*e.g.*, elderly care, support and social inclusion of disadvantaged groups, *etc.*) are increasingly pressed to find alternative ways to fund their activities in order to pursue their social mission and ensure the financial sustainability (Battilana & Lee, 2014; Smith, Gonin, & Besharov, 2013). At the same time, companies are dealing with increasingly demanding customers and are pushed to look at the social impact, in which the environmental impact is included, as a new form of value creation (Gallego-Álvarez, Prado-Lorenzo, Rodríguez-Domínguez, & García-Sánchez, 2010). Thus, more and more organisations are integrating social and financial concerns.

In Portugal, social enterprises gained prominence especially after the economic crisis in 2008. It has given rise to new initiatives seeking to become self-sustaining, independent and proposing new approaches to social and societal problems and challenges in fields such as employment, health, education and environment (European Commission, 2014). They are seen as an important element in societal organisation as they aim to respond to social problems and needs at different levels (*i.e.*, local, national, international), using market approaches. Social enterprises are different from socially responsible enterprises – these incorporate profit generation and distribution among shareholders as a core objective – by prioritizing social change above the creation of private wealth. They also differ from non-profit organisations that usually generate revenue from membership fees, donations and legacies (Doherty et al., 2014).

Social enterprises face many challenges in trying to reconcile social with financial concerns under the same organisational and operational system. According to Doherty et al. (2014), this duality of objectives influences mission and resource mobilization and requires the creation of new operational processes to manage conflicting demands. Thus, an effective management of operations should be at the top of their agenda. To date, most of the studies that deal with the management of social enterprises has focused on defining and characterizing their goals and activities, and the literature is marked by the proliferation of arguments about their specificities (Doherty et al., 2014), while the development of new managerial knowledge in the operations management of social enterprises remains largely unaddressed. However, there are enough arguments to support the importance of the development of knowledge about the functional and operational organisation of social enterprises. These organisations have developed valuable experience in combining economic and societal value, since they need to be effective in both types of activities in order to grow and fulfil their mission (Santos, Pache, & Birkholz, 2015). The duality of objectives that characterizes social enterprises challenges the existing knowledge on operations strategy as it raises several questions about the objectives to which the operations function should respond and the operations capabilities that should be developed by such organisations, as well as questions about the resources and operational decisions involved.

The motivation for conducting this research comes, first, from the researcher's experience as volunteer in some social innovation initiatives (*e.g.,* Aveiro SOUP and Refood), as well as the contact and collaboration with regional and international projects in the social entrepreneurship field, such as *"Redes de Conhecimento para o Desenvolvimento de São João da Madeira", "Plataforma para Apoio e Valorização do Empreendedorismo e da Inovação (PAVEI)",* SES-EU (Social Entrepreneurship Support Europe) and SEFORÏS (Social Entrepreneurship as a Force for more Inclusive and Innovative Societies). These experiences allowed the interaction with partners from different countries, the contact with other realities (*e.g.,* the United Kingdom, which is a reference in the social entrepreneurship field, or Russia and China, where it is an emergent field), and the interaction, in Portugal, with a wide range of actors, from nascent social entrepreneurs, directors of social enterprises, beneficiaries to funding entities and other support organisations. It also allowed a better understanding, based on real examples, of the difficulties faced by these organisations in terms of management and, then, the identification of the lack of specific knowledge regarding the answer to these challenges.

Second, the motivation for this research also comes from the desire to combine all the previously mentioned experiences with the background in industrial engineering and management and make a valuable contribution to both fields. Thus, this research will contribute to respond to the claims for new knowledge in the field of service operations, as well as the need for new insights to support managers in the creation of sustainable operations systems and other stakeholders in the creation of an ecosystem that enables the development of social enterprises. Next, the research problem, questions and objectives, the methodology and the thesis structure are presented.

1.2. Research problem, research questions and research objectives

Taking into consideration what has been mentioned previously, the following research problem is formulated:

"How do social enterprises configure their operations strategy?"

This research aims to understand how the specificities of social enterprises, such the dual identity that derives from the pursuit of social and financial objectives, are reflected in the way they configure their operations strategy. This can support managers of social enterprises with different organisational identities (*i.e.,* distinct levels of commitment to social and market aspects) in the implementation of sustainable operations systems to fulfil their mission creating social and economic impact, as well as other stakeholders (*e.g.,* policy makers, funding entities, social incubators) in the promotion of an ecosystem that enables the development of social businesses.

In order to achieve the main objective, two research questions are stated:

Research question 1: *How can social enterprises be classified into distinct groups according to their organisational identity?*

Research question 2: *How do social enterprises configure operations resources and practices in order to develop distinctive capabilities?*

Three specific research objectives are identified. They are:

1. Review the main topics in the literature on operations strategy in manufacturing and service firms, understand what are the specificities of social enterprises and investigate existing information on social enterprise activity in Portugal;
2. Propose an empirical classification for social enterprises according to their organisational identity (*i.e.,* social identity and market identity);
3. Understand how social enterprises are configuring their resources and operational practices and what distinctive operational capabilities are developed by them deriving from operational practices.

1.3. Research approach

In order to meet the research objectives, an exploratory study is carried out, following three main stages that address each of the objectives listed before and specific research questions, contributing to respond to the research questions identified in the previous section.

First, to address objective 1, a review of literature on operations strategy and social enterprise is conducted in order to investigate the main topics on operations strategy literature and the specificities of social enterprises that are relevant to the study of their operations strategy. It is also analysed existing information on social enterprise activity in Portugal, including some mapping exercises that have been carried out in the last years and that addressed the context in which this research will take place.

Objectives 2 and 3 refer to the empirical phase of the research. To address these last two objectives, a mixed-methods approach is adopted, combining a quantitative stage with a qualitative stage. Thus, the second stage of this research involves a quantitative survey research aiming to characterize social enterprises in Portugal by investigating how they can be classified into different groups according to their organisational identity (*i.e.*, social identity and market identity). Using data collected under the SEFORÏS project, a taxonomy is developed with a two-step cluster analysis, based on the importance attached to social and market aspects by a sample of 111 social enterprises operating in Portugal. ANOVA and Chi-square analyses are used to investigate differences between groups in terms performance, mission characteristics and sectors of activity. This quantitative stage addresses objective 2.

Third, and finally, there is a qualitative stage to address objective 3, involving a multiple case study research. This qualitative stage is conducted to investigate how they configure operations resources and practices in order to develop distinctive capabilities. The case studies encompass semi-structured interviews in five social enterprises, following an interview script developed in accordance with the literature review. The social enterprises are selected from the groups identified in the previous stage to ensure some heterogeneity among cases. All interviews will be recorded, transcribed and analysed with a free qualitative content analysis software.

The results allow to characterize social enterprises in Portugal and to better understand how they configure their operations, making considerations about the contribution of this work to the study of operations strategy in social enterprises and the recommendation of future actions and work.

1.4. Thesis structure

This thesis is organized in eight chapters (Figure 1). Chapter 1, which corresponds to this introduction, presents the relevance of and motivation for this research, the research questions and research objectives, as well as the methodology. Chapter 2 and Chapter 3 present the review of the literature on the main topics related to operations strategy and social enterprises, respectively. In Chapter 4, the research design adopted is described and Chapter 5 provides an overview of social enterprises in Portugal. In Chapter 6 and Chapter 7, the procedures and the results of the field research are described. Chapter 6 presents the quantitative survey research aiming at the characterization of Portuguese social enterprises through a taxonomical approach and Chapter 7 a qualitative multiple case study research on the operations strategy of social enterprises. Finally, Chapter 8 summarizes the main conclusions of the research and presents the contributions, managerial implications as well as limitations and some opportunities for future research. Appendices are at the end of the document, after the references.

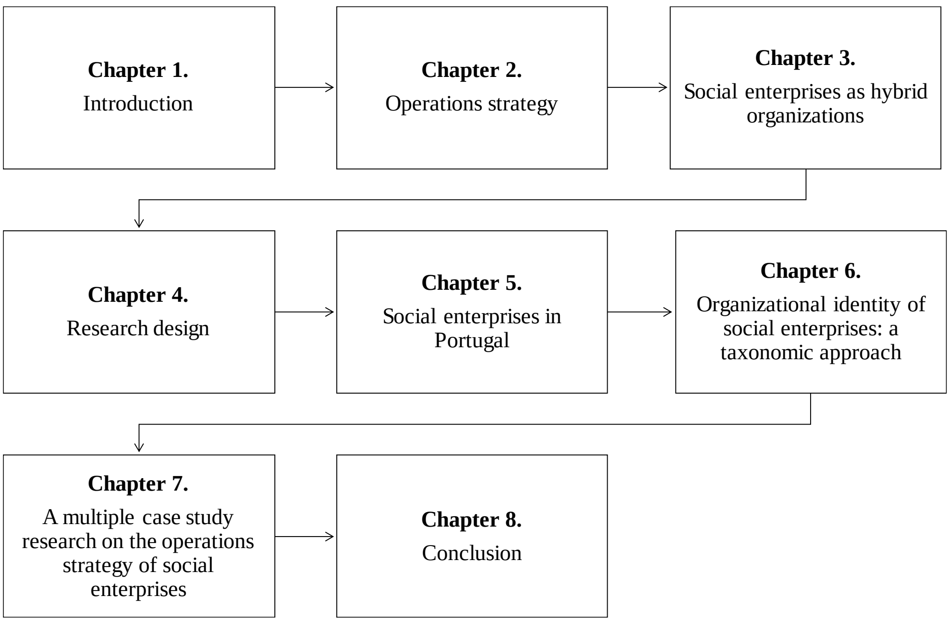

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Figure 1 – Thesis structure

CHAPTER 2. Operations strategy

2.1. Introduction

This chapter presents the main concepts and contributions to the study of operations strategy. Although operations strategy has been more investigated in manufacturing context, an effort is made to collect insights from the literature regarding the study of operations strategy in services, since social enterprises act predominantly in the services field. The chapter begins by offering a definition for operations strategy. Then, a characterization regarding the process and the content is provided, with special attention to the core elements that typically integrate the content of any operations strategy – competitive priorities, operations decisions and operational capabilities. The chapter ends with the reference to operations strategy configuration models and the four-stage model proposed by Hayes and Wheelwright (1984), which discusses the strategic role of operations over time.

2.2. Defining operations strategy

Operations strategy is a well-explored and mature topic within the operations management literature. It is ranking among the top research foci in the field in some literature review studies, which demonstrates the importance of the topic (Rungtusanatham et al., 2003; Thomé, Scavarda, & Scavarda, 2016).

cdefine operations strategy as *"the pattern of strategic decisions and actions which set the role, objectives and activities of operations"*. Lowson (2001) provides a more elaborated definition, arguing that *"an operations strategy aims to perform key operational management activities better than rivals so as to provide support for the overall strategy of a firm as well as serving as a firm´s distinctive competence"*. According to the same author, individual activities can be quickly imitated by other companies, but not the way they are combined to form a unique operations strategy.

Lowson's definition emphasizes two aspects that are often mentioned in the literature on operations strategy. On the one hand, the importance of the operations function for the overall strategy. Skinner (1969) was the first to argue that companies failing to recognize the relationship between operations decisions and business strategy may implement non-competitive production systems. According to the author, operations strategy affects business strategy, as well as business strategy affects operations strategy. Other authors have also stressed how is important the alignment of both strategies – the operations or manufacturing strategy and the business strategy (Díaz Garrido, Martín-Peña, & García-Muiña, 2007; Khalili Shavarini, Salimian, Nazemi, & Alborzi, 2013; Raymond & Croteau, 2009; Thun, 2008). Raymond and Croteau (2009) confirm through empirical research that neither the business strategy nor the manufacturing strategy by itself leads to better performance. Seminal work in the services operations strategy field also emphasizes the vital importance of reinterpreting and translating business strategy elements for the definition of the service operations task (Armistead, 1990; McLaughlin et al., 1991). A successful alignment between strategic objectives and operations decisions leads to a more effective and efficient use of resources, especially relevant when they are scarce. In contrast, the lack of alignment would lead to wasted resources, missed opportunities and loss of competitiveness (McDermott et al., 2003). For instance, Longoni and Cagliano (2015) find that business strategy characteristics, such as the market span and product focus, are distinct for different operations strategy configuration models.

On the other hand, Lowson's definition stresses the impact that a clear definition and implementation of the operations strategy can have in the firm's performance, putting in evidence its competitive advantage over competitors. Díaz Garrido et al. (2007), Espino-Rodriguez and Gil-Padilla (2014) and Martín-Peña and Díaz-Garrido (2008a) are among those who have mentioned the role of operations strategy in performance. The importance of operations strategy in the pursuit of a competitive advantage was also noted by McDermott et al. (2003), who suggest that a firm's ability to sustain a competitive advantage depends on the successful implementation of identified opportunities at the operational level. Even for those organisations not competing on financial gains, such as public sector organisations, who have limited funding and resource constraints, it is important to improve operations capability in order to better serve the public (Fan, French, Duray, & Stading, 2017).

Firms can adopt different operations strategy configurations according to what they consider the best alternative, at a specific moment, to improve their effectiveness, to meet market requirements and to achieve the expected performance. Thus, the effectiveness of an operations strategy can be measured by assessing to which extent competitive advantages and operational decisions are consistent among themselves (Leong, Snyder, & Ward, 1990).

The literature on operations strategy has focused and discussed essentially two aspects: the process and the content (Figure 2). Operations strategy process approaches deal with how to conduct operations formulation and implementation processes, whereas content approaches deal with how operations strategy can create competitive advantage (Rytter, Boer, & Koch, 2007). Next, a discussion is offered about the process and the content of an operations strategy.

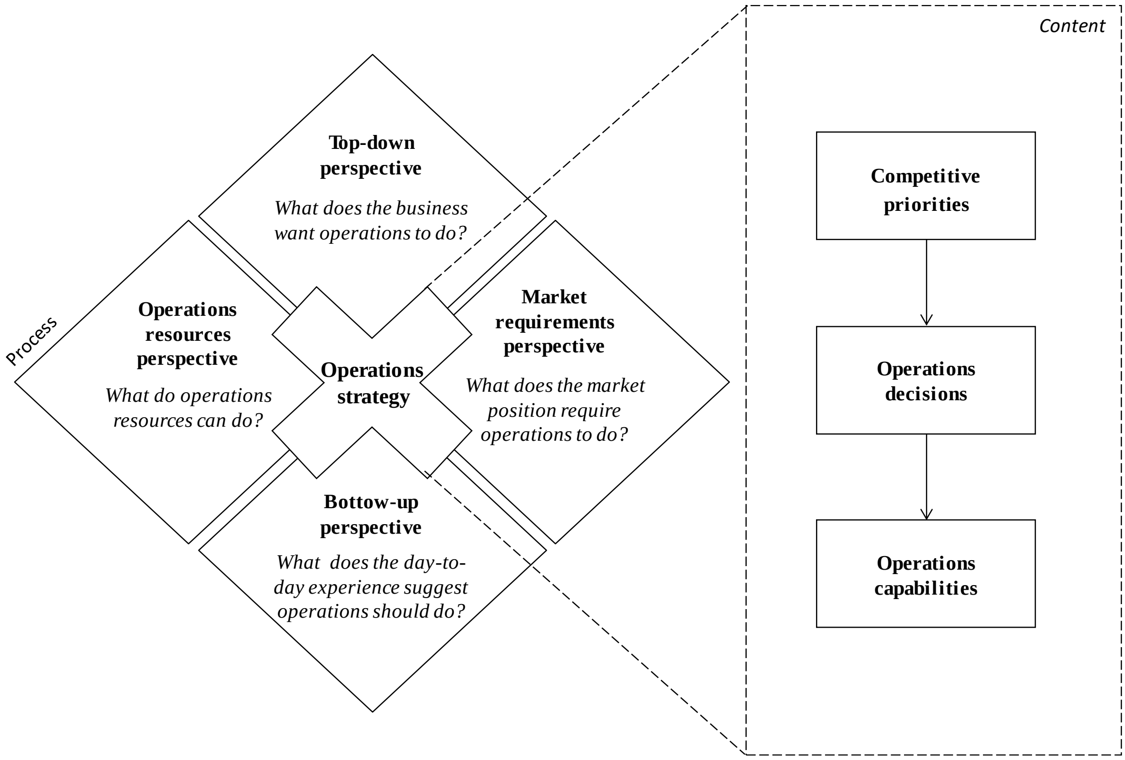

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Figure 2 – Operations strategy process and content

2.3. Operations strategy process

As aforementioned, within the operations strategy field, the term "process" is used to refer to the way or to the point-of-view from which an organisation conducts the formulation and the implementation of its operations strategy. According to Slack et al. (2001), operations strategy can emerge from four different perspectives:

- *Top-down perspective:* operations strategy is a top-down reflection of what the whole group want to do in business;
- *Bottom-up perspective:* operations strategy is a bottom-up activity where operations improvements cumulatively build strategy;
- *Market requirements perspective:* operations strategy involves translating market requirements into operations decisions;
- *Operations resources perspective:* operations strategy involves exploiting the capabilities or operations resources in chosen markets.

Market-based and resource-based views are considered the two major schools of thought regarding the formulation of an operations strategy (Lowson, 2003; Thun, 2008). The market-based view suggests that operations strategy derives from business strategy and, therefore, from the decomposition of market requirements at the operations level (Kotha & Orne, 1989; Thun, 2008). According to this view, operations are seen as a system focused on following and adapting to the rules dictated by markets (Gagnon, 1999). This school of thought guided the definition of the ‘top-down’ and the ‘market requirements’ perspectives suggested by Slack et al. (2001). These authors suggest that different business objectives and competitive factors (*i.e.*, customers’ requirements) probably result in different operations strategies, since the role of operations is to implement and operationalise them.

Although it has been widely recognized the importance of the alignment between the business strategy and operations strategy, a new school of thought has emerged, favouring a resource-based view (Gagnon, 1999; Lowson, 2003). It is grounded in the strategic management literature, notably by the work of Penrose (1959) and Barney (1991), who suggest that sustained competitive advantage comes from the extent to which firm’s resources (*e.g.,* assets, processes, knowledge) are valuable, rare, as well as difficult to imitate or to substitute. According to this theory, organisations should focus on their strengths through its resources rather than focusing on environmental opportunities and threats as suggested by the market-based view (Barney, 1991; Penrose, 1959; Walker, Chicksand, Radnor, & Watson, 2015). In this sense, it is more profitable to focus on the acquisition, development, and leverage of unique operational resources and advantages in order to change the rules of competition instead of following the rules dictated by markets (Gagnon, 1999).

Riis, Dukovska-Popovska and Johansen (2006) look at the operations strategy process as a participative vision development and communication process to overcome functional barriers and other differences (*e.g.*, viewpoint, facilitation, influence options and context), followed by implementation and learning. Rytter et al. (2007) also propose a conceptualization of the operations strategy process as events of dialogue and action, complex and chaotic, unfolding as a sequential and parallel, planned and emergent, as well as top-down and bottom-up process. Therefore, the operations strategy of many organisations probably emerges from the integration of different perspectives.

2.4. Operations strategy content

The vast majority of operations strategy publications focus on content models (Rytter et al., 2007). The content of an operations strategy involves a set of decisions that materialize how the enterprise uses its resources to reach a sustainable competitive advantage in the sector (Lowson, 2002), that will allow the company to overcome its competitors, and to achieve the expected performance.

The ordered sequencing of competitive priorities, operations decisions and competitive capabilities constitutes the content of an operations strategy and the main topics addressed in content focused research (Boyer et al., 2005). According to this approach, the definition of competitive priorities is followed by a set of operations decisions – strategic choices that establish the main practices and routines to be implemented at the operational level, using the available resources. These choices lead to the development of distinctive operational capabilities, which are the main source of sustainable competitive advantage. Fan et al. (2017) suggest that for-profit-businesses aim to achieve competitive capabilities, whilst non-for-profit organisations aim to achieve operational capabilities since they have different goals and values. For consistency reasons, throughout the document the term "operational capabilities" is adopted as it is the most generic and can be applicable to any organisation.

Recently, Chatha, Butt, Jajja and Arshad (2018) have conducted a review with the purpose of investigating the extent and trends of theoretical developments in the empirical quantitative literature on manufacturing strategy published between 1966 and 2015. From their analysis, competitive priorities, strategic choices and operational capabilities emerge as some of the major themes. This acknowledges the importance of discussing these issues in the field of operations strategy. In the following sections, they are discussed in more detail.

2.4.1. Competitive priorities

Competitive priorities represent the dimensions that an organisation intends to emphasize going forward, either in terms of future improvements or in terms of attaining or maintaining competitive advantage (Boyer & Lewis, 2002). Most of the operations strategy classifications found in the literature consider competitive priorities as the main dimensions. According to a literature review conducted by Martín-Peña and Díaz-Garrido (2008b), three generic operations strategies for industrial companies are commonly accepted in the literature:

- strategies aiming to minimise costs;
- strategies focusing on the highest quality products and trying to adapt to customer's needs;
- strategies of organisations that implant new technologies and new operations processes with great flexibility to differentiate from the competition.

The same authors also identify an additional operations strategy in which organisations combine a set of competitive priorities in order to obtain competitive advantage.

Thus, cost, quality, flexibility and delivery emerge as the main competitive priorities traditionally pursued by manufacturing firms (Bouranta & Psomas, 2017; Boyer & Lewis, 2002; Boyer et al., 2005). Along with these classic priorities, studies in the field also include other competitive priorities, such as innovation (Christiansen, Berry, Bruun, & Ward, 2003; Rebolledo & Jobin, 2013), environmental protection (Martín-Peña & Díaz-Garrido, 2008a), as well as customer service (Avella, Fernandez, & Vazquez, 1998; Lucía Avella, Fernández, & Vázquez, 1999). More recently, Longoni and Cagliano (2015) propose the integration of environmental and social sustainability as key competitive priorities for companies. Other authors have contributed to the discussion of competitive priorities in services such as Phusavat and Kanchana (2008) and Ibrahim (2010), who include service provision, customer focus and know-how in the range of competitive priorities associated to the service sector. Table 1 presents the definition of the main competitive priorities found in the literature on operations strategy in manufacturing and service firms.

Table 1 – Definition of the main competitive priorities

Competitive priority	**Definition**
Cost	Focus on effectively managing production cost
Quality	Focus on high conformance to product specification
Flexibility	Focus on quickly responding to changes
Delivery	Focus on fast as well as on-time delivery and short manufacturing cycle time
Innovation	Focus on introducing innovative improvement to existing products/production processes and/or continuously developing new ones
Customer service	Focus on providing broad product distribution, effective after-sales service and product customization service
Environmental protection/ sustainability	Focus on environmental products and processes
Social sustainability	Focus on committed social responsibility
Service provision	Focus on fulfilling the agreements with customers
Customer focus	Focus on identifying customer requirements for fulfilling their expectations
Know-how	Focus on issues on knowledge management, research and development, continuous learning, and skill development

Bouranta and Psomas (2017) perform a comparative analysis between manufacturing and service firms, analysing their differences and similarities in terms of the emphasis they put on a set of five competitive priorities – low cost, quality, delivery, customer focus and innovation. Quality is considered the most important competitive priority, whereas innovation ranks as the last one on the list of competitive priorities for both industries. Managers in the service industry consider that, except for quality, a customer focus contributes to the improvement of performance slighty more than low cost, delivery and innovation. However, for manufacturing firms, low-cost ranks as the second most important competitive priority, followed by customer-focus, delivery and innovation.

2.4.2. Operations decisions

Competitive priorities are often used in the classification of operations strategies, whereas the study of operations decisions helps researchers to better characterize different operations strategy configuration models. Operations decisions are the choices regarding different aspects of the operating system with long-term or short-term impacts on the organisation's ability to produce goods and services that provide added value to customers. Different types of operations decisions have been identified in the literature. A common classification distinguishes structural and infrastructural decisions. Structural decisions are characterized by having strategic implications, requiring significant investment and having a long-term impact. Infrastructural decisions, in turn, have a short-term impact, often require smaller investments and are related to operational practices and decisions (Díaz Garrido et al., 2007; Espino-Rodriguez & Gil-Padilla, 2014; Roth & Menor, 2003).

Structural decisions include choices regarding:

- *Capacity* – reconditioning of physical plant, reconfiguration of plant layout, investment in plant, equipment and R&D, capacity expansion and reduction of factory size (Avella et al., 1998; Martín-Peña & Díaz-Garrido, 2008a; Meyer, Tsui, & Hinings, 1993);
- *Vertical integration* – subcontracting human resources and services or cooperating with suppliers (Avella et al., 1998; Espino-Rodriguez & Gil-Padilla, 2014; Martín-Peña & Díaz-Garrido, 2008a);
- *Plant location or relocation* (Avella et al., 1998; Martín-Peña & Díaz-Garrido, 2008a; Meyer et al., 1993).

Infrastructural choices found in the literature on operations strategy typically include decisions regarding:

- *Workforce management* – giving workers more planning responsibility, a broad range of tasks, promoting teamwork, worker and management training (Díaz Garrido et al., 2007; Martín-Peña & Díaz-Garrido, 2008a; Meyer et al., 1993; Miller & Roth, 1994; Sum, Kow, & Chen, 2004);
- *Organisation* – decentralization of decisions, improvement of relations management-worker, improvement of quality of working conditions and existence of multi-functional teams (Avella et al., 1998; Díaz Garrido et al., 2007; Martín-Peña & Díaz-Garrido, 2008a; Meyer et al., 1993);
- *Quality* – continuous improvement, development of quality indicators, implementation of quality systems, project teams to improve quality and achievement of zero complains (Avella et al., 1998; Christiansen et al., 2003; Miller & Roth, 1994; Sum et al., 2004);

- *New product/service development* – customer participation in the delivery process or development of new processes for current products or services (Avella et al., 1998; Espino-Rodriguez & Gil-Padilla, 2014; Meyer et al., 1993; Miller & Roth, 1994).

Operational decisions pointed out in the literature in the field of manufacturing also apply to a great extent to service firms, although they present some specificities (Espino-Rodriguez & Gil-Padilla, 2014; Roth & Menor, 2003). In the context of services, structural decisions may also include those related to the touch points with clients as well as the relative allocation of service tasks to the front- and back-office or the number and types of distribution channels. Infrastructural choices focus on the management of human resources, policies and programmes. In the literature on operations strategy in services, it is also reported the existence of integration choices, in addition to structural and infrastructural decisions, which revolve around the issues of external integration, internal integration and adaptive mechanisms (Fan et al., 2017; Roth & Menor, 2003). Heineke (1995) argues that infrastructural decisions are even more critical for service firms, since structural decisions regarding the location of service provision are determined by customers and capacity choices are made though workforce decisions, especially in labour intensive or high customization services, which require a specialized workforce.

2.4.3. Operational capabilities

As previously mentioned, competitive priorities correspond to the dimensions that an organisation intends to emphasize. In contrast, operational capabilities are the dimensions in which the organisation is able to perform better than similar organisations (Rosenzweig & Easton, 2010; Sansone, Hilletofth, & Eriksson, 2017). They derive from the choices made by the organisation in several operations' decision-making areas. However, in the literature on operations strategy, it seems that there is no clear distinction between these concepts. They are often used inconsistently across studies (Peng, Schroeder, & Shah, 2011). The literature sometimes investigates priorities, sometimes capabilities, or both, and confuses the two concepts by operationalizing priorities using capabilities and vice versa (Rosenzweig & Easton, 2010).

Operational capabilities are typically operationalised in two different ways. On the one hand, there are studies that follow a performance-based approach, assessing the realized competitive operational performance or operational strengths, which frequently includes cost, quality, flexibility, and delivery measures (Peng, Schroeder, & Shah, 2008). For instance, in one of the most cited studies in the operations strategy literature, the taxonomy developed by Miller and Roth (1994), three distinct configuration models are found – Caretakers, Marketeers and Innovators – based on the relative importance attached to eleven operational capabilities. Those operational capabilities are low price, design flexibility, volume flexibility, conformance, performance, speed, dependability, after sale service, advertising, broad distribution and broad line. Price is identified as the dominant competitive capability for the members of the first group (*i.e.*, the Caretakers), while the Marketeers are differentiated by the emphasis placed upon market oriented operational capabilities and the Innovators by the emphasis placed upon the ability to make changes in design and to introduce new products quickly. The taxonomy proposed by Miller and Roth (1994) was later replicated by other authors in different contexts (Frohlich & Dixon, 2001; Grant, Cadden, McIvor, & Humphreys, 2013; Safizadeh, Ritzman, & Mallick, 2000; Zhao, Sum, Qi, Zhang, & Lee, 2006). Recently, Sansone, Hilletofth and Eriksson (2017) conducted a systematic literature review and found seven critical operational capabilities, including cost, quality, delivery, flexibility, service, innovation and environment. According to these authors, the last two (*i.e.*, innovation and environment) are just beginning to gain recognition. They also conclude that firms typically consider these dimensions as competitive priorities in the formulation of operations strategy, despite differences in terminology.

On the other hand, there are studies that operationalise operational capabilities drawing on the resource-based view (Barney, 1991; Penrose, 1959). According to this approach, operational capabilities draw on resources and practices to generate outcomes that are consistent with desired results (Peng et al., 2008; Swink & Hegarty, 1998; Wu, Melnyk, & Flynn, 2010; Wu, Melnyk, & Swink, 2012). They include both explicit elements, such as resources and practices, but also tacit elements, such as know-how or skills, for handling a variety of problems and dealing with uncertainty (Wu et al., 2010).

For instance, Wu et al. (2010) use the example of a restaurant kitchen to differentiate operational capabilities from resources and operational practices. A kitchen's resources include both tangible and intangible assets, such as stoves and the skill level of the staff. The resources determine the bounds of what can and cannot be done in the kitchen. The operational practices are the recipes, which provide generic instructions on how the resources can be combined to make a meal. Although many kitchens may have the same recipes, it does not guarantee that the resulting dishes will all taste the same, since the recipe only provides basic guidance about how to combine resources. Lastly, a kitchen's operational capabilities are the ability to leverage the staff to use the available resources in creating dishes that reflect the restaurant´s history, style of cooking and the preferences of its customers.

Peng et al. (2008) extend the routine-based approach to capabilities, prevalent in the management literature, to the operations management literature by conceptualizing an operations capability as a bundle of routines. The adoption of this approach allows to outline possible pathways to the development of operational capabilities, by decomposing them into specific and identifiable routines.

Wu et al. (2010) summarize in five points the main characteristics of operational capabilities. They consider that operational capabilities:

- *Are firm specific;*
- *Emerge gradually over time;*
- *Are tacit, participants may be unaware of their existence;*
- *Are path dependent, influenced by a firm's history and decision makers;*
- *Are empirically validated through their application to problems faced by a firm.* (Wu et al., 2010, p.725)

Swink and Hegarty (1998) suggest the existence of seven core operational capabilities – Improvement, Innovation, Integration, Acuity, Control, Agility, Responsiveness – and identify the salient dimensions for each capability. More recently, Wu et al. (2010), developed and validated a scale to measure six emergent operational capabilities, resulting from the refinement of the work of Swink and Hegarty (1998) in terms of dimensionality, uniqueness and applicability. The definitions of the six operational capabilities proposed by Wu et al. (2010) are presented in Table 2.

Table 2 – Definition of operational capabilities

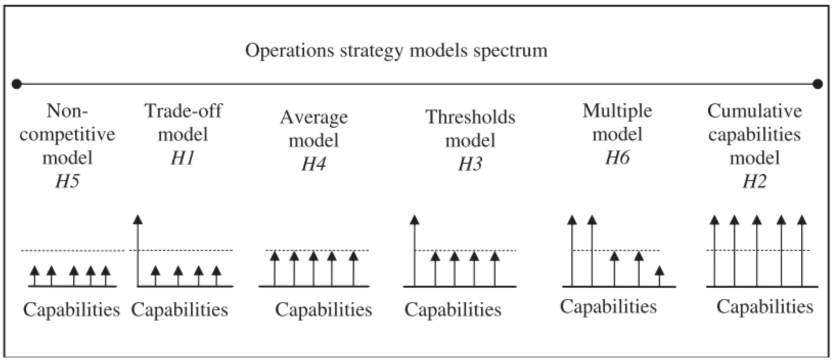
Operational capability	Definition
Improvement	The ability to incrementally refine and to reinforce existing operations processes.
Innovation	The ability to radically improve existing operations processes or to create and implementing new and unique operations processes
Customization	The ability to create knowledge through extending and customizing operations processes and systems.
Cooperation	The ability to create healthy and stable relationships with people from various internal functional areas and external partners.
Responsiveness	The ability to react quickly and easily to changes in inputs or output requirements.
Reconfiguration	The ability to accomplish the necessary transformation to re-establish the fit between operations strategy, strategy and the market environment, when their equilibrium has been disturbed.

Source: Wu et al. (2010)

In the literature on operations strategy, there are two main models used to explain and predict how organisations combine and use their capabilities. According to the Skinner's model, firms should make trade-offs between competitive priorities (Skinner, 1969). An organisation focused on low cost priorities probably will struggle to deliver high quality and distinctive products and services, meeting all the requirements of their customers, especially when resources are scarce (Boyer & Lewis, 2002; Ibrahim, 2010). An enterprise pursuing several competitive advantages, probably is a world class organisation and has the resources needed to successfully compete in more than one front, otherwise it does not have a clearly defined strategy (Boyer & Pagell, 2000).

However, an alternative model – the 'sand cone' or cumulative capabilities model – proposed by Ferdows et al. (1986) suggests that high performing firms may be able to combine multiple operational capabilities in a sequential way. According to this approach, primarily, the organisation should focus its attention on obtaining quality and, when a suitable quality level has been achieved, it starts working to improve delivery, then flexibility and, finally, cost efficiency. This model has been supported by several authors through empirical evidence (Grant et al., 2013; Kathuria, 2000; Longoni & Cagliano, 2015; Mady, 2008; Martín-Peña & Díaz-Garrido, 2008a; Rosenzweig & Easton, 2010; Sum et al., 2004). In the last years, studies have been published exploring the inclusion of additional capabilities in the traditional set of operational capabilities considered by Ferdows et al. (1986) in their seminal work. For instance, Avella, Vazquez-Bustelo, and Fernandez (2011) propose and test an extended model which includes the environmental protection objective and Gold, Schodl and Reiner (2017) integrate sustainability in their analysis. Some studies also seem to point to differences in patterns of cumulative capabilities between countries (Flynn & Flynn, 2004; Gold et al., 2017).

In addition to these two widely recognized models, alternative models have also been proposed by Singh et al. (2015). The authors suggest four new models and represent them along a spectrum of operations strategy models as presented in Figure 3. According to them, there are organisations that do not have a clear strategy in place (non-competitive model), whereas other organisations achieve an average level on all key operational capabilities (average model) or outperform in one (thresholds model) or two (multiple model) operational capabilities. These findings suggest that the prevalent idea in the literature that organisations must choose between trade-off and cumulative capabilities models has some limitations.



Source: Singh et al. (2015)

Figure 3 – Spectrum of operations strategy models

Based on empirical evidence, Singh et al. (2015) conclude that the ‘threshold’, ‘average’ and ‘multiple’ models are adopted in many plants, although only small portion adopts an ‘uncompetitive’ model. However, the adoption of these alternative operations strategy models has not yet been studied in service organisations.

2.5. Operations strategy configuration models

As mentioned previously, organisations may adopt different operations strategy configuration models. For instance, the taxonomy developed by Miller and Roth (1994) suggests the existence of three distinct configuration models based on the dimensions that a firm chooses to emphasize in competing in the marketplace and attracting customers. However, there are many other classification schemes found in the literature to characterize distinct operations strategy configuration models. Table 3 presents an overview of the main operations strategy configuration models found in the literature, identifying the authors, the strategies proposed by them as well as the classification variables and other additional variables used to characterize the strategic groups. More details on the variables used are provided in Appendix I.

Classifying organisations according to the importance they attach to a set of competitive priorities, such as done by Miller and Roth (1994), is a methodology that is frequently applied in research aiming to study of operations strategy configuration models (Martín-Peña & Díaz-Garrido, 2008), especially in studies based on empirical data. Theory-based classifications (*i.e.,* typologies) consider a greater variety of variables, such as the characteristics of the operations function (*e.g.,* volume and variety) or even structure and infrastructure aspects (Kotha & Orne, 1989; Richardson, Taylor, & Gordon, 1985; Ward et al., 1996), which also proved to be good determinants for the definition of operations strategy configuration models.

In studies using empirical data, organisations are also frequently compared regarding their policies and practices at the operational level or even in terms of performance measures, in order to understand more deeply the differences between those configuration models and to derive more robust evidence. However, although most of studies use structural and infrastructural decisions to characterize operational strategies, as well as financial and operational performance measures to test differences between groups, there are also studies that use other variables. For instance, the one conducted by Lorentz et al. (2016) in which are included business stability measures (*e.g.,* sales change, employment change and assets change) and the study conducted by Rebolledo and Jobin (2013) who asked firms about the importance attached to a set of criteria for selecting key strategic suppliers. For that, they use context variables, such as market span, geographical focus or competition intensity, which revealed to be significantly related to operations strategies.

Table 3 – Operations strategy configuration models

Authors	**Strategies proposed**	**Classification variables**	**Other variables used to characterize the strategic groups**
Wheelwright and Hayes (1985)	Internally neutral; Externally neutral; Internally supportive; Externally supportive	Strategic importance of production function, Level of participation and cohesion with corporate, Competitive and functional strategies	*Manufacturing choices*
Meyer (1992)	High-performance products manufacturers; Manufacturing innovators; Marketing-oriented manufacturers	*Competitive priorities*	*Programmes/activities*
Miller and Roth (1994)	Caretakers; Marketeers; Innovators	*Competitive priorities*	*Strategy and context variables; Future improvement programs; Performance measures*
Avella, Fernandez and Vazquez (1998)	Flexible market- oriented manufacturers; Low-cost quality manufacturers; Delivery-based manufacturers	*Competitive priorities*	*Policies of structural nature; Policies in infrastructures*
Kathuria (2000)	Do all; Speedy conformers; Efficient conformers; Starters	*Competitive priorities*	*Performance criteria*
Dangayach and Deshmukh (2001)	Reactive enterprise; Neutral enterprise; Active enterprise; Proactive enterprises	*Competitive priorities*	*Activities of improvement*
Christiansen *et al.* (2003)	Low price; Quality deliverers; Speedy deliverers; Aesthetic designers	*Competitive priorities*	*Bundles of manufacturing; Operational performance*
Sum, Kow and Chen (2004)	All-rounders; Efficient innovators; Differentiators	*Competitive priorities*	*Performance measures; Contribution of functional areas to strategic planning; Current and future programs*
Zhao *et al.* (2006)	Quality customizers; Low emphasizers; Mass servers; Specialized contractors	*Competitive priorities*	*Financial performance*
Martín-Peña and Díaz-Garrido (2008a)	Manufacturers pursuing excellence; Manufacturers focused on quality and delivery	*Competitive priorities*	*Decisions on structure and infrastructure; Performance*
Lorentz *et al.* (2016)	Responsive niche-innovators; Subcontractors; Engineer-servers	*Competitive capabilities*	*Business stability*; *Business performance*

Regarding the use of financial performance measures to assess whether some configuration models conduct to better performance than others, most of the empirical studies analysed reveal that there is a weak association between operations strategy configuration models and financial performance (Martín-Peña & Díaz-Garrido, 2008a; Miller & Roth, 1994; Rebolledo & Jobin, 2013; Zhao et al., 2006). Therefore, different organisations could pursue different strategies and be equally effective. This indicates that other factors exist that can explain firm's financial performance better than operations, such as economic, financial or commercial factors (Martín-Peña & Díaz-Garrido, 2008a). Vokurka and Davis (2004) identify execution as a determining factor in plant performance.

For instance, Kathuria (2000) and Christiansen et al. (2003) found that several groups appear to perform better on criteria consistent with their competitive priorities. These authors use managerial (*e.g.*, customer satisfaction, efficiency, quality) and operational performance measures (*e.g.*, cost, quality, delivery). Results from the study conducted by Zhao et al. (2006) reveal that operations strategy is weakly associated with perceived financial performance, whereas the relative strength compared to competitors has a much stronger relationship with performance. From their analysis, the authors derive an important implication for taxonomical research. According to them, if the research objective is to identify operations strategies (*i.e.*, the firm's intent concerning the operations function), firms should be classified based on the emphasis or importance attached to their competitive priorities. Otherwise, if the classification is intended to explain financial performance, the strength in operational capabilities may be a more viable alternative. This reinforces the importance of a clear distinction between competitive priorities and capabilities.

Most of the studies focused on the classification of operations strategy configuration models consider manufacturing firms. Studies on operations strategy of service firms are still scarce (Bouranta & Psomas, 2017), although some efforts have been made in this regard. Among those works is the one conducted by Aranda (2002) in which the relationship between operations strategy and firm size in engineering consulting firms is analysed. The author considers three strategies according to the firm´s focus of activities – process, service and customer-oriented operations strategies – and nine operations strategy dimensions: Type of operations layout, Push and/or pull orientation of the service delivery process, Degree of process standardisation, Number of different services offered, Use of information technologies, Back office and front office interrelationship, Human resources specialisation, Degree of customer participation, New service design and development.

The identification of operations strategy configuration models and, therefore, the identification of strategic groups of organisations with common profiles may reveal insights into the underlying structures of competition, which are useful in discussion, research and pedagogy (Longoni & Cagliano, 2015; Miller & Roth, 1994; Stobaugh & Telesio, 1983). Configuration models can be used to determine and to compare how members of strategic groups define the content of operations strategy, as well as to deepen the understanding of operations strategy development, implementation and change and to discuss the paths organisations can take in the development of long-term capabilities (Bozarth & Mcdermott, 1998; Miller & Roth, 1994).

2.6. The strategic role of operations over time: the four-stage model

Operations tend to assume different strategic roles over time according to the maturity level of the enterprise. A four-stage model was proposed by Hayes and Wheelwright (1984) to explain the development of the strategic impact of operations over time (Figure 4). This model is commonly accepted in the literature and has been used as a reference both in manufacturing and services (Lillis & Sweeney, 2013; Slack et al., 2001). It suggests that the operations function evolves from an initial stage, in which it is internally neutral, passing through intermediate stages, to the last stage in which it is labelled as externally supportive.

In a first instance, the operations function is internally focused, mainly reactive, working to correct the worst problems. In the second stage, during the implementation of the strategy, efforts are conducted to adopt the best practices and the company aims to be as good as its competitors. In the third stage, the operations function seeks to support the organisation’s business strategy in order to become the best in its industry (Slack et al., 2001). In other words, whereas in the second stage the company strives to improve through the imitation of its competitors, in the third stage it is more successful in their improvement efforts by exploring new potential resources and practices for consistency with its operations strategy (Wu et al., 2010). Ideally, in the fourth and last stage, operations are the basis for ensuring a competitive advantage for the organisation, enabling it to redefine industry expectations and to set new standards (Slack et al., 2001).

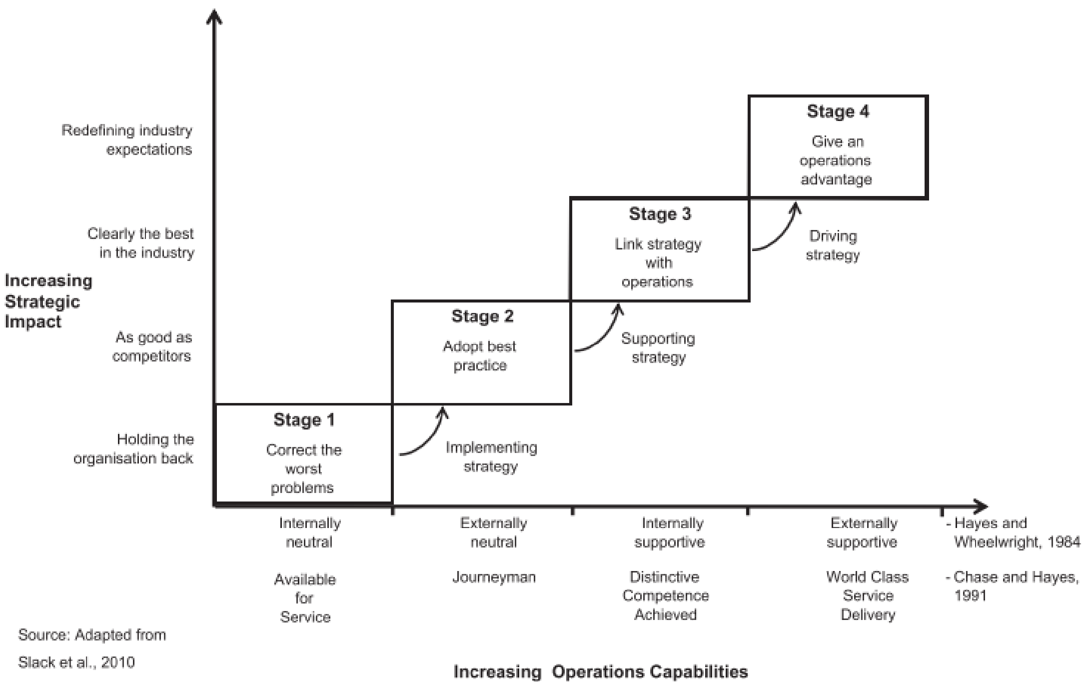


Figure 4 – The four-stage model

Wheelwright and Hayes (1985) also analyse in their study how distinct workforce management approaches should be adopted, as the organisation moves along the various stages and operations assume different roles, considering the four-stage model they have proposed. According to them, in the first three stages, managers tend to adopt a command and control approach, focusing on managing the effort, coordinating information and supervising workers directly. However, in stage 4, the command and control approach must be replaced by a management style that promotes teamwork and problem solving. They also suggest that the strategic role of workforce policies increases over time. For instance, in the first stage, production is seen as a low-tech operation that can be performed by low-skilled workers and managers. In that stage, there are little or no strategic issues involving workforce policies. In contrast, in the fourth (and last stage), organisations seek expertise in order to be able to anticipate the potential of new manufacturing practices and technologies.

2.7. Conclusion

This chapter presented a review of literature on operations strategy. First, operations strategy was defined, highlighting its relationship with business strategy and performance. After that, the process and the content elements of an operations strategy were discussed. A special emphasis was placed on competitive priorities, operations decisions and operational capabilities as core elements of operations strategy content. Regarding the operations strategy content, the distinction between operational (or competitive) priorities and capabilities was clarified. Priorities are the operational dimensions that the organisation intends to emphasize, while capabilities are the dimensions in which the organisation performs better that similar organisations. Furthermore, two approaches were identified to operationalise capabilities: assessing the realized operational performance or operational strengths (performance-based approach) or drawing on resources and practices (resource-based approach). Some models used to explain and to predict how organisations combine and use their capabilities were also discussed. Finally, an overview of the literature focused on the identification of operations strategy configuration models was presented and the four-stage model was described, suggesting that the operations function tends to assume different roles over time.

Throughout the chapter, it became evident the prominence of literature regarding the study of operations strategy in manufacturing firms, whereas literature focusing on the study of operations strategy in services remains scarce. This can be explained by the fact that many service management problems are fuzzy and unstructured multidimensional and complex, and, consequently, less conducive to analytical modelling (Roth & Menor, 2003).

As mentioned before, there are some research topics in the service operations field that still unexplored and have great potential for advancing conceptual and empirical research. Social enterprises as hybrid organisations that address society's challenges by engaging in market activities to support a social mission, mainly through service operations, provide a rich research opportunity (Field et al., 2018; Victorino et al., 2018). This research work deals with this specific and emerging context aiming to make a contribution to advance research in the field. The next chapter is devoted to the discussion of the main debates around social enterprises.

CHAPTER 3. Social enterprises as hybrid organisations

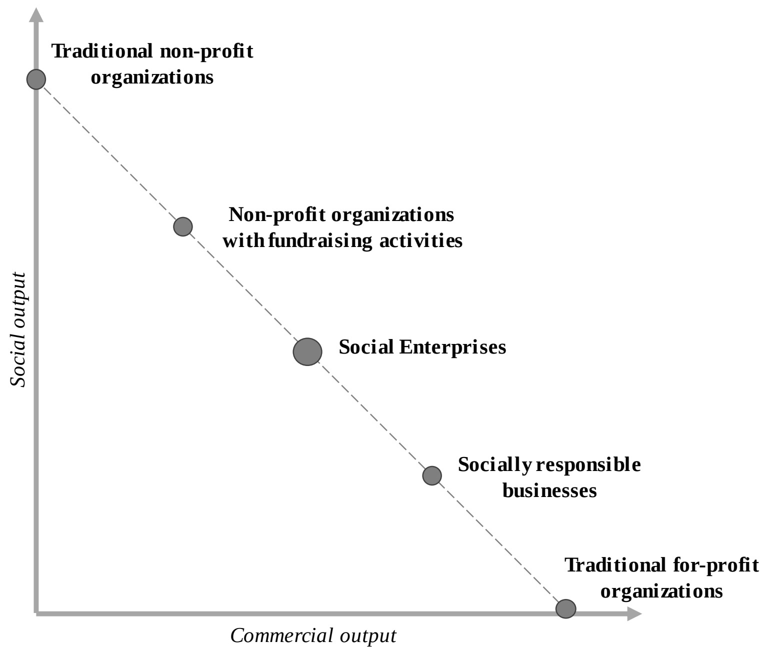
3.1. Introduction

This chapter introduces social enterprises as hybrid organisations. It focuses on the main discussions in the social enterprise field, able to provide some insights into the operational challenges they face. It begins by positioning social enterprises in the organisational landscape. After that, the main explanations for the emergence of social enterprises are presented, as well as the different conceptions of social enterprise around the world. Then, the universe of social enterprises is defined by identifying several classifications of social enterprise models found in the literature. Finally, the chapter explores the main management challenges for social enterprises and issues related to performance measurement.

3.2. Positioning social enterprises in the organisational landscape

Social enterprises are organisations that combine social and financial concerns, *i.e.*, organisations pursuing a social mission while engaging in some form of commercial activity to generate revenue to sustain their operations (Battilana & Lee, 2014; Pache & Santos, 2012). The aim of social enterprise is to create social and economic impact by trading for a social purpose (Haugh, 2012). From a review of the literature on social enterprise, Doherty, Haugh and Lyon (2014) identify hybridity as the defining characteristic of social enterprises. Hybridity is defined by these authors as the pursuit of the dual mission of social purpose and financial sustainability.

Due to this main defining characteristic, social enterprises are caught between the competing demands of the market logic and the social welfare logic (Pache & Santos, 2012). In the organisational landscape, social enterprises are positioned between traditional non-profit and traditional for-profit organisations (Neck, Brush, & Allen, 2009; Wilson & Post, 2011) (Figure 5). For this reason, they are considered hybrid organisations, since they often incorporate characteristics from the private and social sectors (Ebrahim, Battilana, & Mair, 2014; Jäger & Schröer, 2013; Pache & Santos, 2012; Smith et al., 2013; Wilson & Post, 2011). Some authors argue that social enterprises can also incorporate characteristics from the public sector and civil society (Brandsen & Karré, 2011; Doherty et al., 2014).



Source: Adapted from Teasdale (2012a)

Figure 5 – Positioning of social enterprises in the organisational landscape

Battilana and Lee (2014) consider that social enterprises are an ideal type of hybrid organisation, making them an attractive setting for studying hybrid organizing, *i.e.*, the activities, structures, processes and meanings by which organisations make sense of combine multiple organisational forms. Defourny and Nyssens (2008) identify some economic and entrepreneurial indicators as well as social indicators to describe the ideal type of social enterprise. From an economic and entrepreneurial perspective, the authors consider that a social enterprise is characterized by a continuous production of goods and/or provision of services, a high degree of autonomy, a significant level of economic risk and a minimum amount of paid work.

From a social point-of-view, a social enterprise has an explicit purpose to benefit the community, a decision-making power not based on ownership of capital, a participatory nature, involving several stakeholders affected by the activity, and a limited profit distribution. It is also launched by a group of citizens as the result of collective dynamics involving members of a community or a group that shares a well-defined need or purpose. The participatory nature of these organisations raises questions about how it is reflected in decisions concerning the involvement of the stakeholders in the organisation and the processes of the social enterprise.

Social enterprises are different from traditional for-profit organisations that seek to maximize profit and distribute it among shareholders, prioritizing social change over the creation of private wealth (Doherty et al., 2014). They combine market-oriented approaches with social aspirations, whereas socially responsible businesses seek to integrate social aspects into core business strategies (Grant & Palakshappa, 2018). Social enterprises also differ from non-profit organisations that run commercial activities as a means of obtaining additional funds, but often depend on grants, donations and legacies (Doherty et al., 2014). According to Muhammad Yunus, a social entrepreneur who was awarded the Nobel Peace prize for having founded the Grameen Bank and for pioneering the concepts of microcredit and microfinance, a social enterprise should generate profit and aims to be financially self-sustaining. Profits, if any, must be reinvested to grow the organisation and to scale the social impact (Yunus, 2011).

In the last decades, social enterprises have grown in number and visibility due to the blurring of boundaries between sectors (Santos et al., 2015). They have been created to address a wide range of societal issues in a wide range of sectors. For instance, microfinance organisations, such as the Grameen Bank, that develop commercially viable models to provide loans to the poor (Battilana & Dorado, 2010), fair-trade organisations (*i.e.*, organisations that promote a trading relationship, based on dialogue, transparency, and respect, seeking greater equity in international trade) (Grant & Palakshappa, 2018) and work integration social enterprises (*i.e.*, organisations integrating low qualified people at risk of permanent exclusion from the labour market into work and society through a productive activity) are well-studied examples of social enterprises (Battilana, Sengul, Pache, & Model, 2015; Defourny & Nyssens, 2012; Sanchis-Palacio, Campos-Climent, & Mohedano-Suanes, 2013). Social objectives of social enterprises may include reducing poverty, inequality, homelessness, carbon emissions and unemployment (Doherty et al., 2014).

In order to go further in understanding the particularities of social enterprises, in the next section, the main explanations found in the literature for their emergence are presented as well as an overview of the differences in the conception of social enterprises in different parts of the globe.

3.3. Emergence and conception of social enterprises

3.3.1. Explanations for the emergence of social enterprises

A variety of explanations have been mentioned in the literature to support the emergence of social enterprises, either as new organisational forms or the adaptation of existing ones. Four theoretical approaches have been developed to explain the emergence of social enterprises (Teasdale, 2012b).

First, there are state and market failure theories. Market failure means that the private sector fails to provide adequate social and environmental goods and services or to enable labour markets to employ disadvantaged people (Teasdale, 2012b). The pursuit of private interest does not lead to an efficient use of resources or a fair distribution of societies' goods (Wills, 2017). In turn, government failure means that there is an inadequate supply and a retrenchment of public sector, *i.e.*, an inadequate governmental support. Market failure is especially emphasized in Europe to explain the development of cooperative types of social enterprise, as well as community enterprises as self-help initiatives to address the lack of market in some areas (Defourny & Nyssens, 2006), while the state failure is emphasized in the United States and used to explain the emergence of social entrepreneurs creating social businesses to address social problems (Teasdale, 2012b). Thus, what can be a problem for the commercial entrepreneur or the government is seen by the social entrepreneur as an opportunity (Austin, Stevenson, & Wei-Skillern, 2006).

Second, the resource dependence theory can also be used to explain the emergence of social enterprises. Resource dependence theory argues that organisations depend on the external environment for resources (Pfeffer & Salancik, 2003). Non-profit organisations are dependent on declining government funding and philanthropic donations, for which there is increased competition. Thus, they adopt income-generating approaches to derive commercial revenues (Eikenberry, 2009), becoming more enterprising and generating increased income from sales and trading.

A third theoretical approach is based on institutional theory. Dart (2004) argues that the legitimacy of social enterprise does not derive from any rational evaluation of results but derives from the business ideology. Non-profits adopt commercial practices because it is the accepted way of doing things, and not necessarily because it proves to be the better way to meet funding constraints or the needs of target groups. They do this to meet the expectations of key stakeholders and constituents in society in order to achieve legitimacy and, then, to succeed and get support and resources.

A fourth explanation for the emergence of social enterprises, also related to the institutional theory, stems from the voluntary failure theory. According to this theory, voluntary failure may occur for four key reasons: non-profit organisations do not have enough resources to meet demand (philanthropic particularism), they tend to focus on specific subgroups of society (philanthropic particularism), they work with disadvantaged groups in ways that undermine their autonomy and dignity (philanthropic paternalism), or the lack of training and professionalism in such organisations (philanthropic amateurism) (Salamon, 1987). Voluntary failure theory advocates that non-profit organisations are unable to deliver welfare services and require investment in infrastructure to meet the challenges. The non-profit sector and the state should be seen as complementary. The state should retreat from delivering services, remaining as a funder, while the non-profit sector expands to fill the gap (Teasdale, 2012b).

From the analysis of the reality in several European countries, the report “A map of social enterprises and their eco-systems in Europe”, published by the European Commission, also identifies four drivers for the creation of social enterprises. The report suggests that most social enterprises are citizen-led and, therefore, created by groups of citizens establishing an organisation to address new needs and societal challenges and/or to employ disadvantaged people; or created by individual social entrepreneurs who identify an opportunity to trade a new good or service that serves a social purpose or need. In this sense, Defourny and Kim (2011) also point the renewed aspiration for alternative economic practices by civil society organisations and the academic world.

Furthermore, the report mentions traditional non-profit organisations that embark on marketisation and commercialization becoming a social enterprise or creating a trading arm, which is the social enterprise, and reinvests part of its profits in its parent organisation. Social enterprises can also emerge from public sector restructuring, deriving from the recognition of the failure of public service or a greater potential for innovation and new sources of investment through autonomy, then, leading to a public sector spin-out (*i.e.*, the public institution “splits off” a service as a separate business). Lastly, there is corporate citizenship as a driver for the creation of social enterprises, reflecting the growing expectation of business to contribute to the social and public good as part of its business model (European Commision, 2015).

The next section explores the different conceptions of social enterprise throughout the world.

3.3.2. Social enterprises around the world: different conceptions

Different conceptions of social enterprise have emerged as a product of the different political regimes and traditions of the countries from which they are emerging. Over the last decade, some studies have been published offering an overview of the conceptualization of social enterprise in various geographies (Defourny & Kim, 2011; Defourny & Nyssens, 2008, 2010; Galera & Borzaga, 2009; Grant, 2017; Kerlin, 2006, 2010). For instance, Kerlin (2010) explores the differences across seven regions and countries of the world – United States, Western Europe, Japan, East-Central Europe, Argentina, Zimbabwe/Zambia and Southeast Asia –, comparing the emerging concept, practice and context of social enterprise.

In the literature, a clear distinction is found between the conceptions of social enterprise in the United States and in Europe in terms of understanding, use, context and policy (Defourny & Nyssens, 2010, 2012; Galera & Borzaga, 2009; Kerlin, 2006). The term social enterprise gained prominence in both contexts in the 1990s (Defourny & Nyssens, 2010; Sepulveda, 2015). Kerlin (2006) conducted a review in order to compare and to contrast American and European views of social enterprise. Table 4 presents an overview of the main differences between these two contexts.

Table 4 – Comparative overview of social enterprise in the United States and Europe

	United States	**Europe**
Strategic development	Foundations	Government/ EU
Emphasis	Revenue generation	Social benefit
Context	Market economy	Social economy
Types of social enterprise	Many	Few
Recipient involvement	Limited	Common
Legal framework	Lacking	Underdeveloped but improving

Source: Kerlin (2006)

On the one hand, in the United States, foundations are identified as important actors in supporting social enterprises. Social enterprises there put more emphasis in revenue generation and operate mainly in the market economy. They take many different forms and an extensive list of income generating activities. Some strategies adopted by American social enterprises include sales of mission-related products, cause-related marketing (*e.g.*, co-branding of for-profit products), partnerships with for-profit companies or the creation of for-profit subsidiaries by non-profit organisations. In the United States, social enterprises carry out many non-profit activities besides social services, such as in the field of environmental protection. Regarding the legal framework, Kerlin (2006) notes the existence of economic, legal and administrative boundaries limiting the creation of favourable and sustainable environments for social enterprises.

On the other hand, in Europe, the governments and the European Commission have been the main actors in supporting social enterprises. The emergence of social enterprises in Europe resulted in a greater emphasis in social benefit, namely on work integration and social services. Therefore, there is evidence of a greater involvement of recipients in social enterprises. Their involvement may occur through cooperative arrangements or simple involvement in the revenue producing activity itself. This way, social enterprises in Europe tend to work for the inclusion of disadvantaged groups, providing them with valuable work experience and training. Regarding organisational governance, governing boards in Europe are composed of multiple stakeholders and adopt a democratic management style. Legal frameworks differ across countries. Although they remain underdeveloped in some countries, in the last years, there have been some improvements due to the intensification of the debate on this topic (Defourny & Nyssens, 2008; Galera & Borzaga, 2009).

In the European context, responses to social challenges in each country vary according to the specificities of the different European models. From an historical perspective, in countries such as Germany, France, Belgium and Ireland, the term “social enterprise” emerged to refer to non-profit organisations in the field of social services, financed and regulated by public bodies. In Nordic countries, namely in Sweden, it was initially used to refer to worker cooperatives in the childcare and healthcare sectors, while in the Southern countries (*e.g.*, Spain, Italy and Portugal), the concept was initially applied to multi-stakeholder work integration programs for disadvantaged groups excluded from the labour market. In the United Kingdom, social enterprises emerged as for-profit or non-profit organisations that use quasi-market mechanisms (*i.e.*, they contract with public authorities and agencies to receive fees for defined services) to provide more efficient services (Defourny & Nyssens, 2010; Desa, 2012).

In order to encompass national differences and achieve a common understanding, recently, the EMES European Research Network proposed a common approach to the study of social enterprises in Europe. The EMES approach derives from an extensive dialog among several disciplines and the various national traditions and sensitivities in the European Union. It suggests that there is a set of guiding principles that all social enterprises, regardless of the form they take, should aspire to. They include democratic governance, limited profit distribution and devotion to a social purpose (Defourny & Nyssens, 2012). The EMES approach was developed seeking to establish a common understanding about social enterprise in Europe and to facilitate the comparison with the conceptualization of social enterprise in US (Defourny & Nyssens, 2012).

In 2013, the European Commission has launched a mapping study in order to address the lack of availability and consistency of statistical information on social enterprises across Europe. The study maps the broad contours of social enterprise activity and eco-systems in 29 European countries (EU 28 and Switzerland) using a common 'operational definition' and research methodology. This operational definition incorporates three key dimensions – entrepreneurial dimension, social dimension and governance dimension –, operationalised through a set of core criteria that reflect the minimum a priori conditions that an organisation must meet in order to be categorised as a social enterprise under the EU definition. The organisation must engage in a continuous activity of production and/or exchange of goods and/or services and must pursue and explicit and primary social aim. It must have limits on profits and/or assets and be independent from the State and other traditional for-profit organisations. Finally, it must have an inclusive governance, characterized by participatory and/or democratic decision-making processes (European Commision, 2015). Despite the growing interest and convergence in the defining characteristics of social enterprises, the mapping study concludes that the understanding and approaches to social enterprise, when articulated in national legal, institutional and policy systems, differ substantially across countries. It also concludes that there is a consensus that the concept will gain in strength and that the current activity of social enterprises will expand, namely through the emergence of new organisational forms.

In other parts of the globe, such as Latin America, Asia and Africa, the emergence of social enterprises has been associated with the response to high rates of poverty and unemployment, inadequately addressed by government welfare programs. For instance, in Africa, the focus of international aid on non-state actors, for example providing micro-credit for small businesses, seems to be the most important factor leading to the development of social enterprises in that context (Kerlin, 2010).

However, regardless of policy and business environments in which social enterprise development is taking place, several authors have made efforts to classify and characterize social enterprise models. After discussing the nature of social enterprise at a higher level of abstraction, identifying some explanations for its emergence and the differences in terms of conception around the world, the next section will be dedicated to defining the universe of social enterprises, presenting the main classifications found in the literature that identify distinct forms of social enterprise and different models for the creation of social and economic value.

3.4. Defining the universe of social enterprises

This section aims to define the universe of social enterprises besides the considerations about the context in which they operate. The analysis of studies proposing classification schemes for social enterprise models led to the identification of two main research streams. On the one hand, there are studies seeking to classify social enterprises based on how they approach social issues (labelled in this work as organisation-based models). On the other hand, there are studies seeking to classify social enterprises according to their organisational identity and other related aspects (labelled as identity-based models). Studies proposing identity-based models are the most frequent in the literature, since they suggest different models of social enterprise based on the position in the social-business spectrum, offering a more comprehensive view of the universe of social enterprises.

3.4.1. Organisation-based models

In the last years, some attempts have been made to classify social enterprises and their activities considering some aspects of their organisation. Recently, Santos et al. (2015) proposed a classification of hybrid models using the concept of business model as the central unit of analysis to understand the functioning of hybrid organisations. The typology, consisting of four social business hybrid models – Market hybrid, Bridging hybrid, Blending hybrid and Coupling hybrid –, is derived from two dimensions. On the one hand, the level of contingent value spillovers, *i.e.*, the increases or decreases in value to economic agents outside a specific transaction (automatic value spillovers vs contingent value spillovers). On the other hand, the degree of overlap between clients and beneficiaries, *i.e.*, the beneficiaries are the clients that pay for services/products vs the beneficiaries are different from the clients. The authors explore the differences between these social business models considering four aspects related to specific challenges experienced by hybrid organisations: managerial structure, governance, human resources and performance management. They also identify the most appropriate financing mechanisms for scaling-up each type of social business hybrids.

Before Santos et al. (2015), Parente et al. (2014) also proposed a classification of social entrepreneurship profiles observed in Portuguese organisations, based on empirical data. The classification proposed is defined based on different configurations of key characteristics of organisations, such as models of work organisation, coordination/leadership, human resources management, and funding and action planning. The final three profiles correspond to organisations exhibiting a low, a moderate or a high level of orientation toward social entrepreneurship.

It was also found in the literature a classification of the operational models that can be adopted by social enterprises that was proposed by Alter (2007). For many organisations it is difficult to be an hybrid ideal as suggested by Battilana et al. (2012), who define it as a fully integrated organisation (*i.e.,* everything it does produces both social and economic value), as they may serve disadvantaged groups that cannot pay for their products and services as regular customers. This fact may force some of these organisations to follow less integrated approaches, for example, performing other activities that may or may not be related to their mission, but which are also important for the organisation since they allow the generation of revenues. Alter (2007) suggests the existence of a set of alternative operational models to explain how social enterprises create social and economic value, representing different levels of integration (Table 5). For instance, in the Cross-subsidisation model, business activities are separated from social programmes (business activities may or may not be mission-related), while a social enterprise adopting a Fee-for-Service model sells its services to beneficiaries and/or to third party players.

Table 5 – Operational model of social enterprise

Operational model	Definition
Entrepreneur Support	The social enterprise sells business support and financial services to its target population or "clients," self-employed individuals or firms. Social enterprise clients then sell their products and services in the open market.
Market Intermediary	The market intermediary model of social enterprise provides services to its target population or "clients," small producers (individuals, firm or cooperatives), to help them access markets.
Employment	The social enterprise provides employment opportunities and job training to its target populations or people with high barriers to employment (*e.g.,* disabled, homeless, at-risk youth, and ex-offenders). The organisation an enterprise employing its clients, and sells its products or services in the open market
Fees-for-Service	The social enterprise commercializes its social services, and then sells them directly to the target populations or "clients," individuals, firms, communities, or to a third-party payer.
Cross-subsidisation	The service subsidization model of social enterprise sells products or services to an external market and uses the income it generates to fund its social programs.
Cooperative	The social enterprise provides direct benefit to its target population or "clients," cooperative members, through member services (*e.g.,* market information, technical assistance/extension services, collective bargaining power, *etc.*)

Source: Adapted from Alter (2007)

Weppen and Cochrane (2012) applied the Alter's framework to study the operational models in touristic social enterprises. They found that there is a clear preference for three models (Service Subsidisation, Employment and the Market Intermediary Model), depending on the type of activity. Cooney (2011) also used the framework in the study of social purpose business models in the United States. This author found that some of the operational models described by the interviewees in the study fit the employment model and many of them correspond to a more complex configuration combining the employment model with an organisational support model.

Combining operational models allows social enterprises to capture opportunities in both social and industrial sectors. It facilitates the growth of enterprises or social programs, helps to increase revenues by entering new markets or businesses and to increase the social impact by reaching more disadvantaged people or new target groups (Alter, 2007). Despite the utility of these operational models to understand how social enterprises configure their activities in order to create social and economic value, they do not provide information on the content of their operations strategy, as defined in the previous chapter, for example, information on operations decisions, operational practices and capabilities.

In addition to these studies that focus on the characterization of social enterprises regarding their organisation, a set of studies is identified in the literature that propose the classification of social enterprises based on their position in the social-business spectrum. They are presented in the next section.

3.4.2. Identity-based models

In the literature on social enterprise, seems to be consensual that these organisations must balance social and financial goals in some way, although they may adopt different legal entities, organisational structures or overall objectives in order to achieve this balance (Battilana & Dorado, 2010; Defourny & Nyssens, 2017; Doherty et al., 2014; Jäger & Schröer, 2013; Teasdale, 2012a). Therefore, several authors refer to them as dual identity organisations (Moss, Short, Payne, & Lumpkin, 2011; Smith, Knapp, Barr, Stevens, & Cannatelli, 2010; Stevens, Moray, & Bruneel, 2015). Albert and Whetten (1985) introduced the concepts of dual and multiple identity. Organisational identity was originally defined by them as the perception shared by the members of the organisation about "who they are" and "what they do" as an organisation.

Moss et al. (2011) demonstrate through an exploratory study based on the analysis of mission statements that recognized social ventures exhibit dual identities. On the one hand, a utilitarian organisational identity arising from their business focus (*i.e.*, entrepreneurial, product/service oriented) and, on the other hand, a normative organisational identity arising from their social mission (*i.e.*, social, people oriented). These authors follow a methodology similar to Foreman and Whetten (2002), who develop two identity scales to assess how members of rural cooperatives identify with multiple-identity organisations. Foreman and Whetten (2002) asked those members to identify aspects of cooperatives that are "family" like (*i.e.*, related to their normative organisational identity) and "business" like (*i.e.*, related to their utilitarian organisational identity). The results suggest that the congruence between current and ideal organisational identity has a significant effect on members' commitment and organisational legitimacy. More recently, Stevens et al. (2015) also use utilitarian and normative identity dimensions and conclude that the level of each of these identity dimensions can reflect the social and economic missions of social enterprises, respectively.

Young and Lecy (2014) advocate that any organisation balancing social and financial goals successfully should be legitimately considered a social enterprise, even if it does it in very different ways and for several reasons. It can be an organisation registered as a non-profit, balancing social and financial goals in an effort to maximize its social impact or a company aiming to maximize profits in the long run but pursuing social goals within their corporate social or environmental sustainability policies. According to this school of thought, social enterprise is a spectrum of organisational types arranged along a single dimension, reflecting different levels of devotion to social purpose versus generation of revenues (Defourny & Nyssens, 2017; Seanor, Bull, Baines, & Ridley-Duff, 2013; Young & Lecy, 2014). Over the past few years, several theoretical classifications of social enterprise have been proposed in the literature. Most of them are based on the analysis of how different organisations are positioned within the social enterprise spectrum.

Young (2001) identifies three types of social enterprises – corporate philanthropist, social purpose organisation and hybrid – and analyses the implications of each organisational identity in several decisions, such as those related to the organisation and design of activities, legal structure, administration and governance, board and staff composition, as well as financing issues. According to him, hybrids have a more difficult task as they must first decide how to balance social and private benefits and, then, determine which organisational structure and strategy fits best. After this author, other authors have proposed classifications for social entrepreneurship models (Table 6).

Table 6 – Classifications of social enterprise models

Authors	Typologies	Classification variables
Young (2001)	Corporate Philanthropist Social Purpose Organisation Hybrids	Organisational identity
Ridley-Duff (2008)	Non-profit model 'Corporate social responsibility' model 'More than profit' model Multi-stakeholder cooperative model	Social enterprise policy objectives
Jäger and Schröer (2013)	Social innovation (social entrepreneurship) Enterprising non-profits Socially responsible enterprises Hybrid organisations	Organisational identity (civil society identity, market identity, hybrid identity)
Young and Lecy (2014)	For-profit business corporations Social businesses Social cooperatives Commercial non-profit organisations Public-private partnerships Hybrids	Social mission and commercial activity
Defourny and Nyssens (2017)	The entrepreneurial non-profit model The social cooperative model The social business model The public-sector enterprise model	Principles of interest (mutual, general and capital interest) Resources mixes

Ridley-Duff (2008) describe four types of social enterprises resulting from the overlaps of the governmental, voluntary and business “worlds”. The non-profit model emphasizes a non-profit ideology at the overlap of the governmental and voluntary association “worlds”. Social enterprises adopting a “corporate social responsibility” model emphasize the investment in ethical and social trading in collaboration with government. Social enterprises following a “more than profit” model fund their social activities mainly through market activities and fundraising from non-government sources. Finally, social enterprises operating as multi-stakeholder cooperatives and businesses are at the overlap of the three “worlds” and have explicit social objectives. They operate for profit and use governance practices that emphasize voluntary action and association.

Jäger and Schröer (2013) follow a different approach to define a typology of integrated organisational identity. The four types of organisations – social innovation, enterprising non-profits, socially responsible enterprises and hybrid organisations – have several differences and similarities. However, the authors identify as the main difference the extent to which the organisational identity (identification, structure and practice) is strongly or weakly related to markets and civil societies.

Young and Lecy (2014) look at social enterprise as a zoo, where many animals (*i.e.*, social enterprise forms) – for-profit business corporations, social businesses, social cooperatives, commercial non-profit organisations, public-private partnerships, hybrids – combine social and market goals in diverse ways and each specie has distinct environments and needs. The walls of the zoo are the intersection of social purpose and commercial activity. These authors point to differences between species in management, governance and financing strategies.

More recently, Defourny and Nyssens (2017), define four major social enterprise models – entrepreneurial non-profit, social cooperative, social business, public-sector enterprise – resulting from the combination of principles of interest (*i.e.*, mutual, general and capital interest) and resource mixes (*i.e.*, non-market, market income and hybrid resources).

Other classifications have emerged that use different variables for classification. For instance, Zahra et al. (2009) offers a classification of social entrepreneurs' search processes and Mair et al. (2012) propose another classification of social entrepreneurship models based on the forms of capital that can be leveraged (*i.e.*, social, economic, human and political).

In the next section, the main contributions to the discussion of management challenges in social enterprises are presented, which can provide clues to the challenges faced by social enterprises in terms of operations. They are often treated in the literature as tensions, since they arise from the conflicting demands present in social enterprises.

3.5. Management challenges for social enterprises

Despite the evidence that social enterprises generate great social impact, their hybridity make them fragile organisations that run the risk of internal tensions and mission drift (Ebrahim et al., 2014; Santos et al., 2015). This is particularly true if their social impact and revenue-generating activities are not integrated and are performed separately.

In recent years, some authors have dedicated their work identifying some domains where are reported tensions arising from the hybrid nature of social enterprises, *i.e.*, the desire to pursue social and financial goals simultaneously. Wilson and Post (2011) suggest that these tensions are mostly at the operational than strategic level, arguing that is the process of designing new business models or redesigning the existing ones that largely mediates tensions and enables the achievement of a social mission through a market-based approach. According to Doherty et al. (2014), they impact operationally on goals and acquisition of resources. The way each social enterprise chooses to deal with them depends on a great extent on the level of integration of activities and the diversity of stakeholders with whom it interacts (Battilana & Lee, 2014). Doherty et al. (2014) suggest two operational mechanisms to manage these tensions. The first one is to use the social mission as a force for strategic direction and the second mechanism consists of finding the optimum conditions to successfully link revenue generation to the creation of social value.

In the same article in which Battilana et al. (2012) define the hybrid ideal, they also identify four main challenges that social enterprises struggle with when they try to find a suitable place between for-profit and non-profit sectors, even when they manage to integrate social and income-generating activities in a sustainable way. First, they point the legal structure. Social enterprises may choose to register as a for-profit, a non-profit or, alternatively, to create two separate legal entities to access the benefits of both legal structures, for example, in terms of financing, which is the second challenge identified by the authors. In this matter, hybrid organisations can adopt a differentiated funding strategy, looking for different sources of funding for social and income-generating activities, or choose a mixed structuring of funding. For instance, getting funding from public authorities in an early-stage and then trying to attract venture capital in a more advanced stage of development.

The third challenge concerns the recipients of the solution that the social enterprise is providing. Customers and beneficiaries can be the same or represent different populations. The last challenge refers to organisational structure and talent development. Since it is difficult to find people with a "hybrid" profile, social enterprises may choose between hiring people who have work experience in the social or private sector and hiring people from both sectors. For instance, Battilana, Sengul, Pache and Model (2015) conclude that hybrid organisations that have a permanent staff with a social background are likely to prioritize systems and processes that help beneficiaries instead of systems and processes that improve economic productivity. Furthermore, most of hybrid organisations are confronted with resource constraints and do not have the financial resources to pay for highly qualified staff. This fact forces them to rely on some volunteer work to perform their activities (Austin et al., 2006). Managing a workforce composed of employees and volunteers may also be a source of tension (Doherty et al., 2014).

Smith et al. (2013) present another perspective on the tensions within social enterprises, classifying them into four categories: performing, organizing, belonging and learning tensions. Performing tensions are related to the metrics used for performance measurement. Metrics used to measure financial performance are very different from those used to measure social performance. The first tend to be clear, quantitative and short-term, while the last tend to be ambiguous, qualitative and long-term. Due to their dual identity, social enterprises run the risk of giving prevalence to business metrics or social mission metrics as it becomes difficult to balance both. Organizing tensions arise from decisions such as the separation or integration of organisational structures, practices and roles associated with social and income generating activities, the inclusion of beneficiaries of the social mission as employees and the adoption of a for-profit or non-profit structure. Belonging tensions can arise from the difficulty in aligning the whole organisation with profit and social mission motives, without favouring one of those goals. Moreover, another source of tension between social and commercial goals may be the hiring of individuals with distinct professional backgrounds. According to the authors, an alternative to this may be the hiring of individuals with no background in order to train them to be employees with a "hybrid" profile. They also mention tensions inherent to the adoption of different approaches to communicate with each group of stakeholders or the creation of a consistent message that will be understood by all stakeholders. Finally, the authors identify learning tensions arising from the desire to create a business model that balances revenues with excessive costs of social mission. It is always a challenge for social entrepreneurs remain committed to their social mission and becoming more efficient and growing the organisation at the same time.

More recent work has emphasized some of the tensions listed by Battilana et al. (2012) and Smith et al. (2013). The most frequently mentioned tensions are those related to the integration of social and income-generating activities, the legal forms chosen by social enterprises, their sources of financing, the way they manage their relationships with several groups of stakeholders, as well as the tensions arising from the management of human resources and the potential need to balance staff with both commercial and social knowledge (Battilana & Lee, 2014; Cornforth, 2014; Doherty et al., 2014). Goyal et al. (2016) also identify a set of contextual and operational challenges, including resource mobilization, characteristics of offerings and impact assessment. Table 7 summarizes some of the main sources of tension, comparing social enterprises with traditional non-profit and traditional for-profit organisations.

Table 7 – Main sources of tension in social enterprises

Source of tension	**Traditional non-profit**	**Social enterprise**	**Traditional for-profit**
Legal structure	Register as a non-profit	Create one or two legal structures	Register as a for-profit
Funding strategy	Public authorities	Mixed structuring of funding	Venture capital
Human resources	Social background Volunteers	Social and/or business background Volunteers or not	Business background
Recipients of solution	Beneficiaries	Beneficiaries are customers Beneficiaries and customers are different groups	Customers
Performance measurement	Social performance metrics, long-term impact	Social and financial performance metrics	Financial performance metrics, short-term impact

Source: Elaborated by the author

The identification of sources of tension in social enterprises, such as the mobilization of resources, human resources and performance management, points to the existence of implications at the operational level, namely regarding operations resources, decisions and objectives.

Performance measurement is one of the main sources of tension in social enterprises and one of the most prominent challenges (Battilana & Lee, 2014). This topic has been largely addressed in the literature on social enterprise and it is intimately related to the dual nature of their objectives. Since the achievement of the expected performance is the ultimate goal of any operations strategy and there has been a rich discussion around this topic, it is considered relevant to offer an overview of the literature on performance measurement in social enterprises. It is presented in the next section.

3.6. Performance measurement in social enterprises

Performance measurement is a topic that has received great attention from academics conducting research in the social enterprise field. Due to their dual, and often conflicting objectives, social enterprises must define metrics to measure both financial and social performance. Business performance metrics tend to be clear, quantitative and short-term, while social performance metrics tend to be ambiguous, qualitative, and long-term (Smith et al., 2013).

Lall (2017) suggests the existence of two types of motivating factors for the adoption of social performance measurement practices in nascent social enterprises. On the one hand, the author notes that it may be more related to external pressures, namely the need to demonstrate legitimacy to funders and similar organisations. On the other hand, it may be more related to internal factors and the growing rationalization within the social sector. The study conducted by this author supports the perception that the non-profit sector has become increasingly rationalized and more performance-driven in the last years and, therefore, the adoption of these practices is largely driven by internal factors. However, before this study, several authors pointed out external factors (*i.e.*, accountability issues) as the most important reason behind the implementation of performance measurement practices in social enterprises (for example, Arena, Azzone, & Bengo, 2015 and Ebrahim & Rangan, 2014).

Existing approaches and instruments to measure performance in social enterprises are quite diverse. Arena et al. (2015) identify four main types of models based on the review of literature: adaptations of the balanced scorecard, contingency performance measurement systems models, models integrating the views of different stakeholders and the Social Return on Investment (SROI). SROI is a well-known instrument in the social enterprise field, based on the idea of assigning monetary values to social results, quantifying them in financial terms (Nicholls, Lawlor, Neitzer, & Goodspeed, 2009). However, the most recent studies on performance measurement in social enterprises propose contingency models, *i.e.*, frameworks that must be adapted to the specific characteristics of the social enterprise, through the development of indicators that fit its goals (Arena et al., 2015).

Bagnoli and Megali (2011) identify three dimensions of control. The first one corresponds to the financial and economic performance, which includes indicators to assess the economic efficiency and financial situation of the organisation. Then, there is the social effectiveness dimension that is defined by the authors as *"the ability to achieve goals and implement strategies while using resources in a socially responsible way"*. To assess social effectiveness, indicators should be defined to measure inputs (*i.e.*, resources that contribute to the activities), outputs (*i.e.*, activities realized, products and services obtained), outcomes (*i.e.*, the effects to intended beneficiaries) and long-term impact on the community. The third, and last, dimension considered by these authors refers to the institutional legitimacy, which includes indicators to verify the coherence between mission and legal norms applicable. In addition to these dimensions, it is also considered the possibility to match the three dimensions and to obtain integrated measures (*e.g.*, the productivity of inputs or the correspondence between achieved results and mission).

Ebrahim and Rangan (2014) focus their work on social performance measurement and propose a framework premised on the operational mission, scale and scope of the organisation. According to them, in order to know what to measure, social enterprises should clarify their operational mission, specify the set of activities needed to address that mission (scope) and identify the target size of the problem (scale). Later, Arena et al. (2015) propose what they call a "general" performance measurement system model to measure social and economic impacts in social enterprises, starting from the analysis of inputs, outputs and outcomes. They identify financial sustainability, efficiency, effectiveness and impact as relevant dimensions. The model also considers and highlights consistency as an important dimension for social enterprises because it reflects the compliance with their mission. The authors also propose a stepwise method that can be used by social enterprises to develop their own system, adapted to their specificities. The method comprises six steps, involving the preparation, conduction of interviews with stakeholders, association and construction of the model, as well as the collection of feedbacks and model redefinition taking into consideration the feedback received.

Despite the important contribution of previous works to the literature on performance measurement in social enterprises, according to Crucke and Decramer (2016), they provide general guidelines and are very case specific and, therefore, do not offer a functional tool for a broad range of social enterprises. This way, by combining qualitative and quantitative research methods and involving multiple actors in the field of social entrepreneurship, they developed and validated an instrument that can be used for the internal assessment and external reporting of non-financial performance. Five dimensions of organisational performance were considered: economic, environmental, community, human and governance. The authors acknowledge the role of diverse performance dimensions for social enterprises and offer a comprehensive view, proposing a wide variety of indicators, which apply to a wide variety of social enterprises.

3.7. Conclusion

In this chapter, it was presented a review of literature on the social enterprise field. Social enterprises were introduced as hybrid organisations, positioned in the organisational landscape between traditional non-profit and traditional for-profit organisations, aiming to provide solutions for social issues using market approaches. Their emergence has been explained by state and market failures and other theories, such as the resource dependence theory, the institutional theory or the voluntary failure theory. The conception of social enterprise varies across countries as a result of different political regimes and traditions. In the last years, some efforts have been made in order to achieve a common understanding of social enterprise. In Europe, social enterprise conception is based on three main aspects: devotion to a social purpose, democratic governance and limited profit distribution. They are emerging through the initiative of citizens, the involvement of traditional non-profit organisations on marketisation and commercialization, the restructuring of the public sector and corporate citizenship.

Regarding social enterprise models, two main approaches were found for the definition of the universe of social enterprises. On the one hand, it was found a set of studies defining the universe of social enterprises based on their organisation, *i.e.*, aspects related to the operationalization of solutions. On the other hand, it was found a set of studies classifying social enterprises based on their organisational identity and position along the social-business spectrum. These studies proposing identity-based models are the most recurrent in the literature, offering a more comprehensive view of the universe of social enterprises.

The literature on social enterprise also provides some insights on the main management challenges for these organisations, emerging from tensions derived from the hybrid nature of their activities. The legal structure, the funding strategy, the workforce composition, the recipients of the solution and the performance measurement are some of main sources of tension identified. They point to the existence of operational challenges that have not been addressed by scholars from the operations strategy field, namely regarding the operations resources involved, the operations practices adopted, for example in terms of workforce management, and the involvement of stakeholders in the operations of the organisation, as well as the performance objectives to which the operations function must respond.

Social enterprises are a fertile ground for extending the literature on operations strategy to respond to the challenges of these new organisational forms. The next chapter is devoted to the description of research design choices made in order to approach the research problem and research questions defined for this work.

CHAPTER 4. Research design

4.1. Introduction

Social enterprises have emerged as a rich field and a domain of opportunity to extend and to advance the knowledge in operations management, particularly, in service operations strategies, as they face several challenges that require new operational processes in order to be able to respond to conflicting demands. The main purpose of this chapter is to present the research design of this work. The chapter begins by contextualizing the research work and presenting the problem, the main research questions and the justification for each of them. After that, a brief overview of three types of research design that can be used is offered, as well as a description of the main components of any research design in order to understand the existing alternatives to conduct the empirical part of this work. Finally, are discussed the choices made in terms of research design to address the research questions identified at the beginning of the chapter.

4.2. Research problem and research questions

Empirical research work developed on the operations strategy field has mainly focused on the study of the competitive priorities, and on the operational practices and capabilities implemented and developed by manufacturing firms. Despite the dominance of studies addressing the manufacturing context, over the years, some research work has also been published addressing the topic of operations strategy in service firms, as well as extending the set of competitive priorities, including dimensions such as social and environmental sustainability. These studies, however, still represent a minority. The underlying reasoning for the development of specific studies addressing service contexts is the argument that states the service management problems present some characteristics that make them more difficult to study than manufacturing management problems. They are fuzzy, unstructured, multidimensional, complex and less conductive to analytical modelling (Roth & Menor, 2003).

The impetus for this research work is driven by the recognition of some specificities in social enterprises that call for the development of specific operations strategy knowledge. Social enterprise is a phenomenon that, although not new, has been gaining ground and has received special focus in recent years all over the world. Portugal is a clear example of a context in which social enterprises have gained prominence, especially after the economic crisis in 2008. Social enterprises can address a wide range of social issues and take multiple forms within the social-business spectrum. Many of the management challenges faced by these organisations arise from the need to conciliate social and financial concerns under the same organisational and operational system, which requires the creation of new operational processes for managing conflicting demands. Those challenges include the management of scarce resources, workforce management, as well as quality and performance measurement issues. For these reasons, social enterprises are considered as fertile ground to advance theoretical and empirical research in the services operations field (Field et al., 2018; Victorino et al., 2018).

Therefore, in view of these arguments, it is considered important and relevant to develop knowledge about the functional and operational organisation of social enterprises to respond to the following research problem:

"How do social enterprises configure their operations strategy?"

In order to reach the main objective of this work, the research gaps were identified, through the review of the literature on operations strategy and social enterprises, and the research questions were stated. Two research questions were formulated. They are presented below, as well as the respective justification for each of them.

> **Research question 1:** ***How can social enterprises be classified into distinct groups according to their organisational identity?***

From the review of the literature on operations strategy, several authors emphasize the importance of the alignment between business strategy and operations strategy (Díaz Garrido et al., 2007; Khalili Shavarini et al., 2013; Raymond & Croteau, 2009; Thun, 2008). Operations strategy is defined in accordance with the organisational goals and aiming the achievement of the expected performance. In studies regarding operations strategy in manufacturing and service firms, performance is frequently measured through financial indicators, for example, related to sales, market share or return on investment (Lorentz et al., 2016; Martín-Peña & Díaz-Garrido, 2008a; Rebolledo & Jobin, 2013; Zhao et al., 2006).

It is believed that mission and organisational identity are important elements of business strategy in social enterprise. On the one hand, mission is a core element that should guide any social enterprise in all its decisions. In the same way that Longoni and Cagliano (2015) find that business strategy characteristics are different for distinct operations strategy configuration models, different mission characteristics may also lead to differences in terms of the operations strategy. Examples of mission characteristics of social enterprises include the focus on social change, the engagement and participation of target groups, the focus on success and profitability or even the geographical scope (Baum, Locke, & Kirkpatrick, 1998; Bloom & Reenen, 2007; Palmer & Short, 2008).

On the other hand, in addition to mission, organisational identity also plays a significant role in strategy definition in social enterprise. Organisational identity is defined as “what is central, distinctive and enduring about an organisation” (Albert & Whetten, 1985). It is reported in the literature as the primary source of tension for social enterprises (Moss, Short, Payne, & Lumpkin, 2011; Smith, Knapp, Barr, Stevens, & Cannatelli, 2010; Smith, Gonin, & Besharov, 2013), since they try to conciliate dual performance objectives and dual identities – the social identity and the market identity (Moss et al., 2011; Smith et al., 2010; Smith et al., 2013). Young (2001) argues that different identities have different implications at strategic and structural levels. Since organisational identity reflects the commitment of the organisation towards social and market aspects, it is expected to guide the definition and implementation of operations strategy.

Furthermore, in the literature on social enterprise is clear that the main focus of these organisations is to propose a sustainable solution to a social problem (Moizer & Tracey, 2010; Roy & Karna, 2015). Their primary focus is not to have the largest market share or to overcome competitors – social enterprises often address neglected social problems (Austin et al., 2006; Di Domenico, Haugh, & Tracey, 2010) – but to increase social impact and, at best, mitigate the problem or need they are trying to solve (Trivedi & Stokols, 2011). Social and financial performance are both important dimensions of performance in social enterprises.

Due to the great diversity of social enterprises, classifying them before proceeding to the in-depth study on the content of their operations strategy is identified as an important step to ensure that selected cases are representative of the universe of social enterprises. Some decades ago, the diversity of the service sector led scholars to identify the need to classify them in order to be able to produce managerially useful generalizations concerning their practices (Lovelock, 1983). The same need is now felt in the field of social enterprise. There is a lack of empirical evidence that goes beyond the identification of representative cases and examples of ideal groups.

In the last decade, several authors have proposed typologies of social enterprise models. Most of them base their analysis on the characterization of the orientation towards social and economic goals, and social and market identities to offer a more comprehensive view of the universe of social enterprises (Jäger & Schröer, 2013; Ridley-Duff, 2008; Young, 2001; Young & Lecy, 2014). According to Doty and Glick (1994), typologies provide a useful framework for describing organisations by identifying a set of characteristics that are different from a conceptual point of view and allowing a logical classification that distinguishes groups (or ideal groups), based on the importance of the similarities within groups and the differences between them. Unlike typologies, taxonomies are built by applying quantitative analytical techniques to empirical data. Typologies and taxonomies are complementary approaches to represent organisational configurations (Meyer et al., 1993). However, it is unknown the existence of empirical studies proposing a classification of social enterprises according to their organisational identity (*i.e.*, social and market identity).

Therefore, one of the objectives of this research is to develop and to propose a taxonomy (*i.e.,* an empirically based classification) for the organisational identity of social enterprises and to examine whether differences between groups can be explained by contextual factors or be associated with differences in the performance and mission characteristics. This study seeks to contribute to respond to the claims of Stevens et al. (2015) for future research empirically investigating the explanatory power of the relative importance of the social and economic mission and examining the implications (*e.g.,* in terms of performance) of treating the relationship between the social and the economic mission of social enterprises as a continuum or orthogonal. After that, it will be possible to proceed to answer the second research question.

<u>Research question 2:</u> ***How do social enterprises configure operations resources and practices in order to develop distinctive capabilities?***

Operations decisions are one of the core elements of an operations strategy and it is through them that an organisation defines how the strategy will be implemented, therefore, its operational practices. In the context of social enterprises, and according to the prevalent literature, there are some operations decisions that appear to be more critical for these organisations. For instance, from the structural point-of-view, they should make decisions in terms of geographic scale and scope (*i.e.*, capacity), deciding if they want to maintain a more localized focus or to provide a solution that may be applicable to other contexts. This choice may influence the way they relate with the community and key stakeholders (Smith & Stevens, 2010). They should also decide to what extent they will undertake efforts to integrate existing community resources or to obtain their own resources.

Regarding infrastructural operations decisions, and according to the review of literature on social enterprise, emerge as the most relevant for the study of operations strategy in social enterprises those related to the internal tensions reported in the literature, such as the decisions regarding organisation, workforce and quality issues. In terms of organisation, like other organisations, social enterprises have to make choices regarding decentralization or participation in decision making (Espino-Rodriguez & Gil-Padilla, 2014). For instance, if they are acting in more than one location, they can choose whether they want to involve local actors in the decision making, as experts on local issues, or to make decisions centrally (*e.g.*, at the national level) and give experts the legitimacy to address the organisational and strategic challenges of the social enterprise (Pache & Santos, 2012). Moreover, some of them have to manage a workforce composed of paid employees and volunteers, who have different needs and expectations, for example, in terms of job characteristics (Millette & Gagné, 2008; Studer, 2016) or a workforce composed of people with different backgrounds.

Quality decisions focus on issues related to the processes for the continuous improvement of the organisation’s activities which, in turn, relate, for example, to the development and management of performance indicators and objectives (Slack et al., 2001). The balance between social and financial metrics for performance monitoring and the identification of opportunities for the continuous improvement of operations can also be a key issue for social enterprises.

Furthermore, decisions on the development of new products, services or processes are also considered in the set of operations decision-making areas of social enterprises once these organisations are recognized by the development of innovative solutions to social problems (Austin et al., 2006). In this regard, they can make decisions, for example, on the involvement of customers and/or beneficiaries in the development and delivery process, that may have impact on the achievement of their goals.

This work subscribes to a resource-based approach, a choice that allows a more complete characterization of the content of an operations strategy and that can provide more robust evidence on how social enterprises are configuring their operations strategies. According to that approach, operational capabilities arise from resources and operational practices resulting from the choices made by the organisation in the various operations decision-making areas (Peng et al., 2008; Swink & Hegarty, 1998; Wu et al., 2010, 2012). Resource constraints represent a key issue for many social enterprises and, therefore, in this context, operations decisions and practices and, consequently, operational capabilities can be explained by the available resources. This way, the literature on social enterprise seems to point to resource mobilization as one of the operational capabilities to be developed by such organisations, since it can help them to overcome resource constraints and to implement more sustainable operations.

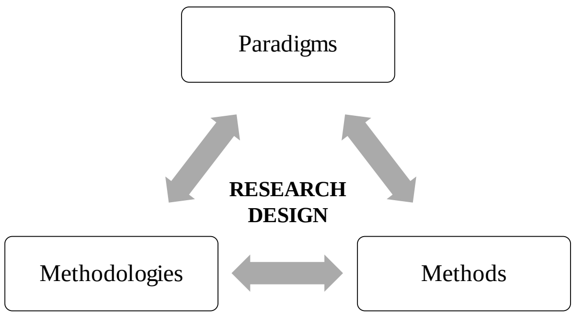
In order to answer the second research question, the research work will focus on investigating what resources are the most valuable for and what operational practices are adopted by social enterprises that lead to the development of distinctive capabilities. The objective is to understand which distinctive operational capabilities are developed by social enterprises and which resources and practices contribute to their development.

The answer to the two research questions should result in the elucidation of the research problem, allowing to understand how social enterprises configure their operations strategy.

The following section provides an overview of alternative research designs, as well as of the main components of research design, as a preliminary step to support the decisions that will guide the conduction of the empirical part of this research work.

4.3. Research design: paradigms, methodologies and methods

The research design is defined as the plan and procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis (Creswell, 2009). This plan involves several choices. The main decision is which of the three types of design – qualitative, quantitative and mixed methods – should be used to address the research objectives. This decision should be informed by the research paradigm (or the worldview) assumptions the researcher adopts, the research methodologies and the research methods. Therefore, in planning a research study, the researcher needs to think about the interaction between these three elements, *i.e.*, the researcher needs to think about the paradigm assumptions he/she brings to the study, the methodology that is related to that paradigm and the specific methods and the procedures that can be used to put the methodology into practice (Collis & Hussey, 2013; Creswell, 2009; Teddlie & Tashakkori, 2009). In Figure 6, the framework for research design is represented, considering the interconnection between paradigms, methodologies and research methods.



Source: Creswell (2009)

Figure 6 – The three components of research design

As previously mentioned, a researcher can choose between three research design approaches: quantitative, qualitative and mixed methods. Quantitative and qualitative approaches represent different ends on a continuum, while mixed methods research is positioned in the middle of the continuum, since it incorporates elements of quantitative and qualitative approaches (Creswell, 2009). Different paradigms are associated to different research design approaches.

Paradigms are essential for the research process regardless of the field of study. A research paradigm is a philosophical model that indicates how scientific research should be conducted. It represents a worldview, *i.e.*, a general orientation that a researcher holds about the world and the nature of research. This has implications in the research process, since the selection of the research approach and methodology is often influenced by paradigmatic preferences (Collis & Hussey, 2013; Creswell, 2009; Sekaran & Bougie, 2016).

Quantitative researchers subscribe to the positivist/postpositivist paradigm. The original position of positivists was that research is conducted in an objective and value-free environment. Their values do not influence how they conduct research and interpret findings. Postpositivism is a revised form of positivism. Postpositivists acknowledge that their value systems play an important role in the way they conduct research and interpret data. Qualitative researchers subscribe to the constructivist paradigm, since they believe that researchers construct the meaning of the phenomena they investigate. Finally, the philosophical paradigm most often associated with mixed methods is pragmatism. Pragmatics focus on "what works" instead of focusing on the "truth" or the "reality". They reject the paradigm wars and refuse to choose between positivist/postpositivist and constructivist worldviews, advocating the use of mixed methods in research and recognizing that their values play a key role in interpreting the results (Teddlie & Tashakkori, 2009). Table 8 presents the major elements of each research paradigm.

In the same way that different philosophical paradigms are associated with distinct research design approaches, they also imply the adoption of different methodologies. Research methodologies should be quantitative if the research paradigm adopted is positivist, qualitative if the researcher subscribe to a constructivist paradigm and mixed methods methodologies should be employed when the researcher adopts the pragmatism (Collis & Hussey, 2013; Creswell, 2009).

Quantitative studies tend to incorporate statistical elements, to emphasize measures and to establish cause-effect relationships between variables, considering that everything can be quantified. For instance, opinions can be translated into numerical data to classify and organize them. The most pointed criticisms for quantitative methodologies are the need to study large samples and some difficulties in understanding and interpreting the results.

Table 8 – Major elements of each research paradigm

Paradigm	Major elements
Postpositivism	- Determination: causes probably determine effects or outcomes - Reductionism: reduce the ideas into a small, discrete set of ideas to test - Empirical observation and measurement of the reality: develop numeric measures of observations and study the behaviour of individuals - Theory verification: test or verify, and refine theories
Constructivism	- Understanding: seek understanding of the world where they live and work. - Multiple participant meanings: look for the complexity of views rather than narrowing meaning into few categories or ideas - Social and historical construction: address the processes of interaction among individuals, understand the historical and cultural settings of the participants - Theory generation: generate or inductively develop a theory or pattern of meaning
Pragmatism	- Consequences of actions: actions, situations and consequences rather than antecedent conditions - Problem-centred: emphasize the research problem and use all approaches available to understand the problem - Real-world practice oriented: focus on the research problem - Pluralistic: derive knowledge about the problem

Source: Creswell (2009)

Qualitative research methodologies initially emerged in social sciences in order to study social and cultural phenomena. In qualitative studies, there is a direct involvement of the researcher with the object of study. The world is viewed from a relativistic perspective and, therefore, must be understood from within rather than explained from without. Qualitative methodologies have been criticized for being subjective, only exploratory and very personal. Moreover, there is a higher risk of bias in the analysis and interpretation of the phenomena under study.

However, researchers recognized that all methods have limitations and realized that bias inherent in any single method could neutralize or cancel the biases of other methods, by mixing quantitative and qualitative methodologies. For instance, the results from one method can be used to select participants or questions to consider in the application of another method, quantitative and qualitative data can be merged to form a larger database or both types of data can be used to reinforce each other. This has led researchers to develop some methodologies for the implementation of mixed methods approaches. Mixed methods research entails some challenges, such as the need for extensive data collection, the availability of time to analyse both text and numeric data and require the researcher to be familiar with both quantitative and qualitative forms of research (Creswell, 2009). Table 9 presents and summarily defines the research methodologies most commonly associated with quantitative, qualitative and mixed methods approaches.

Table 9 – Alternative research methodologies

Approach	Research methodologies
Quantitative	- *Survey:* a quantitative or numeric description of trends, attitudes or opinions of a population by studying a sample of that population - *Experiments:* determine if a specific treatment influences an outcome.
Qualitative	- *Ethnography:* study an intact cultural group in a natural setting over a prolonged period of time - *Grounded theory:* derive a general, abstract theory of a process, action or interaction grounded in the views of participants - *Case studies:* Explore in depth a program, event, activity, process or one or more individuals - *Phenomenology:* Identify the essence of human experiences about a phenomenon as described by the participants - *Narrative:* study the lives of individuals and ask one or more individuals to provide stories about their lives.
Mixed methods	- *Sequential:* seek to elaborate on or expand on the findings of one method with another method - *Concurrent:* converge or merge quantitative and qualitative data in order to provide a comprehensive analysis of the research problem - *Transformative:* use a theoretical lens as an overarching perspective within a design that contains both quantitative and qualitative data

Source: Elaborated by the author based on Creswell (2009)

Research methods, such as research methodologies, are also described as quantitative, qualitative or mixed. Quantitative methods can be defined as the techniques associated with the gathering, analysis, interpretation and presentation of numeric information, such as questionnaires, structured interviews and statistical analysis. In turn, qualitative methods refer to techniques applied to narrative information, such as observation, semi structured or unstructured interviews and text analysis. Mixed methods combine both quantitative and qualitative techniques (Teddlie & Tashakkori, 2009). Table 10 provides an overview of the philosophical paradigms, methodologies and methods associated with each type of research design, which were discussed throughout this section, as well as some considerations about the behaviour of the researcher in each context.

Table 10 – Qualitative, Quantitative and Mixed methods research designs

	Quantitative approach	**Qualitative approach**	**Mixed methods approach**
Paradigm	Positivist/Postpositivist	Constructivist	Pragmatic
Methodologies	Surveys and experiments	Phenomenology, grounded theory, ethnography, case study, and narrative	Sequential, concurrent and transformative
Methods	Closed-ended questions, predetermined approaches, numeric data	Open-ended questions, emerging approaches, text or image data	Both open- and closed-ended questions, both emerging and predetermined approaches, and both quantitative and qualitative data analysis
Researcher behaviour	- Tests or verifies theories or explanations - Identifies variables to study - Relates variables in questions or hypotheses - Uses standards of validity and reliability - Observes and measures information numerically - Uses unbiased approaches - Employs statistical procedures	- Positions him- or herself - Collects participants meanings - Focuses on a single concept or phenomenon - Brings personal values into the study - Studies the context or setting of the participants - Validates the accuracy of findings - Makes interpretations of the data - Creates an agenda for change or reform - Collaborates with the participants	- Collects both quantitative and qualitative data - Develops a rationale for mixing - Integrates the data at different stages of inquiry - Presents visual pictures of the procedures in the study - Employs the practices of both quantitative and qualitative research

Source: Creswell (2009)

In addition to the considerations about the research paradigm, methodologies and methods, the choice of one approach over another can also be influenced by the nature of the research problem to be addressed, the researchers' personal experiences and the audience of the study (Creswell, 2009).

In the following section, will be discussed in more detail the research design and methodologies selected to address the research problem and to find answers to the research questions presented at the beginning of this chapter.

4.4. Using a mixed methods approach to study operations strategy in social enterprises

A mixed methods approach will be adopted in this research work, since it was considered by the researcher to be the most appropriate to address the research problem and the research questions. As defined in the previous section, mixed methods research combines both quantitative and qualitative methodologies and methods in the same research work. Researchers typically employ a mixed methods design to expand the understanding of the phenomenon by incorporating both quantitative and qualitative research or using an approach to better understand, explain or build on the results of the other approach (Creswell, 2009). A mix methods approach was chosen in accordance to the pragmatic worldview that focus on practical and applied research, in which different viewpoints on research and on the subject under study are helpful for solving the research problem (Sekaran & Bougie, 2016).

From the range of methodologies associated with mixed methods research design, it will be employed a sequential explanatory strategy (Ivankova, Creswell, & Stick, 2006). It is characterized by the collection and analysis of quantitative data, in a first phase of the research, followed by the collection and analysis of qualitative data in a second phase, which builds on the results of the quantitative phase (Figure 7). The two forms of data are separated, although connected, since the mixing of data happens when the quantitative results inform the collection of qualitative data (Creswell, 2009). In this research work, a survey research will be combined with a case study research.

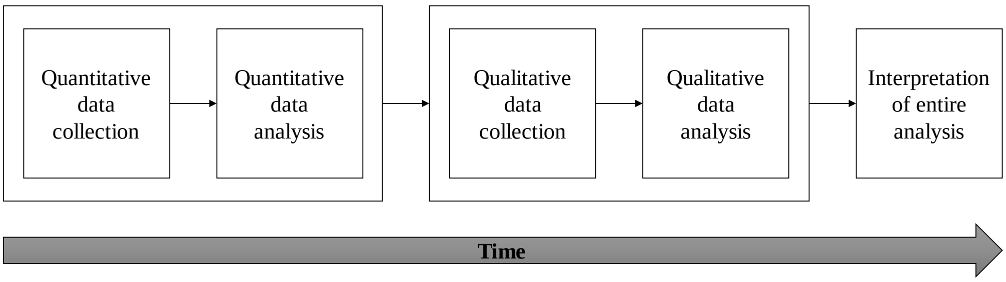


Figure 7 – Explanatory sequential design used in a mixed methods study

Surveys are designed to produce statistics (*i.e.*, quantitative or numerical descriptions) about a target population. They have two defining characteristics. On the one hand, a sample is designated, from whom data is collected, under the premise that, by describing the sample of people who respond, it is possible to describe the target population.

On the other hand, respondents answer questions to describe experiences, opinions or other characteristics, under the premise that the answers can be used to accurately describe characteristics of the respondents. The use of standardized measures ensures that comparable information is obtained and, therefore, meaningful statistics are produced (Floyd & Fowler, 2013).

A survey research will be conducted in order to classify social enterprises according to their organisational identity and, thus, answer the first research question. This decision is made considering the defining characteristics of survey research and the gap identified in the literature regarding the development of empirically derived classifications based on robust evidence, which may allow the generalization of findings from individual cases to larger populations. This will support the second phase of the research, which will involve case study research.

A case study is defined by Yin (1994) as *"an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident".* It can be used to answer "how" and "why" questions about a contemporary set of events over which the researcher has little or no control. According to the same author, case study is a research strategy comprising a method that incorporates specific approaches to data collection and analysis. Although it is often associated with qualitative data, case study research may include or even been limited to quantitative evidence. It can also include both single- and multiple-case studies.

Graebner, Martin and Roundy (2012) point out three main characteristics of qualitative data that offer potential advantages over quantitative data: (1) it is open-ended, (2) it is often rich and nuanced and (2) it can be concrete and vivid. Researchers do not need to predetermine precise constructs and measures. This is why qualitative methodology is often described as flexible or exploratory. Moreover, it allows to capture details and mechanisms that are easily overlooked in quantitative data, activating cognitive processes that favour the development and communication of ideas. There are distinct rationales behind the use of qualitative data. For instance, it can be used to build new theory when prior theory is absent, underdeveloped, or flawed; to capture individuals' lived experiences and interpretations; to understand complex process issues; or even to illustrate an abstract idea.

In the field of operations management, most of the research is based on statistical survey analysis and mathematical modelling (Voss, Tsikriktsis, & Frohlich, 2002). However, case research is considered one of the most powerful research methods in the field, especially for theory building, to explore new areas such as service operations and to integrate existing topics and theories (*e.g.*, operations strategy) with new ones, leading to new and significant contributions to the field (Barratt, Choi, & Li, 2011; Voss et al., 2002).

Regardless the use of quantitative or qualitative data, a case study research may follow a single- or a multiple-case-based approach. Single-case research is typically chosen when there is an opportunity to explore a significant phenomenon under rare and extreme circumstances (Eisenhardt & Graebner, 2007). A single-case-based approach should be adopted if the case is unusually revelatory, an extreme exemplar or an opportunity for unusual research access. A multiple-case-based approach provides a stronger base for theory building since it is grounded in varied empirical evidence (Yin, 1994). Thus, theory building from multiple-case research typically yields more robust, generalizable, and testable theory than single-case research (Eisenhardt & Graebner, 2007).

It is unknown the existence of studies on operations strategy in the social enterprise context. An exploratory work will be conducted employing a qualitative multiple-case research in order to take advantage of the benefits associated with the use of a qualitative methodology and multiple cases. Furthermore, the conviction about the diversity of social enterprise models, supported by the taxonomy, claims for the analysis of multiple cases that may be representative of that diversity. A qualitative multiple-case approach will provide a strong basis for evaluating the second research question presented at the beginning of this chapter, extending existing theory on operations strategy and generating new theoretical and managerial insights (Yin, 1994). Cases will be selected based on the taxonomy proposed in the quantitative phase, in order to include organisations with different levels of market identity and social identity and to ensure some heterogeneity among cases.

The research methods adopted for collecting and analysing data in each phase of the empirical work (*i.e.*, in survey research and case study research) will be described and discussed in more detail in Chapter 6 and Chapter 7.

4.5. Conclusion

This chapter was dedicated to research design issues. First, were presented the research problem and questions, justified based on the integration of the insights collected from the review of the literature on operations strategy and social enterprise. Due to the wide variety of social enterprises, it was identified the need to develop a taxonomy for the organisational identity of these organisations and, then, move on to the in-depth study of their operations strategy.

After that, three main types of research design were introduced – quantitative, qualitative and mixed methods, the latter combining the other two approaches. Different research designs are typically associated with different paradigms – positivism, constructivism or pragmatism –, and with the adoption of different methodologies and methods. Such as the research design approaches, methodologies and methods can be quantitative, qualitative or research methods. The selection of a research design can also be informed by the research problem, the researcher's experiences and the audience of the study.

The mixed methods approach was presented as well as the research design selected for the conduction of this research work, following the pragmatic paradigm. Among mixed methods methodologies, a sequential explanatory strategy was chosen, justified by the nature of the research questions. It comprises the collection and analysis of quantitative data in a first phase, followed by the collection and analysis of qualitative data in a second phase, building on the results of the quantitative phase. In this research work, a survey research will be combined with a case study research in order to provide answers to the first and second research questions, respectively.

CHAPTER 5. Social enterprises in Portugal

5.1. Introduction

The present chapter offers an overview of social enterprises in Portugal, since it is the context in which the research will take place. The chapter begins by characterizing the ecosystem, namely their emergence, the legal framework and key players. After that, the main literature on social enterprise and social entrepreneurship addressing the Portuguese context is presented. The chapter ends with the description and presentation of the main results of three mapping exercises conducted in the last years by different entities in order to better characterize the universe and the activity of social enterprises in the country.

5.2. The ecosystem for social enterprise in Portugal

As previously mentioned in Chapter 3, in the Southern countries, such as Portugal, Spain and Italy, the concept of social enterprise was initially applied to multi-stakeholder work integration programs for disadvantaged groups excluded from the labour market. In Portugal, these organisations aiming to promote the integration of disadvantaged people in the labour market (*e.g.*, long-term unemployed, people with disabilities or young graduates looking for the first job) have become part of the organisational landscape since 1996, with the launching of programmes such as "*Mercado Social de Emprego*" or *"Empresas de inserção"*.

Currently, the concept of social enterprise is not yet fully stabilised and there is no legal definition of social enterprise in Portugal. The debate has evolved mainly around the concept of 'social economy' and among third sector organisations. In June 2013, a new law was enacted that frames the sector, named the "Social Economy Law" (Law 30/2013)[1]. According to this law, the following entities are considered part of the social economy in Portugal:

- Co-operatives;
- Mutual Societies;

[1] Available at: https://data.dre.pt/eli/lei/30/2013/05/08/p/dre/pt/html

- *Misericórdias* (religious organisations);
- Foundations;
- Private institutions of social solidarity (IPSSs) not covered by the previous categories;
- Associations with altruistic purposes that operate in the cultural, recreational, sports and local development scope;
- Other entities having legal personality that respect the principles of social economy presented in the Portuguese legislation.

The Article 5 of the law defines the following guiding principles for the Social Economy Sector:

a) People and Social objectives come first;
b) Free and voluntary membership;
c) Democratic control of the management bodies by their members;
d) Reconciliation between the interests of members, users or beneficiaries and the general interest;
e) Respect for the values of solidarity, equality and non-discrimination, social cohesion, justice and equity, transparency, shared individual and social responsibility and subsidiarity;
f) Autonomous and independent management of public authorities and any other entities outside the 'Social Economy';
g) The allocation of surpluses to the pursuit of the purposes of the Social Economy entities in accordance with the general interest, without prejudice to the specific nature of the distribution of surpluses, proper to the nature and substrate of each constitutionally consecrated 'Social Economy" entity.

Therefore, this excludes more market-oriented organisations from being considered part of the Social Economy Sector, regardless of their social object and even when restricting the payment of dividends or the range of salaries. This shows that public policy for the social economy is entirely focused on the third sector or social organisations, but not enterprises as such. The recognition of the 'Social Economy' alongside market and public economy spheres is explicit in the Portuguese Republic Constitution as the "Cooperative and Social Economy".

Among 'Social Economy' entities, Private Institutions of Social Solidarity (IPPS) are those whose characteristics are closer to the EU definition of social enterprise (see Chapter 3, Section 3.3.2.). It is a legal status from which some organisations may benefit, which allows fiscal advantages and access to public funds. IPSS are defined as *"non-profit institutions, created by private initiative, with the purpose of giving organized expression to the moral duty of solidarity and justice between individuals and they are not administered by the State or a local government body to proceed among others, their goals, through the provision of goods and services"*. However, the status of IPSS is limited to Social Economy organisations and, therefore, market-oriented enterprises cannot benefit from it (European Commission, 2014).

With the economic crisis in 2008, which resulted in increased poverty and unemployment, the Portuguese government launched national reform programmes, emphasizing the role of the social economy in combating social exclusion and inequality, improving the effectiveness and efficiency of social protection and promoting the third sector by focusing on social entrepreneurship. Since then, there has been a proliferation of entrepreneurship initiatives in all sectors, as well as the emergence of organisations and mechanisms created in order to support the development of sustainable solutions for social issues.

On December 2008, the Social Entrepreneurship Institute (IES) was born, with the mission of "Inspiring and empowering a better world through social entrepreneurship". In 2014, it changed its designation to IES – Social Business School. In partnership with other entities, it launched in the same year a Social Investment Lab and a Social Business Laboratory. The IES – Social Business School offers, among other activities, training programmes with the scientific support of INSEAD – The business school for the world, addressed to social entrepreneurs at different times in the life cycle of their initiatives[2]. Only in 2015, these programmes were attended by 597 trainees from different regions, and some from other countries, who created or worked in 184 projects (Melro & Oliveira, 2017).

In addition to the IES – Social Business School, which has played a central role in promoting social entrepreneurship in the country, there are many other organisations

[2] More information about IES – Social Business School available at: https://www.ies-sbs-en.org/

and individuals from all sectors (government and public sector, private sector, social sector, networks, individuals and other players) that are involved in the social enterprise ecosystem in Portugal[3].

The work that has been developed by social entrepreneurs in Portugal has also been recognized internationally, namely by Ashoka, an organisation that identifies and supports the world's leading social entrepreneurs. Five social entrepreneurs were invited to join the network of Ashoka fellows in Portugal in the last years. Miguel Neiva, in 2012, who is transforming visual communication through a simple, universal and inclusive code (ColorADD) that represents colours and allows the social inclusion of colour-blind people without discrimination. In 2016, Rui Marques, who has created a model, operationalised through the Ubuntu Academy, that leverages the power of young immigrants and non-immigrants to convert them in leading role models and to ensure their full social integration in Europe. Very recently, in 2018, the founders of SPEAK, Just a Change and Girl Move also joined the Ashoka network[4].

The proliferation of social entrepreneurship initiatives in Portugal also makes it a phenomenon of growing interest to academics. In the last years, some research has been published addressing the Portuguese context. The main literature on social enterprise and entrepreneurship in Portugal will be analysed in the next section.

5.3. Literature on social enterprise and entrepreneurship in Portugal

There are few research papers available in databases of peer-reviewed literature (*e.g.*, SCOPUS) describing studies carried out in Portugal in the fields of social entrepreneurship and social enterprise. Those that are found have been published mainly in the last five years, which confirms the growing debate around these topics in the country.

Previously, the work of Parente et al. (2014) was already mentioned, which proposes a classification of social entrepreneurship profiles observed in Portuguese Third

[3] For more information on key players in the Social Entrepreneurship ecosystem in Portugal, please consult:
https://static1.squarespace.com/static/56b8c5259f7266092474edec/t/5787922df5e231f300f5d5fa/1468502583407/PortugueseSEEcossystem_2016.pdf

[4] More information about Ashoka and Ashoka fellows available at:
https://www.ashoka.org/en/about-ashoka

Sector organisations, based on different configurations of key features of these organisations, such as models of work organisation, coordination/leadership, human resources management, and funding and action planning (see Chapter 3, Section 3.4.1.). They found that more than half of the organisations demonstrated a moderate level of orientation towards social entrepreneurship because they search for funding alternatives directly or indirectly related to financial sustainability. Organisations with high levels of orientation towards social entrepreneurship (25% of the organisations) are those seeking to combine financial sustainability with human resources management and/or planning and work organisation.

Later, Parente (2016) analysed the intervention and management models of third sector organisations through a sequential methodological approach combining an extensive and an intensive analysis, by a questionnaire survey and case studies, respectively. According to the author, management models represent the potential for organisational innovation and intervention models represent the potential for social innovation. Parente (2016) concludes that Portuguese third sector organisations show a fragile form of social entrepreneurship. These organisations are taking the first steps of a socially entrepreneurial strategy motivated by a context of scarcity that forces them, for example, to diversify the funding sources and to recruit volunteers. The author argues that management models influence intervention models.

Bernardino and Santos (2016) and Bernardino, Santos, and Ribeiro (2018) focused their research on the study of social entrepreneurs' personality traits. On the one hand, Bernardino and Santos (2016) sought to understand if social entrepreneurs' personality traits affect the decision to use crowdfunding or the traditional donation model to finance social projects. They found that conscientiousness is the main factor to explain the use of crowdfunding platforms, since social entrepreneurs who possess this trait look at them as a promising new form of fundraising. Using crowdfunding platforms can bring many benefits to the organisation, such as overcoming the difficulties in accessing traditional sources of financing and reducing costs and administrative burdens. On the other hand, Bernardino, Santos, and Ribeiro (2018) investigated how gender differences in social ventures creation are explained by different personal traits. They found that both female and male social entrepreneurs have personalities characterized by high levels of openness to experience, agreeableness, conscientiousness, extraversion and emotional stability. They only differ in agreeableness, wherein women scored more highly.

Figueiredo and Franco (2018) conducted a research on a sample of wine cooperatives in order to understand what factors associated with agricultural cooperatives may impact society. They concluded that these organisations are a good example of profit-driven businesses working for community development and operating in a competitive economic market environment. They are important vehicles for the mobilization of local resources and offer financial and social benefits to their members. For instance, they help to include small farmers and to create job opportunities.

Despite the great contribution of these authors to the understanding of the phenomenon of social entrepreneurship in Portugal, the studies presented in this section do not provide an overview of social enterprises in the country, since they focus on specific groups of organisations (*e.g.*, third sector organisations, cooperatives) or on social entrepreneurs as individuals. However, in the last years, some mapping exercises have been done in order to identify and characterize the universe of social entrepreneurship initiatives in Portugal. In the following section, will be presented the main findings collected from three mapping exercises promoted by different entities.

5.4. Mapping exercises

Over the past five years, were published the results of three projects that map the social enterprise activity in Portugal. Two of them resulted from international initiatives promoted and funded by the European Commission aimed at characterizing the social enterprise field in several countries, including Portugal. The other mapping exercise was promoted by national entities and aimed at identifying initiatives with high potential for social entrepreneurship in some regions of the country. These mapping exercises will be presented chronologically on the next pages.

5.4.1. EU map of social enterprise activity in Portugal

In 2014, the European Commission has published the country report *"A map of social enterprises and their eco-systems in Europe - Country Report: Portugal"*, aiming to provide an overview of the social enterprise landscape in Portugal. The report was based on available information collected from secondary sources and complemented with information collected through interviews with several stakeholders. Part of this report is dedicated to the mapping of social enterprise activity in Portugal.

As previously mentioned, there is no official delimitation of the notion of social enterprise in the country. Therefore, the report considers the broader concept of social economy and the legal forms that are identified in existing legislation. Among social economy entities, the IPSS (Private Institutions of Social Solidarity) status is recognized as the one that best fits the EU definition of social enterprises. According to the satellite account for the Portuguese Social Economy, which presents a detailed characterization of the social economy and third sector in Portugal, about five thousand social economy organisations have the status of IPSS, representing 50.1% of the gross value added and 63.4% of the paid employment of the Portuguese social economy sector.

The sector represents 2.8% of the Portuguese gross value added and 5.5% of paid employment. The report considers the numbers provided by the Social Economy Satellite Account as an upper bound of the number of social enterprises in Portugal, since not all social economy organisations meet the criteria considered by the EU study (*i.e.*, engagement in economic activity, stakeholder participation and organisational autonomy). The report also presents a mapping exercise of the legally recognized social economy entities in Portugal against the EU definition of social enterprises (Table 11). It identifies foundations, associations and cooperatives as the three legal forms most commonly used by Portuguese social enterprises.

The interviews with several stakeholders allowed the identification of barriers to the growth and development of social enterprises in Portugal. Three main barriers emerged from these conversations. First, the lack of a stabilized concept of social enterprise and the measurement of social impact. Although some initiatives seem to be aware of the importance of reporting on impact and have participated in training programmes that successfully led them to improve in this domain, interviewees believe that only a small minority of social enterprises have implemented systems to monitor social impact. The second barrier is government cuts. Due to the economic crisis, there are fewer public resources available and the long-term sustainability of IPSS is at risk because they are highly dependent on public sector and it is difficult to them to access investment markets. Finally, there are internal barriers. There is a lack of knowledge of how to write a business plan, ensure accountability to stakeholders, achieve sustainable revenues, monitor and evaluate projects and processes.

Table 11 – Mapping the legally recognised social economy entities in Portugal against EU operational definition of social enterprises

Dimension	Criterion	Cooperatives, especially social solidarity cooperatives	IPSS	Misericórdias	Mutuals	Foundations	Philanthropic associations	Regular enterprises with a social mission
Economic	*Engagement in economic activity*	Yes	Yes	Yes	Yes	Some	No, few	Yes
Social	*Explicit and primary social aim*	Yes (at least the social initiative cooperatives)	Yes, their aim is to give organised expression to the moral duty of solidarity and justice between individuals	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	Yes, but depends on definition of aim
Governance	*Organisational autonomy from the State*	Yes	Yes, created by private initiative, and without being administered by the State or a local government	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	Yes
	Defined rules on distributing profits	Yes (*)	Yes, they are non-profit and therefore, the distribution of profits is forbidden	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	Yes, being an IPSS	No, as social enterprise are not regulated
Estimated number (2014 unless indicated otherwise)		• 3109 cooperatives (data from 2010) • 108 Social solidarity cooperatives	5099	344	98	234	3309	NA
Do they fit with the EU definition of social enterprise?		Only social solidarity cooperatives	Yes	Yes	Yes	Yes	Yes	Yes (if they accomplish all the requisites of the EU definition)

Source: European Commission (2014)

The EU report presented in this section was the first attempt to map the social enterprise ecosystem and activity in Portugal. When it was published, another mapping exercise was already in progress – the Map of Innovation and Social Entrepreneurship in Portugal (MIES), which was expected to provide a clearer overview of social entrepreneurship and social innovation, greatly benefiting the understanding of the sector. It will be presented next.

5.4.2. Map of Innovation and Social Entrepreneurship in Portugal (MIES)

The Map of Innovation and Social Entrepreneurship in Portugal was a research project promoted by IES-Social Business School and Instituto Padre António Vieira (IPAV). It aimed to discover and map innovative initiatives in order to create knowledge and to contribute to the growth and competitiveness of a new market, by promoting the country as a pioneer in the recognition and dissemination of success stories and best practices of innovative business models, which are sustainable, replicable and with a strong social and economic impact.

For mapping social innovation and entrepreneurship initiatives, it was implemented a field research methodology developed by IES-Social Business School in 2008, named ES+. This methodology was developed with the purpose of identifying initiatives with "High Potential of Social Entrepreneurship", in a participatory and rigorous way, allowing the identification of their potentialities, needs and challenges, as well as the characterization of the ecosystem where they are integrated. It is internationally recognized by the EMES European Research Network and the European Commission. The implementation of the ES+ research methodology comprises four phases: 1) contacts and face-to-face interviews with privileged observers (*i.e.*, social experts); 2) screening phone calls with leaders of identified initiatives; 3) in-depth survey to leaders of selected initiatives; and 4) presentation to the academic council and final selection of initiatives.

The MIES project sought initiatives in the North, Centre and *Alentejo* regions, covered by the following definition of innovation and social entrepreneurship: *"initiatives that address neglected social issues with high potential for positive transformation in society, challenging the traditional view and using innovative business models with* *potential to grow and/or replicate in another geographical location".* Therefore, the study comprised:

- Initiatives of private profit-making organisations;
- Initiatives of private non-profit-making organisations
- Informal civil initiatives, including individual initiatives;
- Public and local authority initiatives;
- Other Initiatives (other cooperatives; museums).
- All projects in progress are considered, excluding those in the design phase or prospective only.

At the end of the research project, 134 initiatives were distinguished with the ES+ stamp as "High Potential of Social entrepreneurship" initiatives. A detailed description of the initiatives was made available through the creation of an online tool that includes an interactive map with the selected projects, the production of videos and the publication of a book. This tool aims to raise awareness about the data collected by the research. The interactive map and the book "Map of Innovation and Social Entrepreneurship in Portugal" present information about the proposed solution and activities, the expected and realized results, financing and sustainability[5]. Table 12 presents an overview of the number of ES+ initiatives and main areas of intervention by region.

Table 12 – Number of ES+ initiatives and main areas of intervention by region

Region	Number of ES+ initiatives	Main areas of intervention
North	57	- Skills development - Recreational and/or cultural and/or sport initiatives - Youth development - Health - Volunteering
Centre	48	- Support for disabled people - Recreational and/or cultural and/or sport initiatives - Skills development - Youth development - Employability and/or entrepreneurship
Alentejo	29	- Recreational and/or cultural and/or sport initiatives - Community, agricultural and food industry development - Skills development - Youth development - Health

[5] All the results of the "Map of Innovation and Social Entrepreneurship in Portugal" (MIES), including the interactive map and the book, can be find in the project's website: http://www.mies.pt/index.php/en/

In addition to the mapping of innovation and social entrepreneurship initiatives, other insights were collected during the interviews with social experts and the screening phone calls. For instance, social experts revealed the aspects that they find most relevant to create social impact initiatives. About one third of them (33%) mentioned innovation, inspiration and sustainability as the most important. Then, they mentioned empowerment and local inclusion (28%), including the active involvement of the community, social inclusion, local and cross-sector partnerships and local business sector involvement. The social impact, the social mission and the scalability and replicability also appear among the most important aspects to create social impact initiatives (referred by 19%, 14% and 6% of the interviewees, respectively). Regarding the barriers to social innovation and entrepreneurship pointed out by the initiatives submitted to the screening phase, the sustainability in terms of development and financing of the initiative and the implementation of projects were the two main barriers identified by them (mentioned by 31% and 24% of the initiatives, respectively).

The MIES is introduced as a pilot example of mapping and recognition of innovation initiatives and social entrepreneurship that has reinforced the motivation and self-esteem of the leaders of these initiatives. It is also an example of the creation of knowledge based on fieldwork and academic expertise, the establishment of networks and the involvement of stakeholders in this specific market. It has contributed to disseminate good practices and share experiences as well as it has helped to strengthen market competitiveness of innovation and social entrepreneurship.

More recently, in 2015, a new mapping exercise was carried out in Portugal under the SEFORÏS project, funded by the European Commission. The project will be introduced in the next section, as well as the main results regarding the data collected in Portugal and its comparison with the other countries that participated in the project.

5.4.3. The SEFORÏS project

The SEFORÏS project aimed to better understand the role that social enterprises play in the European Union and beyond in the development of and evolution towards inclusive and innovative societies. The work program was organized around three objectives: (1) enhancing the understanding of the role of social enterprise in leading to a more inclusive and innovative society; (2) developing insight about the social enterprises and their context; and (3) developing thoughtful and new policy-relevant insights and stakeholder-relevant recommendations.

This project was preceded by the SELUSI - Social Entrepreneurs as Lead Users for Service Innovation (2008-2012), an international research project on social enterprise also funded by the European Commission. SELUSI initiated a large-scale panel database on social enterprises across five European countries (Hungary, Romania, Spain, Sweden and the United Kingdom), composed of 800 emerging social ventures in early stage of firm maturity. The project strived to advance understanding of the market- and organisation-level behaviours of social enterprises across Europe.

SEFORÏS was created in order to continue the work carried out in the SELUSI project, extending the research to other European countries, as well as to Russia and China. It was a consortium of 12 organisations from 10 countries including academic partners, research institutes and social entrepreneur support and financing organisations. Under the project, it was created a dataset of over 1000 social enterprises in Hungary, Romania, Spain, Portugal, Germany, Sweden, the United Kingdom, Russia and China. It is the world's largest and most rigorous panel database on social enterprises. Data collection addressed social enterprises with some defining characteristics: organisations in which there was evidence of a clear social mission, self-generated revenues (at least 5%) and job creation (at least one full time equivalent employee in addition to the founder).

The SEFORÏS database is unique in three ways. First, it is unique in its scope and depth, since in the interviews with social entrepreneurs, were discussed in detail several topics, ranging from innovation habits to the perceptions of the market in which they operate. Second, the database is unique in its methodology by adopting a respondent-driven sampling, which is an approach designed to study hidden populations (*i.e.,* hard-to-reach populations). Respondent-driven sampling allows the reduction of several deficiencies associated with traditional forms of chain-referral sample, producing samples that are independent of the initial subject from which sampling begins (Heckathorn, 1997). Third, the database is unique in its rigour, as meticulous steps were taken to ensure the highest data quality. The interviewers (*i.e.*, the analysts) were extensively trained and ongoing checks were conducted to ascertain they are consistent in the way they recorded the answers of social entrepreneurs. In Portugal, the data collection took place from May to December 2015 by a research team from the University of Aveiro.

In 2016, the country reports and a cross-country report were published, offering a preview of key findings and policy recommendations[6]. The reports were designed to help social entrepreneurs benchmark their organisation against other social enterprises in their country and worldwide. The Portuguese country report summarizes the key findings regarding the 111 social enterprises interviewed in Portugal.

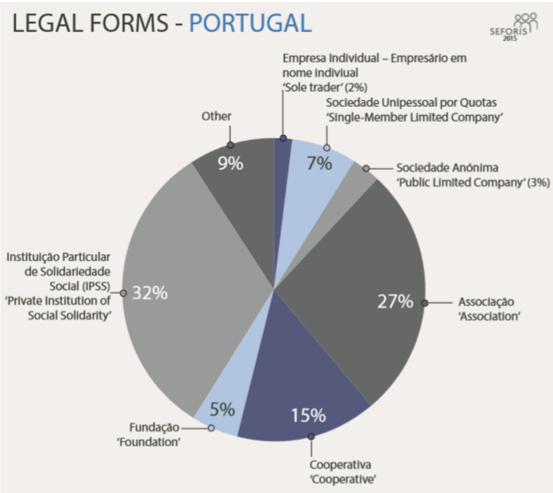
It was found that Portuguese social enterprises tend to adopt one legal status, although 14% of them have more than one legal entity. 32% of the social enterprises have the status of IPSS, 27% are associations and 15% are cooperatives (Figure 8). The prevalence of IPSS in the sample is explained by the access to tax benefits and the establishment of cooperation agreements with the State for the sharing of costs with the provision of services as well as the acquisition or concession of facilities and equipment. These findings are aligned with the EU map of social enterprise activity in Portugal, which recognizes the IPSS status as the one that best fits the EU definition of social enterprise and places associations and cooperatives among the legal forms most commonly used by social enterprises in the country.

Most of Portuguese social enterprises affirmed to have significantly integrated the economic dimension within their business models, since more than 80% of the sample consider to have at least a large alignment (4 and 5, on a scale from 1 to 5) and 36% report to have a very large alignment (*i.e.*, 5) between their revenue-generating strategy and their social impact activity. Thus, many social enterprises have based their social impact creation strategy on revenue generating activities as confirmed by the average alignment of 4,1. To carry out their main activity, Portuguese social enterprises tend to combine different operational models (the project adopted the typology of operational models developed by Alter (2007)). There is a strong emphasis on the 'Fee-for-service' model (81% of the Portuguese social enterprises adopt this model) as well as on the 'Service-subsidization' model (adopted by 38% of them).

The most common primary beneficiary is children and youth (36%). About one third of the social enterprises surveyed in the country (32%) provide activities aimed to citizens in general and not only to disadvantaged groups (Figure 9). The focus on children

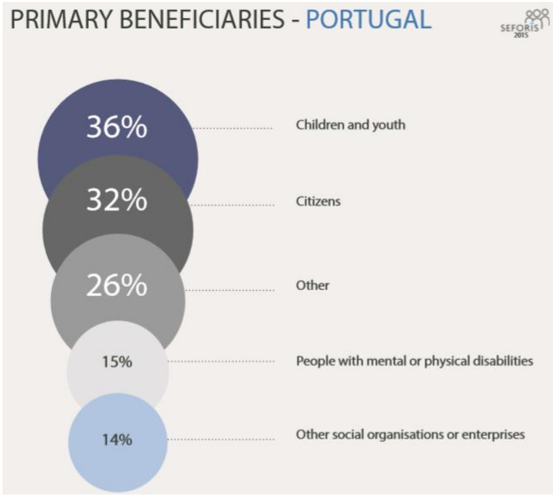
[6] For more details on the SEFORÏS project and the country and cross-country reports, please visit http://www.seforis.eu/

and youth is strongly related to the fact that 30% of the organisations in the sample are involved in the educational sector.



Source: *SEFORÏS (2016)*

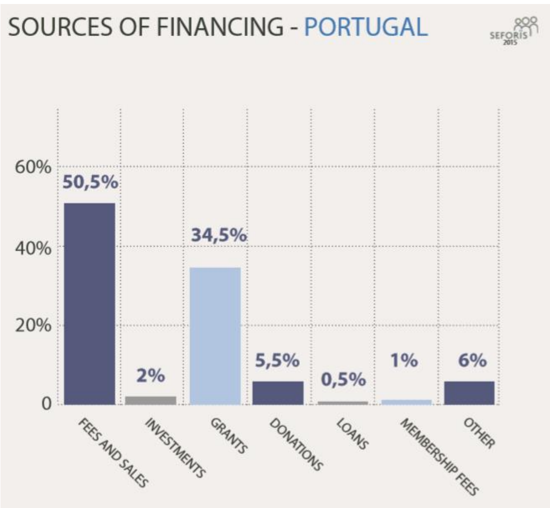
Figure 8 – Legal forms adopted by Portuguese social enterprises



Source: *SEFORÏS (2016)*

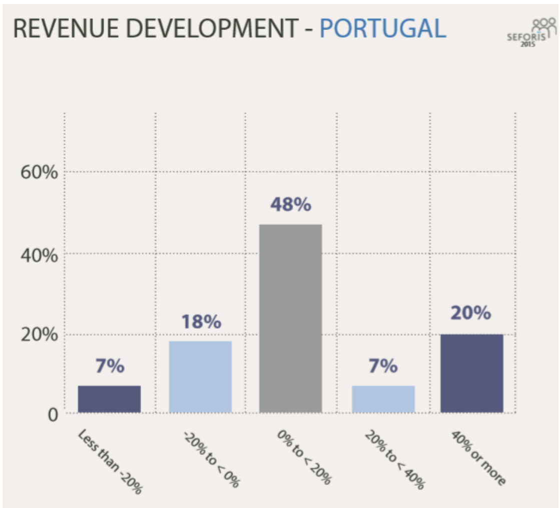
Figure 9 – Primary beneficiaries of social enterprises in Portugal

According to the Portuguese country report, the social enterprises surveyed rely predominantly on revenue-generating activities to finance their operations (50,5%) and grants are the second most important source of liquidity (34,5%) (Figure 10). Most of social enterprises reported stable revenues, while almost 20% reported strong growth in the previous year. 1 out 4 faced revenue depletion (Figure 11).



Source: *SEFORÏS (2016)*

Figure 10 – Sources of financing of social enterprises in Portugal



Source: *SEFORÏS (2016)*

Figure 11 – Revenue development of social enterprises in Portugal

The SEFORÏS survey also investigated the entrepreneurial orientation of social enterprises. Data were gathered on the five components of entrepreneurial orientation: innovation, experimentation, proactiveness, competitive aggressiveness and risk-taking. It was found that, on average, Portuguese social enterprises reported high scores on proactiveness and experimentation in the sense that they introduce products, services and processes in their activity and try new ways of doing things, such as developing unique methods and processes to solve problems. Portuguese social enterprises also reported to be innovative and regularly introduce innovations. Although it is not the most pronounced characteristic in the scale, they are also prone to taking-risks and do not shy away from bold actions in uncertain situations. They score rather low on competitive aggressiveness, which indicates a tendency to collaborate rather than to compete. This may happen because social enterprises in the country are mostly anchored in the non-profit sector.

Regarding the cross-country report, Portuguese social enterprises stand out from other countries in two main aspects. While most of social enterprises in the sample do not rely on volunteers, in Portugal, 80% of the social enterprises have volunteers. Moreover, overall about 65% of surveyed social enterprises track their social performance. In Portugal, 97% of the social enterprises do it, a very high percentage when compared to other countries. Portuguese social entrepreneurs seem to understand the importance of assessing their social impact. The research findings also suggest that this may happen because these organisations must report their impact to public authorities funding their activities.

The country and cross-country reports made available by the SEFORÏS project have information that can help social enterprises to better place their organisation. They can also be useful for other stakeholders (*e.g.*, support organisations or policy makers) to obtain an overview of social enterprises in 9 different countries.

5.5. Conclusion

This chapter was dedicated to the characterization of social enterprises in Portugal. First, the Portuguese ecosystem was described, through the characterization of the social economy sector and respective legal framework, as well as the identification of key players. Considering the historical context of social enterprises in the country and the lack of a legal definition for social enterprise, the Social Economy Law is often used to frame the activity of these organisations, although it does not allow the inclusion of more market-oriented organisations. Among social economy entities, the organisations with the status of IPSS are those that best fit the EU definition of social enterprise. The growing interest in social entrepreneurship in Portugal has been evidenced by the emergence of important players, such as the IES – Social Business School, as well as by the international recognition of the solutions created by Portuguese social entrepreneurs.

The interest in the field has also been evident through the growing number of scientific publications and mapping exercises that in recent years have addressed the Portuguese context, and which were presented in the second and third parts of this chapter. The literature on social enterprise and entrepreneurship has essentially focused on specific groups of organisations or on the personal traits of social entrepreneurs. However, the mapping exercises have helped to better understand the activity of social enterprises in the country, namely regarding the legal forms they adopt, the social issues addressed, the main target groups and the barriers they face.

Three mapping exercises were identified and described in this chapter. The first two present some limitations, since they were elaborated based on secondary data, interviews with some stakeholders or only covered some regions of the country. The third, and most recent, is part of the world's largest database on social enterprise and provides a very complete picture of social enterprise in Portugal and beyond.

There is strong evidence of the growing activity of social enterprises in Portugal. However, there is also a lack of knowledge about their operations management in order to understand how they are configuring their operations to address social issues through market approaches in this context.

CHAPTER 6. Organisational identity of social enterprises: a taxonomic approach

6.1. Introduction

The social enterprise field is populated by a great diversity of organisations that address a wide range of social issues and take multiple forms within the social-business spectrum. Therefore, it is important to make sense of this diversity before moving on to the in-depth study of the operations strategy of social enterprises in order to be able to deliver meaningful knowledge to social enterprise managers. Most of the studies reported in the literature follow a theoretical approach to classify social enterprises, proposing typologies of social enterprise models. Thus, the development of an empirically derived classification based on robust evidence (*i.e.,* a taxonomy) will allow the generalization of findings from individual cases to larger populations and will provide a strong basis for the subsequent selection and analysis of cases that may be representative of the universe of social enterprises. It can also be used to support social enterprise managers in their positioning *vis-à-vis* other organizations and to guide their strategic decisions.

In this chapter, it is described an exploratory study aiming to investigate the existence of distinct groups of social enterprises according to organisational identity dimensions. The study builds on data from the SEFORÏS project. The results contribute to answer the first research question formulated in the Chapter 4: *"How can social enterprises be classified into distinct groups according to their organisational identity?".* In addition, the study also investigates whether the classification of social enterprises is affected by contextual factors or it is related to organisational performance and mission characteristics in order to validate the taxonomy by answering the following specific questions:

- *Do the identified groups differ regarding their social, financial and overall performance?*
- *Do the identified groups differ in what regards the characteristics of their mission?*

- *Do the identified groups exhibit differences regarding the nature of their core activity across industrial or social sectors?*

The chapter is organized as follows. Next, the methods employed in the study are presented, describing the instrument, the sample and the respondent profile, the measures and the data analysis procedures. Then, the analysis and results are presented, notably the two-step cluster analysis as well as ANOVA and chi-square tests. Finally, a discussion and a conclusion sections are offered.

6.2. Methods

6.2.1. The instrument

This study builds on data collected within the SEFORÏS project, as part of the dataset on 1000 social enterprises across Europe, Russia and China that was created in 2015. The SEFORÏS survey consisted of two steps. First, respondents were asked to fill out a short online survey with straightforward questions about their position in the organisation, the context in which the organisation operates, the organisation more specifically, as well as about them as a person. Then, after capturing this basic background data, a phone survey was conducted covering more specific aspects of the organisation, such as the market positioning and internal organisation. The online survey was completed by respondents in about 30 minutes and the phone survey was between 60 and 90 minutes long. The online survey had questions that are easier to answer by writing than by phone, which also allowed the interviewers to use time more effectively during the phone survey.

In Portugal, the data collection took place from May to December 2015 by a research team from the University of Aveiro. The Portuguese research team participated in a training week with the team members from all countries to deeply understand the meaning of all the questions, in order to ensure nothing was lost in translation and the results are comparable, and to become familiar with the software and database tools used in data collection. During data collection, were also conducted ongoing checks to ascertain interviewers were consistent in the way they recorded respondents' responses.

6.2.2. Sample and respondent profile

The SEFORÏS survey addressed organisations that met the following criteria: a clear social mission, at least 5% of self-generated revenues and one full-time equivalent employee in addition to the founders. It was adopted a respondent-driven sampling, a methodology developed specifically to obtain representative samples of "hard-to-reach" populations, such as the case of social enterprises, based on the combination of social network theory with a chain referral process (Heckathorn, 1997). The compliance with the criteria was verified to ensure that were being interviewed social enterprises with the desired characteristics. It was also ensured that respondents were the directors of social enterprises. In Portugal, data collection procedures were completed by the directors of 111 social enterprises. The profile of responding social enterprises is shown in Tables 13 and 14.

Table 13 – Sample profile

	Percentage of total sample
Organisational age	
≤ 1 years	4.5
2-4 years	9.8
5-10 years	21.4
11-20 years	21.4
> 20 years	42.9
Total	*100*
Number of employees (Full Time Equivalent)	
< 10 FTE	34
10-49 FTE	34
50-249 FTE	25.5
≥ 250 FTE	6.5
Total	*100*
Number of volunteers	
No volunteers	20
< 10 volunteers	65
10-49 volunteers	10
50-249 FTE	3
≥ 250 FTE	2
Total	*100*

Table 14 – Industry and Social sector

	Percentage of total sample
Industry sector (NACE)	
Industry, construction and extractive industries	6.3
Trade, gastronomy, transport and telecommunication	9.0
Business activities and business services	11.7
Education	29.7
Health and social work	25.2
Other community and social services	18.0
Total	*100*
Social sector (ICNPO)	
Culture and recreation	7.2
Education and research	20.7
Health	12.6
Social sciences	18.9
Environment	7.2
Developing and housing	28.8
Law, advocacy and politics	0.9
Philanthropic	0.9
Business and professional associations, unions	0.9
Other	1.8
Total	*100*

The overwhelming majority of social enterprises surveyed had over 5 years old (about 85%). A high percentage of social enterprises existed for over 20 years (over 40%). A quarter of the responding social enterprises were between 5 and 10 years old. This fact can be explained by the economic crisis that had increased social inequalities, but also led for many opportunities for the establishment of new social enterprises (SEFORÏS, 2016a). About 68% reported having less than 50 FTEs (Full Time Equivalents). One fourth of the sampled social enterprises counted between 50 and 249 FTEs and only 6.5% employed more than 250 FTEs. Regarding the number of volunteers, more than 65% of the interviewed social enterprises had less than 10 volunteers, while 20% did not have volunteers at all. Less than 5% of Portuguese social enterprises had more than 50 volunteers in their workforce.

The services or products resulting from the main activities of responding social enterprises were classified in different industrial and social sectors using the Statistical Classification of Economic Activities in the European Community (NACE) and the International Classification of the Non-profit Organisations (ICNPO), respectively (Appendix II). Most of the social enterprises were developing their main activity in three main industry sectors: "Education" (30%), "Health and social work" (24%) and "Other community and social services” (19%). Regarding social sectors, “Development and housing” (29%), “Education and research” (20.5) and “Social services (19%) were the three sectors in which was noticed the highest concentration of main social activity.

Table 15 displays the demographic profile of survey respondents. 52% of the respondents were female. At the time of the survey, the average age was 46 years. 43% of the respondents had a bachelors and 32% of them had a master’s degree. Regarding the education area, 28% graduated in social and behavioural studies, public administration and related fields and 23% graduated in economics, commerce, business administration, accountancy and related fields, constituting more than half of the sample.

Table 15 – Profile of respondents

	Percentage of respondents
Gender	
Female	52
Male	48
Total	*100*
Age	
< 30	3
30-39	30
40-49	30
50-59	24
≥ 60	13
Total	*100*

6.2.3. Measures

The term organisational identity is used to describe “who the organisation is” or “what the organisation does” in a collective sense (Albert and Whetten, 1985; Foreman and Whetten, 2002; Smith et al., 2013). Organisational identity is formed by the leader’s perception about the core values and beliefs that guide and drive the organisation’s behaviour (Stevens et al., 2015; Voss, Cable, & Voss, 2006). As previously mentioned, organisational identity is expressed in terms of utilitarian and normative identities (see Chapter 3, Section 3.4.2.). In the social enterprise field, authors often refer to them as market identity and social identity, respectively. Considering the dual dimensional nature of the organisational identity of social enterprises, four items were employed to capture an organisation’s emphasis on each identity. Social enterprise directors were asked to rate eight items on a seven-point Likert scale with values ranging from 1 (Not all important) to 7 (Very important). Six of these items were taken from Foreman and Whetten (2002), two of them adjusted to fit the research population. Furthermore, two items were added, reflecting the claims of Europe 2020 strategy for a smart, sustainable and inclusive growth as a way to underpin a sustainable social market economy. They represent the major social trends and distinct aspects often associated to the social aims of such organisations: “Offering an inclusive work environment” and “Having a positive effect on the natural environment”.

The directors were also asked to rate the social, financial and overall performance of their social enterprises in comparison with other similar organisations in the field and to assess how successful their organisations are in achieving social, financial and overall performance in general, using a five-point Likert scale. These measures of subjective performance were chosen for the same reasons mentioned by Baer and Frese (2003), despite the awareness of some disadvantages associated with measures of subjective performance. They were adopted because of the great diversity of objectives pursued by social enterprises and the fact they are operating in many different sectors, some more successful than others. Asking directors to compare with similar organisations helps to attenuate potential differences between sectors.

The mission characteristics of the enterprises were also considered in the study. Following validated coding protocols (Baum et al., 1998; Bloom & Reenen, 2007; Palmer & Short, 2008), during the phone interviews, directors were asked to summarize the purpose of being of their organisation. These data were coded for a set of mission characteristics. Using a five-point coding scale, data were collected regarding the focus on social change (1-Individual change, 5-Systematic change), target group engagement and participation (1-Organisation works on behalf of clients/constituents, 5-Organisation’s agenda is set entirely by constituents/clients), Focus on success and profitability (1-No concern for economic success and financial profitability, 5-High emphasis on economic success and financial profitability) and geographical scope (1-Local, 5-International and inter-continental). Moss et al. (2011) found preliminary evidence that social enterprises adopt language in mission statements that is consistent with social and market identities. However, they identify a lack of empirical research demonstrating that social aims are reflected in key organisational narratives, such as mission statements.

In Appendix III, the questions and scales used to measure the variables considered in this study are illustrated. In the next section, the procedures applied for data analysis are described.

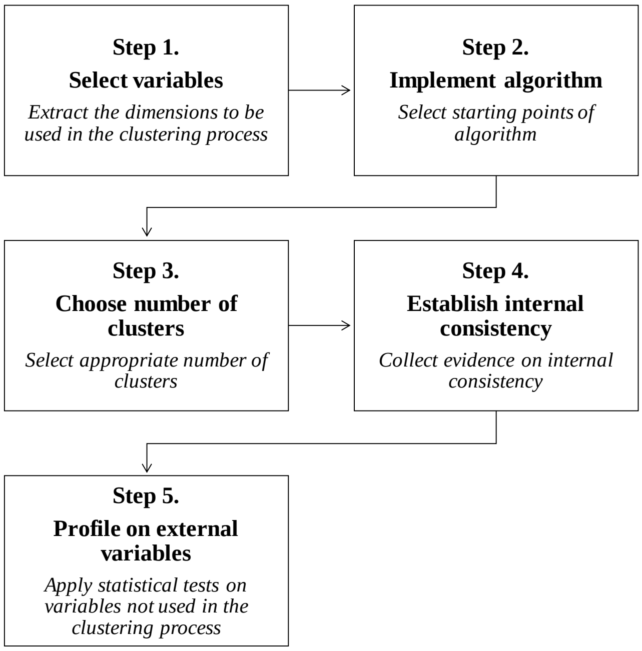
6.2.4. Data analysis

As previously mentioned, the main objective of this study is to investigate how social enterprises can be classified into distinct groups according to their organisational identity. In order to achieve this goal, a cluster analysis was performed.

Cluster analysis has been applied in several studies aiming to find organisational configurations (*i.e.*, groups of firms exhibiting similar characteristics) (Short, Payne, & Ketchen, 2008). For instance, it has been widely used in operations management research to find operations strategy configurations (Brusco, Singh, Cradit, & Steinley, 2017). According to Hair et al. (1998), the design of a cluster analysis implies:

(1) Partitioning the data set to form clusters and selecting a cluster solution;
(2) Interpreting the clusters to understand the characteristics of each cluster and develop a name or label that appropriately defines its nature;
(3) Validating the results of the final cluster solution, along with describing the characteristics of each cluster to explain how they may differ on relevant dimensions.

Figure 12 presents the five main steps taken in data analysis. In the first step, a factor analysis was performed in order to determine organisational identity dimensions to be used in the clustering process. After that, in step 2, a two-step clustering analysis was implemented, combining a hierarchical (the Ward's method) and a non-hierarchical technique (K-means). Practical interpretability was used to determine the number of clusters (step 3), justified by diagram inspection and the theoretical background. To complete step 4 and collect evidence on internal consistency were used ANOVA-based significance tests and, finally, to finish the analysis, ANOVA and Chi-square tests were applied to measure cluster differences on external variables.



Source: Adapted from Brusco, Singh, Cradit and Steinley (2017)

Figure 12 – Data analysis process

Next, the analysis is described in more detail and the results are presented.

6.3. Analysis and results

First of all, the main dimensions of organisational identity of social enterprises were investigated through a factor analysis. Using the 111 responses, an iterative common factor analysis procedure with varimax rotation was conducted to determine organisational identity dimensions. One of the variables did not load in any factor. For this reason, it was excluded from the analysis, followed by a new specification of the factor model (Hair et al., 1998).

The retained factor analysis solution is shown in Table 16, including information on the mean and standard deviation of each item, factor loadings, eigenvalues as well as the percentage of variance explained by each factor. Results obtained from the reliability analysis show that the scales used for both dimensions are credible because Cronbach's alpha values exceeded the 0.7 standard (Hair et al., 1998). In general, directors attach high importance to all items. The least valued aspect is the business expertise of staff, while the quality of products and services are at the top of their priorities. The total variance extracted from the final factor analysis solution is 61.851 percent. This percentage meets the generally accepted level of 60 percent of total variance considered as a satisfactory solution in social sciences, where the information is less precise (Hair et al., 1998).

Table 16 – Results of final factor analysis

Factor	Mean	SD	Loading Factor 1	Loading Factor 2	Eigenvalue	Variance explained
Factor 1 – Market identity (Cronbach's alpha 0.727)	-				2.365	33.786
Offering competitive products and services	6.10	1.078	0.809	0.133		
Customer service	6.60	0.607	0.757	0.098		
Business expertise of staff	5.79	1.010	0.695	0.152		
Quality of products and services	6.73	0.538	0.795	0.133		
Factor 2 – Social identity (Cronbach's alpha 0.705)					1.965	28.065
Participatory decision-making	6.23	0.891	0.000	0.837		
Offering an inclusive work environment	6.57	0.627	0.060	0.805		
Having a positive effect on the natural environment	6.25	0.868	0.140	0.741		
Total						61.851

Two factors were retained, thus supporting the social and market dimensions often associated with the organisational identity of social enterprises (Moss et al., 2011; Stevens et al., 2015). The items “Offering competitive products and services”, “Customer service”, “Business expertise of staff” and “Quality of products and services” load into the first factor, which was identified as the market identity dimension, while the items “Participatory decision-making”, “Offering an inclusive work environment” and “Having a positive effect on the natural environment” load into the second factor, corresponding to the social identity dimension.

The results of the factor analysis were used to build the proposed taxonomy for social enterprises. Factors were saved as variables and used to perform a cluster analysis in order to identify distinct groups. In this work, a two-step clustering procedure was employed, combining a hierarchical and a non-hierarchical technique. In this way, the advantages of the hierarchical method are complemented by the ability of the non-hierarchical method to refine the results, allowing the switching of cluster membership.

The resulting outcomes from the Ward's method were used in the second step to set a non-hierarchical algorithm. Non-hierarchical methods have gained increased acceptability and usage. On the one hand, the results are less susceptible to outliers in the data, to the distance measure used and the inclusion of irrelevant or inappropriate variables. On the other hand, they can be used on large data sets because they only require the calculation of the similarity between each observation and cluster centroids, instead of the calculation of similarity matrices among all observations used in hierarchical methods (Hair et al., 1998). This way, in order to take advantage of the use of a non-hierarchical method, centroids obtained from Ward's method were used to run the K-means clustering, through which the cases were classified, and clusters identified. Figure 13 depicts the clusters considering the final cluster centres. The axes of the matrix correspond to the mean of all variables for each factor (*i.e.*, for social identity and market identity).

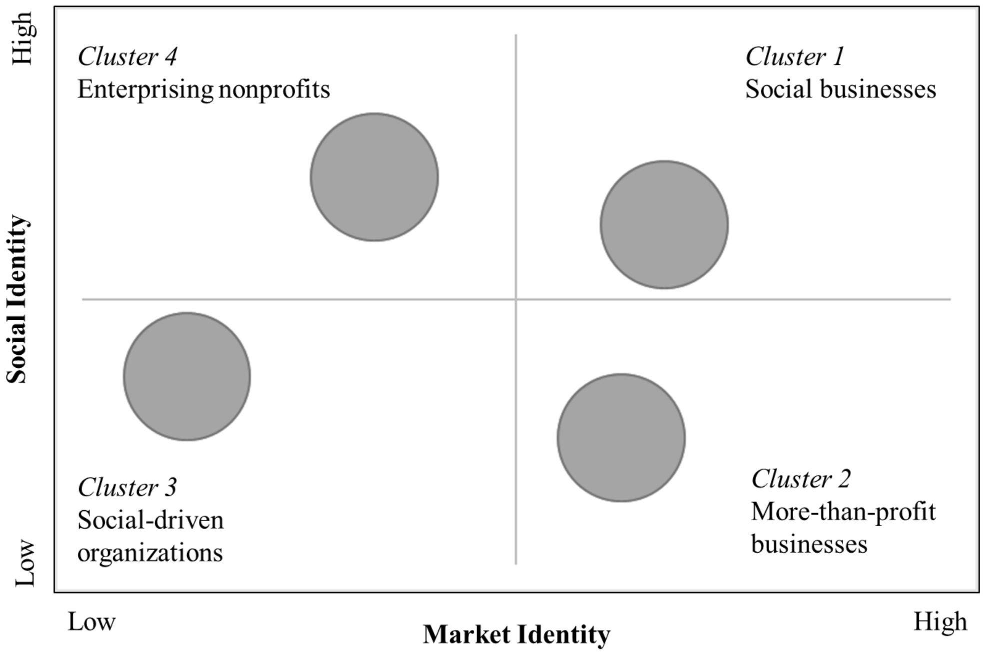


Figure 13 – Social enterprise taxonomy

ANOVA was employed in order to assess the robustness of cluster analysis. The analysis supports that the four clusters are distinct concerning the two proposed dimensions of market identity and social identity ($p<0.001$). To assess differences in cluster means, the Dunnett's T3 post hoc test for unequal variance was employed, since the Levene's test for equality of variances showed significant differences ($p<0.05$). Table 17 presents the profiles for the final four cluster solution. Cluster means are presented on a seven-point Likert scale in order to facilitate their interpretation. The numbers in parentheses indicate the cluster groups from which the cluster is significantly different (p<0.05).

Table 17 – Profile of clusters

Identity	Cluster#1 (n=41)	Cluster#2 (n=30)	Cluster#3 (n=19)	Cluster#4 (n=21)	*F*-value
Market identity					
Cluster mean	6.756 (3, 4)	6.567 (3, 4)	5.368 (1,2,4)	5.905 (1, 2, 3)	90.138*
S.E.	0.037	0.057	0.114	0.085	
Social identity					
Cluster mean	6.740 (2, 3, 4)	5.722 (1, 4)	5.912 (1, 4)	6.873 (1, 2, 3)	62.566*
S.E.	0.043	0.111	0.088	0.487	

*p<0.001

The interpretation of results from cluster analysis and ANOVA suggests that the clusters correspond to each of the quadrants of a 2x2 matrix, resulting from the combination of two levels of social identity and market identity (*i.e.,* low vs. high market identity, low vs. high social identity).

This way, social enterprises in cluster 1 combine a high market identity with a high social identity and, therefore, they were labelled as ‘Social businesses’. They have a market identity higher than organisations belonging to clusters 3 and 4. Regarding social identity, these social enterprises declared a social identity significantly higher than clusters 2 and 3. However, they have a social identity significantly lower than organisations from cluster 4. Among all organisations, these are perhaps those that most resemble the hybrid ideal, described by Battilana et al. (2012) as an organisation that produces both social and economic value in everything it does.

Social enterprises classified in cluster 2 combine a high market identity with a low social identity. They were labelled as ‘More-than-profit businesses’, inspired by the typology proposed by Ridley-Duff (2008). Such as the organisations in cluster 1, they have a significantly higher market identity than organisations in cluster 3 and 4. They also have a lower social identity when compared with organisations in clusters 1 and 4. Among the four groups, the organisations in cluster 2 are those that have a higher risk of mission drift because, although they declared to have a social mission (one of the criteria considered in the selection of organisations to integrate the sample), they favour the aspects related to the market and they are the group of organisations which attributes less importance to aspects related to social identity.

Social enterprises in cluster 3 have a low market identity and a low social identity. Among the four clusters, this is the cluster in which the organisations attributed less importance to the aspects related to the market. They were labelled ‘Social-driven organisations’ because they expressed a higher social identity than organisations in Cluster 2, although they have a lower social identity when compared with clusters 1 and 4. This is the group that occupies the most fragile position of the matrix.

Finally, the last group of social enterprises, those classified in cluster 4, combine a high social identity with a low market identity. Among all groups, they were the ones who declared the highest social identity. Regarding the market identity, it is significantly lower in these social enterprises than in clusters 1 and 2, but higher than in organisations in cluster 3. Thus, social enterprises in cluster 4 are the most similar to traditional non-profit organisations. They were labelled ‘Enterprising non-profits’, such as in the typology proposed by Jäger and Schröer (2013), since the low market identity may indicate that they carry out income-generating activities as a way of sustaining the activities related to their social mission.

In order to derive more robust implications for differences and similarities among social enterprises, the study also involved the analysis of the association of each cluster with performance measures as well as mission characteristics. For that purpose, ANOVA and posteriori tests were employed. For assessing the associations with performance measures, the Bonferroni post hoc test for equal variance was used, since in this case the Levene´s test supported the equality of variances ($p>0.05$). Results are shown in Table 18. They reveal that social enterprises in cluster 1 stand out positively from the remaining clusters in terms of overall performance. Furthermore, when compared with similar organisations, in average, the directors of these social enterprises believe they are at least among the 20% most successful in terms of social performance, differing significantly from cluster 4. Regarding social and financial performance in general, they scored significantly higher than organisations in clusters 2 and 3 and cluster 4, respectively. By other words, they think they are successful or very successful, while the directors from organizations classified in other clusters are more modest in their assessment of performance.

Table 18 – Subjective performance by cluster

Subjective performance measures	Cluster#1 (*n*=41)	Cluster#2 (*n*=30)	Cluster#3 (*n*=19)	Cluster#4 (*n*=23)	*F*-value
Social performance compared with similar organisations					
Cluster mean	4.36 (4)	3.90	3.76	3.75 (1)	3.679*
S.E.	0.127	0.143	0.219	0.190	
Social performance					
Cluster mean	4.37 (2,3)	3.90 (1)	3.58 (1)	4.15	6.062*
S.E.	0.109	0.121	0.192	0.150	
Financial performance compared with similar organisations					
Cluster mean	3.76	3.59	3.28	3.16	1.810
S.E.	0.195	0.202	0.226	0.175	
Financial performance					
Cluster mean	3.83 (4)	3.53	3.21	3.05 (1)	4.188*
S.E.	0.148	0.164	0.211	0.170	
Overall performance compared with similar organisations					
Cluster mean	4.08	3.83	3.61	3.58	2.237
S.E.	0.146	0.149	0.183	0.159	
Overall performance					
Cluster mean	4.24 (2,3,4)	3.80 (1)	3.42 (1)	3.45 (1)	9.663**
S.E.	0.097	0.111	0.159	0.185	

*p<0.05, **p<0.001

Regarding mission characteristics, significant differences were found between groups in terms of the engagement and participation of target groups and the geographical scope (Table 19). Social enterprises belonging to cluster 2, who manifested the highest market identity, are those that least engage clients or beneficiaries in setting the organisation’s goals. In contrast, social enterprises who manifested the highest social identity (cluster 4) are those that most promote the engagement and participation of their target groups. In the same way, organisations in cluster 2 significantly differ from organisations in clusters 1 and 4 as their solutions tend to operate in a larger geographical scope.

Table 19 – Mission characteristics by cluster

Mission characteristics	Cluster#1 (*n*=41)	Cluster#2 (*n*=30)	Cluster#3 (*n*=19)	Cluster#4 (*n*=23)	*F*-value
Focus of social change					
Cluster mean	2.756	2.966	3.526	2.952	1.410
S.E.	0.241	0.201	0.309	0.280	
Target group engagement and participation					
Cluster mean	2.683	2.600 (4)	3.368	3.476 (2)	3.687*
S.E.	0.189	0.195	0.317	0.245	
Focus on success and profitability					
Cluster mean	3.244	3.600	3.211	3.191	1.634
S.E.	0.139	0.163	0.961	0.164	
Geographical scope					
Cluster mean	2.585 (2)	3.400 (1,4)	2.632	2.286 (2)	4.421*
S.E.	0.178	0.233	0.288	0.230	

*p<0.05

The analysis was finalized by examining whether the cluster membership was related to the social and industrial sectors of the main activity of those organisations. The Chi-square test did not reveal significant differences neither for social sectors (X^2 =33.978, d.f. = 27, p = 0.167) nor for industrial sectors (X^2 =10.771, d.f. = 15, p = 0.769). This suggests that, regardless of the social or industrial sector in which social enterprises operate, they can exhibit distinct levels of social and market identity and be positioned in any of the quadrants of the matrix.

6.4. Discussion

Based on robust empirical evidence, the study described in this chapter supports the existence of distinct groups of social enterprises with different profiles concerning the commitment to social and market aspects. It should be noted that according to the sampling criteria defined, the analysis excluded organisations whose mission did not mention an explicit social concern, such as those that carry out social activities as part of their corporate social responsibility policy, or organisations that do not generate revenue or employment (*e.g.*, citizen movements or voluntary organisations).

The analysis revealed that social enterprises can exhibit different organisational identities. Four groups of social enterprises were found. Instead of the social enterprise spectrum often mentioned in identity-based classifications, the groups identified in this study are positioned in the different quadrants of a 2x2 matrix. As would be expected, the most representative group (with 41 of the 111 social enterprises) combines a high market identity with a high social identity. These social enterprises are those that better balance their social and financial objectives and seem to achieve more satisfactory levels of social and financial performance. They have the desired characteristics to be an "hybrid ideal" as described by Battilana et al. (2012) and that is the reason why they were labelled as 'Social businesses' in the proposed taxonomy.

Then, there are the social enterprises that give prevalence to the market identity or the social identity. They were labelled as 'More-than-profit businesses' and 'Enterprising non-profits', respectively. It was found that these social enterprises make a trade-off between the geographical scope and the target group engagement and participation. This finding contributes to complement existing descriptions of identity-based models (Chapter 3, Section 3.4.2.) by adding the geographical scope and the target group engagement and participation to the set of attributes that can be used to explain differences between social enterprise models. Since the geographical scope and the target group engagement and participation were identified as mission characteristics, this finding also confirms mission as a force for strategic direction as suggested by Doherty et al. (2014).

On the one hand, it was noted that 'More-than-profit businesses' give prevalence to the market identity and tend to create solutions that are easier to scale as they have a national or even an international scope. Like any social enterprise, they work on behalf of their clients and beneficiaries, but the orientation towards market aspects and the large geographical scope of the organisation make clients and beneficiaries merely the recipients of the solution. The social enterprise does not involve them directly in the organisation to address the social issue or they have a limited influence over the organisation. The attribution of greater importance to the market aspects and less engagement and participation of clients and beneficiaries in the organisation make these social enterprises more susceptible to mission drift. This is supported by the levels of social performance declared by the directors of these social enterprises, which were significantly lower than those declared by the directors of 'Social businesses'.

On the other hand, it was found that 'Enterprising non-profits', those that give more importance to the aspects related to social identity, tend to promote greater involvement and participation of target groups when compared to the other groups of social enterprises. In addition to being recipients, these target groups may be part of the solution, helping to set the agenda of the social enterprise. Perhaps, because of the desire to maintain a close relationship with clients and beneficiaries, these social enterprises tend to operate in a narrower geographical area, which hardly goes beyond the country where they are based. Social enterprises that focus heavily on social aspects, neglecting those related to the market (*e.g.*, the offer of competitive products and services or the business expertise of staff) and focus on solving problems and needs in a more limited geographical area, may struggle to scale and to set up sustainable solutions, especially from a financial point-of-view. This is supported by significantly lower levels of financial performance declared by the directors of these social enterprises when compared to the responses of the directors of 'Social businesses'.

Finally, the taxonomy proposed include a fourth group with those social enterprises that have a low social identity and a low market identity, when compared to the other social enterprises, labelled as 'Social-driven organisations'. They still have a social mission, like all other social enterprises, but occupy a vulnerable position, since they do not stand out positively from any of the other groups. They should rethink their strategy and how to position themselves in relation to the remaining.

In addition to supporting the qualitative phase of the research by proposing a classification of social enterprises, this study contributes to complement and to consolidate the existing knowledge about social enterprise, responding to the claims for research that goes beyond the study of individual cases. The generalizability of findings from individual cases to larger populations represents a valuable contribution to knowledge (Haugh, 2012) and helps research in social enterprise to gain legitimacy (Moss et al., 2011).

Understanding how different social enterprises are configuring their operations strategy (*i.e.*, what are the resources and practices that lead to the development of operational capabilities) will allow to deepen the analysis. It will also be important to guide the identification of some strategies that can help social enterprises to achieve the strategic alignment between operations strategy and organisational identity, successfully matching their resources, practices and capabilities with their social and market identities.

6.5. Conclusion

In this chapter, it was presented an exploratory work conducted to identify distinct groups of social enterprises based on their organisational identity, following a taxonomic approach. Using the empirical data collected under the SEFORÏS project in Portugal and a two-step cluster analysis, four groups of social enterprises were found – Social businesses, More-than-profit businesses, Social-driven organisations and Enterprising non-profits –, represented in the quadrants of a matrix with two dimensions. On the one hand, it is the market identity. The higher the market identity the greater the importance attached to aspects such as offering competitive products and services, customer service, business expertise of staff, and quality of products and services. On the other hand, it is the social identity. The higher the social identity the greater importance attached by the social enterprise to aspects such as participatory decision-making, offering an inclusive work environment and having a positive effect on the natural environment.

Furthermore, results from ANOVA and Chi-square tests have also shown that groups do not differ only in terms of the emphasis they give to the social and market identities, but there also are significant differences between them in terms of subjective performance and mission characteristics. The combination of high levels of social identity and market identity seems to be related to higher levels of social and financial performance. In the same way, giving prevalence to the social or the market identity seem to be related with lower levels of financial and social performance, respectively. Regarding mission characteristics, it was found that most social enterprises make a trade-off between geographical scope and target group engagement and participation. However, no differences were found between groups regarding the nature of their main activity across industrial and social sectors.

This study contributes to the discussion of social enterprise models and, in particular, the discussion of identity-based models, by presenting a classification based on robust empirical evidence. The classification proposed in this chapter is a useful mechanism to characterize and to understand the position of Portuguese social enterprises in the organisational landscape. It can support managers in the positioning of their social enterprises and think about existing trade-offs, in order to be able to make more informed decisions. The proposed taxonomy can also support the development of future research.

CHAPTER 7. A MULTIPLE CASE STUDY RESEARCH ON THE OPERATIONS STRATEGY OF SOCIAL ENTERPRISES

7.1. Introduction

As far as is known, operations strategy was not yet addressed in the context of social enterprises. However, considering the defining characteristics of social enterprises, the challenges they face and the increase of their activity in Portugal and around the world, there seems to be enough arguments to support the importance of the development of knowledge about operational organisation of social enterprises, namely by studying how they configure their operations strategy in order to create sustainable operations systems.

As presented in Chapter 2, the chain of operations priorities, operational decisions and operational capabilities corresponds to the content of an operations strategy. More than assessing their priorities, the main objective of this chapter is to identify the distinctive operational capabilities developed by social enterprises and the resources and practices that contribute to their development, through the analysis of a set of case studies. In this way, the chapter provides the answer to the second main research question formulated for this research work: *"How do social enterprises configure operations resources and practices in order to develop distinctive capabilities?"*.

In order to answer this research question, the chapter is organized as follows. As in the previous chapter, methods are described first by presenting the criteria used in the selection of cases and the procedures followed for data collection and analysis. Then, the results of within- and cross-case analysis are presented. Finally, to close the chapter, a discussion of results is offered, as well as a conclusion section.

7.2. Methods

7.2.1. Case selection

In order to ensure that the set of organisations is representative of the phenomenon under study, the selection of cases builds on the taxonomy of social enterprises presented in Chapter 6. A preliminary list of social enterprises was drawn up containing organisations from clusters 1, 2 and 4 – 'Social businesses', 'More-than-profit businesses' and 'Enterprising nonprofits', respectively –, in order to cover distinct levels of market identity and social identity and to ensure some heterogeneity among cases. It was decided not to include organisations from cluster 3 as they revealed to have a low social identity as well as a low market identity. The selection of organisations from the sample considered in the previous stage ensured in advance that all cases meet the criteria previously established as well as some prior knowledge about their activities. The heterogeneity of cases was also ensured through the selection of social enterprises whose main activities are classified in different social and industrial sectors, with an organisational age ranging from 5 to 15 years, and from different locations.

The final selection of social enterprises was driven by feasibility criteria, such as the willingness to participate in the research. In total, five cases were included in the study. Although there is no ideal number of cases, the number of social enterprises participating in this study is consistent with Eisenhardt and Graebner (2007), who suggest that the number of cases in a qualitative research should be between four and ten. According to them, on the one hand, fewer cases limit the possibility of generalisation and, on the other hand, the inclusion of more cases makes the analysis difficult. Table 20 gives an overview of the final selection of cases, based on data gathered for the SEFORÏS project and updated during the interviews conducted for this study. The names of the social enterprises and interviewees have been changed to protect anonymity and confidentiality.

The selected social enterprises develop their main activities in the services field, namely education, health and personal services activities, although some of them offer products to complement the services provided.

Table 20 – Cases overview

Social enterprise	**A**	**B**	**C**	**D**	**E**
Cluster	1	1	2	2	4
Organisational age	10	10	5	8	15
Location	Rio Tinto	Lisbon	Porto	Loulé	Lisbon
Industrial sector	M	N	O.2	O.2	M
Social sector	2300	3400	3400	6300	2300
Revenues (euros)	<80000	<80000	<80000	200000 to <500000	200000 to <500000
Num. of paid employees	2	3	8	8	18
Num. of volunteers	3	4	1	0	15
Num. of interviewees	3	2	1	2	2

Social enterprises A and B were classified as ‘Social businesses’, *i.e.*, they combine a high social identity with a high market identity. Both were celebrating a decade of existence and had less than 5 paid employees and volunteers in their workforce. Social enterprises C and D were classified as ‘More-than-profit businesses’, which means that they present a high market identity and a low social identity. They had less than ten years, but more paid employees and less volunteers than the previous social enterprises (Social Enterprise D had no volunteers). Finally, Social Enterprise E is an ‘Enterprising non-profit’ as it combines a high social identity with a low market identity. It is the oldest and the social enterprise among the cases that had more paid employees and volunteers in its workforce.

Next, the procedures adopted for data collection and analysis are described.

7.2.2. Data collection and analysis

Data collection was performed through semi-structured interviews with open-ended questions based on previous literature review. In semi-structured interviews, questions do not necessarily follow a pre-established order, although it is recommended to move from general to specific questions. The researcher is also free to include additional questions in response to participants’ comments and reactions. Semi-structured interviews allow the researcher to decide how to use the available time and keep the interaction focused, enabling the collection of comparable data. Besides that, open-ended questions allow interviewees to express their views in their own terms (Savin-Baden & Major, 2013).

The interview script was developed in order to answer the research question identified at the beginning of this chapter and based on the literature review. It was reviewed by two other academics. After the first two interviews, they were transcribed, and some analytical categories were preliminarily identified. Throughout the process, some questions were excluded and other reformulated, contributing to the consolidation of an appropriate structure for the interview script.

The final interview script consisted of three main sections. The first questions focused on the characterization of respondents, the activities carried out by the social enterprise and the environment in which it operates. For those who were being interviewed for the first time, the interviewer sought to know more about the respondent and her/his position in the organisation. For those who had already been interviewed previously under the SEFORÏS project, the interviewer began the conversation by summarizing the activities listed during the interview for the SEFORÏS project and by asking if there was any change in the range of activities since then. Respondents were also questioned about the environment in which the social enterprise operates, *i.e.*, if they consider it to be collaborative or competitive and if the social enterprise is complementing or competing with existing offerings.

The warm-up questions were followed by a set of questions focused on aspects more related to operations strategy content. At first, they were asked about what distinguishes the social enterprise from other similar organisations and why clients and beneficiaries choose its products and services. The purpose of these questions was to assess the operational performance of the social enterprise, *i.e.*, the dimensions in which the respondents think that the social enterprise performs better than other organisations. After that, in order to identify the operational capabilities developed by the organisation from a resource-based perspective, it was asked what resources, practices and routines implemented at the operational level contribute to distinguish the social enterprise from similar organisations. In order to deepen the discussion of the operational practices of the organisation, interviewees were questioned about recent changes in the organisation as well as the mechanisms used to deal with operational problems and uncertainty. They also answered questions about vertical integration, organisation, workforce, new products and services development and quality procedures. The answers to these questions allowed the identification of a set of practices and, subsequently, its relation to the development of operational capabilities.

At the end of the interview, the interviewees were given the opportunity to add any further information that they felt was relevant regarding the topics discussed during the conversation. Table 21 summarizes the main themes covered during the interviews and sample questions for each topic. The full version of the interview script is presented in Appendix IV.

Table 21 – Main topics and examples of questions included in the interview script

Topic	Examples of questions
Warm up questions/ Introduction	What is your position in the organisation? What are the main activities of the organisation? Has there been any significant change in your activities in recent years? Do you consider that your organisation operates in a competitive or collaborative environment? Why?
Operational performance dimensions	What distinguishes your organisation from other similar organisations? Why do your clients or beneficiaries choose your products or services?
Operational resources	What are the essential resources for the development of the organisation's activity?
Operational practices and routines	What practices or routines are implemented at the operations level that contribute to the distinctive character of your organisation? In recent years, what have been the main changes that have occurred in the organisation aiming to improve its social and/or financial performance? Please, can you give me an example of a problem that the organisation has faced in operational terms? How did you deal with it and solve it?
- Vertical integration	How is the relationship with your partners? How are they involved in the development of your activities and contributing to its improvement?
- Organisation	How is the decision-making process within the organisation? Are paid employees and volunteers involved in the decision-making process?
- Workforce	How do paid employees and volunteers influence the improvement of processes? What strategies are used to recruit and retain paid employees and volunteers?
- New products/services development	How are the processes for the development of new products or services managed? Are the beneficiaries, clients, volunteers or other stakeholders involved in that processes?
- Quality	What are the procedures established in terms of quality?

Interviewees were the directors of the social enterprises and other people indicated by them. An email was sent to the directors introducing the objectives of the research and inviting them to participate. The email also contained a request to indicate at least one other person, willing to collaborate and with a deep knowledge about the operations of the organisation in order to obtain a more complete view. The request was reinforced at the end of the interviews with the directors. This choice is consistent with the literature on operations strategy. Commonly, the target group of the studies in the field are managers (*e.g.,* plant, production or operations manager in the context of manufacturing firms) under the assumption that high-ranking respondents tend to be more reliable sources of information than their subordinate ranks (Phillips, 1981). In some cases, employees have been interviewed, since some of the social enterprises have very small structures and everyone gets involved in management activities.

The interviews were conducted by skype or by phone. Although it was given the option to conduct the interview in person, the interviewees preferred to do it by skype or phone. It proved to be a good alternative as it allowed to include social enterprises that are based in different locations across the country. As mentioned before, interviewees received an email in advance with the basic information about the research and interviews were scheduled. The process of scheduling interviews was relatively quick because respondents already knew the interviewer, or they have been nominated by the directors to participate in the study. The interviews were conducted from June to September 2018 and averaged 50 minutes. All interviews were recorded with the permission of the interviewees and transcribed later. The terms in English remained in the original language. Parts of the interviews, when analysed, were translated into English. In Table 22, there is more information about the interviews conducted.

Table 22 – Interviews conducted

Social enterprise	Interview ID	Date	Position	Duration (minutes)	Transcript (# of words)
A	CaseA_Int1	05.06.18	Board member/ Founder	24:54	2154
	CaseA_Int2	11.06.18	Director/ Founder	60:03	6269
	CaseA_Int3	14.06.18	Project manager	41:43	4946
B	CaseB_Int1	21.06.18	Director/ Founder	73:11	9096
	CaseB_Int2	21.06.18	Employee	25:47	3333
C	CaseC_Int1	07.06.18	Coordinator	29:52	3264
D	CaseD_Int1	24.07.18	Director/ Founder	58:14	7570
	CaseD_Int2	06.09.18	Employee	29:51	2726
E	CaseE_Int1	10.07.18	President of the board of directors	63:56	7766
	CaseE_Int2	10.07.18	Managing director	67:49	7598
Total	*7 hours, 55 minutes and 20 seconds, with 10 interviewees. 54722 words of transcripts*				

In addition to the semi-structured interviews, triangulation of data was done through the analysis of SEFORÏS data, other documents such as the annual activity plan, as well as the organisation’s website in order to obtain additional information about their activities and practices. Although it tends to be costlier and demanding and, therefore, a time-consuming process, some advantages associated with data triangulation include an increase in the comprehensiveness and completeness of the research, an enhanced ability to confirm trends and identify inconsistencies and an improvement in the reliability and validity of findings (Silverman, 2011).

A free qualitative content analysis software (QDA Miner Lite) was used to support the coding process. Content analysis was conducted by case through the analysis of interview transcripts and seeking to answer the research question. The coding process aimed to identify operational performance dimensions, resources and capabilities, the last deriving from the identification of operational practices. First, interview transcripts were transferred to the software and each interview was analysed individually. Parts of the interviews were coded, identifying sub-categories relating to the operational performance dimensions emphasized by the social enterprises. For this, the list of competitive advantages found in the literature on operations strategy (see Chapter 2, Section 2.4.1., Table 1 for definitions) was used to support the coding process, since the same dimensions are used to assess the realized operational performance or operational strengths. Then, a second and third set of sub-categories emerged from the interpretation of the data gathered in order to identify the operational resources and practices in the cases. Operational practices were inferred based on the literature review and parts of the interviews. Practices that were linked by common aspects were characterized as an operational capability. The identification of operational capabilities was based on the classification proposed by Wu et al. (2010), since it had already resulted from the refinement of previous research work. The authors suggest the existence of six operational capabilities: improvement, innovation, customization, cooperation, responsiveness and reconfiguration (see Chapter 2, Section 2.4.3., Table 2 for definitions).

In some cases, the identification of operational capabilities in the transcripts was straightforward. For instance, most interviewees mentioned that their social enterprise adapts existing processes and services to customer needs, which points to a customization capability. However, in other cases, the relationship between operational practices and capabilities was not so clear and operational capabilities were derived from the interpretation of the intentions behind the adoption of the practices identified by the interviewees. For example, the organisation of regular team meetings could be associated with the development of different operational capabilities. On the one hand, regular team meetings can be an opportunity to strengthen relationships between team members, thus contributing to the development of the cooperation capability. On the other hand, the organisation of regular team meetings can also be an opportunity to reflect on what has been done (the good and the bad) and to identify improvement actions, as mentioned by the project manager of Social Enterprise A, contributing to the development of the improvement capability. Therefore, beyond the identification of practices, it was also important to understand for what purpose they have been adopted by the social enterprise. Table 23 presents some examples of the transition between operational practices and operational capabilities (*i.e.*, the chain of evidence).

Table 23 – Transition between operational practices and operational capabilities

Operational practices	Evidence	Operational capabilities
Regular team meetings	*"What we try to do when something does not go as we expected is to sit down and talk about it and figure out what we can get from it. Because here we believe that life must be seen in a positive way. And often, through these unfavourable situations we go through... we always get learnings for future actions."* [CaseA_Int3]	Improvement
Introduce new Services/processes	*"The continuous innovation, always introducing new things and always adjusting and going... the market is always evolving, and we have to be always adjusting, thinking how we can reach people."* [CaseB_Int1]	Innovation
Adapt existing processes and services	*"We receive requests for things that we not have, and we try to respond and that's it, it's a process that results in this way. Depending on what comes to us and what people ask us to do, we respond."* [CaseD_Int1]	Customization
Use communication platforms	*"We use a platform called Slack, which is basically a messenger in which we can create chats with a specific person or with a team. So, for us it is excellent. I create a group and speak directly to these people. We are all working on a part-time basis and we only meet in person at the technical team sessions or at the weekly meeting."* [CaseC_Int1]	Cooperation
Qualify professionals	*“And so, step by step, we are working on a pool of professionals, empowering them to this way of being and of proceeding in the specialized intervention. It is giving response, sometimes more immediate, to the needs here in our house in terms of recruitment”* [CaseE_Int2]	Responsiveness
Strategic planning	*"We already have so many requests that we cannot allocate effort, time, energy, teams to things that are not the priority for us. Because otherwise we are fulfilling the goals of others, but we are not fulfilling ours. Because everything we do is to benefit, it has always a social mission, it always has this social focus. Now, for the organisation itself, internally, our focus of decision has become more strategic."* [CaseB_Int1]	Reconfiguration
Exchange services with partners	*"We give partners what they need, in our case it is knowledge, and partners give us what we need, whether physical resources, materials or even funding resources.”* [CaseA_Int2]	Mobilization of resources
Maintain a close relationship with community	*"We always want, and we really appreciate that people come here and feel they are at home. Do not feel this as an institution. And this can be seen in the way the doors are open, the way everything is furnished, and the way our beneficiaries receive people and are the hosts. It's a philosophy of a lot of openness, a lot of sharing."* [CaseE_Int1]	Openness

Therefore, this process resulted in the identification of a set of operational performance dimensions, resources and capabilities developed by the social enterprises studied, the last deriving from the identification of operational practices. The two academics who reviewed the interview script were consulted to confirm that the researcher was accurately interpreting the coded passages and to reach consensus on the themes.

Figure 14 shows some of the final codes in the qualitative content analysis software.

Figure 14 – Final codes in the qualitative content analysis software

After the content analysis, results were analysed following the case study method described by Yin (1994). First, a within-case analysis was conducted, providing a more detailed description of each case study and respecting the order established in the interview script:

a) Characterization of the social enterprise, its activities and the organisational environment

b) The operations strategy of the social enterprise, including information on operational performance dimensions, resources and operational capabilities that derived from the identification of operational practices

For each social enterprise, a table was created with the categories, sub-categories and evidences found, aiming to summarize the results of the content analysis. It is presented at the end of each within-case analysis.

After that, in order to complete the data analysis, a cross-case analysis was conducted to compare the cases, or the social enterprises, contributing to consolidate the results of within-case analysis. Within- and cross-case analyses are presented in the following sections.

7.3. Within-case analysis

7.3.1. Social Enterprise A

Characterizing the organisation, its activities and organisational environment

Social Enterprise A is an association that was born in 2008, from the identification of the need to train solidary actors, specifically in the area of volunteering. It aims to change the expired paradigm of solidarity that sustains its pillars in "goodwill", to a new and emergent paradigm that should be sustained in "doing-well". It is composed of highly qualified people. Its founders and collaborators are experienced and qualified in the field, coming from complementary fields – volunteering, international cooperation, health, economy, management, professional training, and art, among others.

The activities of the organisation include the provision of training courses, consulting services, lectures, education for volunteering, participation in international projects and the production of knowledge in the field, available through some publications. Several training courses are held for agents of volunteering, such as volunteers, aspiring volunteers, volunteer managers or coordinators or even organisational leaders. The introductory course to volunteering is especially directed to those who wish to start doing some volunteer work or who have had prior experiences but did not have the opportunity for prior training. The introductory course to volunteering for trainers was designed for those who will provide training for volunteers who will work in non-profit organisations. The volunteer management course is a technical training, which gives the instruments on the complex task of volunteer management, providing the knowledge and the tools for the daily management of volunteers. Finally, the range of training courses is completed with the international volunteer course, which provides preparation for the integration in a humanitarian project abroad.

In addition to the training courses, the organisation is available to support other organisations in a personalized way and according to their needs, providing consulting services in the areas of the courses. It also participates in educational activities that deal with various themes related to volunteering, namely lectures in schools or universities, congresses, conferences or other events.

In order to promote a new generation and culture for volunteering, this social enterprise developed a project that aims to educate children for the practice of volunteering as an exercise of active citizenship, since it believes that the education for volunteering is an essential work in the task of creating a new generation of volunteers, more selfless, more concerned and more active. It consists of a dynamic presentation conducted by volunteers in kindergartens, schools, libraries, non-profit organisations/ private social solidarity institutions or other educational establishments, with the support of a children's book written by the founder of the social enterprise.

Other publications produced by the organisation in subjects related to volunteering are available for sale, which purpose is to spread knowledge about volunteering, resulting from the experiences of team members and the collaboration in some international projects.

Using the classification proposed by Alter (2007) as reference, this social enterprise combines a fees-for-service operational model with a cross-subsidization model. It commercializes its social services (*i.e.,* training courses, consulting services) and products (*i.e.,* publications and other merchandising products), selling them to its main target groups, individuals or a third-party payer, such as municipalities that want to offer training opportunities for non-profit organisations or organisations that want to train their employees or volunteers). Some of the revenues generated through those activities are used to fund awareness raising sessions for children.

In relation to the organisational environment in which the social enterprise operates, one of the interviewees was peremptory in stating that the organisation operates in a competitive environment, arguing that the non-profit sector is becoming more competitive as it is attracting organisations from other sectors interested in exploring niches. However, the other respondents argued that, although there is some competition, the environment is predominantly collaborative because it is not a highly profitable business and social enterprises are focused on generating more impact, which is enhanced if they work collaboratively. This perspective of the organisational environment is supported by the testimonies of the director (and one of the founders) and the project manager:

> *"But yes, there is some competitiveness, but I would not say that it is a high competitiveness. And it will continue to not be, because it is not profitable. Providing training in volunteering does not leave anyone rich and therefore competitiveness is difficult. "* [CaseA_Int2]
>
> *" I think that in the social field people can think that if they exclude that entity they earn more of that time, but if they call that entity and work with it, in the long run, they will gain much more. [...] The issue in the social field is the impact that is generated. And if we work together, we always generate more impact than if we work alone, always."* [CaseA_Int3]

Operations strategy in Social Enterprise A

Interviewees from Social Enterprise A were unanimous in stating that the great value of the organisation comes from its specialization and focus on educating for volunteering, which allows them to offer high quality services. The collected data also suggest that, in addition to quality, know-how is an **operational performance dimension** of Social Enterprise A (*i.e.,* a dimension in which the interviewees consider that the social enterprise is performing better than similar organisations), since two of the interviewees mentioned they are continuously developing knowledge which is made available through manuals, books or other scientific studies. In the words of a board member and, also, one of the founders of the organisation:

> *"We act only, our organisation only acts in the field, we do not do other things. We are in the training and education field and, let's say, always in the field of volunteering. We do not have other arms, we are not the arm of another organisation that does other things. We are specifically this, all our projects have been focused in this field, we have not dispersed to try to raise funds in other domains, everything is related to our mission, we see if it fits in our mission, therefore, the focus is our difference as organisation. And, then, we have competent people with a tremendous experience and who have done some work in Portugal to create manuals, produce literature, this has been an evolution, the organisation itself is evolving on its own, from the inside out. "* [CaseA_Int1]

Regarding the most valuable **resources** of the organisation, besides the knowledge acquired through the experiences of the team members and the knowledge, produced within the social enterprise and made available through publications, interviewees also pointed human and innovation resources as crucial to the organisation. As it provides training and consulting services in a very specific domain, it is important to invest in innovative offers and have qualified people with experience in volunteering, as explained by the project manager:

> *"I would say that our most important resources are human resources that are specialized in volunteering. Because we need these human resources to provide training, consulting services in volunteering, to educate children for volunteering, to generate knowledge about volunteering and to empower organisations. Therefore, I would say that for us our most important resources are in fact these human resources."* [CaseA_Int3]

In terms of operational practices, interviewees revealed that they work to continuously improve existing processes, learning from mistakes and making some adjustments in the way they do things. The objectives set out in the annual activity plan are allocated to specific months and, then, smaller tasks are defined in order to make the objectives achievable over the months and weeks of work. At the end of the month, the team checks if everything went as planned and, whenever something does not go as expected, the team talks about it and figures out what learnings they can get for future actions.

> *"And when we do our annual activity plan, what we do is to look at all the goals we want to achieve that year and allocate them to specific months, so divide them, pick up on those big tasks, divide into smaller tasks and make them achievable over the weeks and months of work. And that allows us, for example, to come to the end of June and take this document and see if everything we wanted to have done in June, which was defined at the beginning of the year, is done or not. And this is also a way of ensuring that we have reached the end of the year with everything we wanted to achieve, done or not. It can also happen that we did not do it, it can happen, and then we realize why we did not do it, why that happened and take it into account for next year's planning."* [CaseA_Int3]

The social enterprise measures customer satisfaction through questionnaires, which aim to evaluate the services provided, analyses customers' suggestions, and uses and adapts methodologies already tested. It also measures the impact of its actions after the conclusion of projects, *i.e.*, their long-term impact, with the collaboration of academics and students, who are interested in developing research work investigating impact measurement based on real cases, as explained by one of the founders and director the social enterprise:

> *"When there are students who want to do master's theses in this field of social economy or humanitarian action, we ask that, in addition to the impact during the project, to measure the impact after the project is over. Because only at that moment does not give, we also need to know the impact some time later to see ... because we leave seeds, knowledge and instruments, especially for volunteer management, we leave seeds and people either use or do not use them. We want to realize that."* [CaseA_Int2]

The planning and control activities, the regular team meetings, the measurement of customer satisfaction, the analysis of customer feedback, the assessment the quality of services and the impact measurement contribute to the development of the **improvement capability** of Social Enterprise A, *i.e.*, its ability to refine and to reinforce existing processes, as previously defined.

Social Enterprise A is focused on producing knowledge and launching new projects and publications on a regular basis. Currently, it is preparing some applications and the publication of a new book on volunteer management. Whenever the social enterprise intends to design a new project, it organizes brainstorm sessions, including employees as well as key external stakeholders, who can help them to generate new ideas and methodologies.

> *"We have, for example, moments in which we sit down and do whole brainstorming afternoons to know how we are going to deal with that situation. This is a tool we use. [...] Often what we do is to invite partners or people with whom we work or to whom we have connected at some point and we invite them so they can also help us. Whenever we design a new project, it happens. This year as we are in a year when we are trying to implement new projects, we already had .... Therefore, we are in the month 6, we already had 4 meetings of these because we are, is a year of designing new projects. "* [CaseA_Int3]

Practices such as the introduction of new services and/or processes, the production of knowledge and organisation of brainstorming sessions contribute to the social enterprise's ability to continuously or radically improve or to create new and unique processes, developing its **innovation capability**.

Another common practice in Social Enterprise A, which contributes to the **customization capability** - the ability to extend and customize operational processes-, is the adaptation of existing processes and services to the demand. It often hears the needs of customers and partners and adapts to respond to them.

> *"Our partners also give us clues and strategies and because they realize that we are too flexible to try to adjust, we have this characteristic to meet each partner's need, each client, we try to adjust. Let's just say it's tailor-made for whom ... for whoever asks us. "* [CaseA_Int3]

The email, messenger, social networks and skype are important tools for Social Enterprise A because they allow it to communicate with national and international partners and trainers who work in different locations and do not share the same space every day.

> *"We have trainers who live in those areas, our contact is very much through email, phone, social networks, Messenger, we use the new technologies, we use Skype a lot, even with our partners. We have many international projects, with people from several countries and even here in Portugal. And we use them a lot."* [CaseA_Int2]

Employees are heard and involved in decision-making within their area of expertise. The founder describes the relationship with customers as a *“relationship of great empathy”* and feels that they are *“a family member”* of the organisations they work with. There are regular contacts with partners for the dissemination of activities and an annual picnic is organized, bringing together all those who have a connection with the organisation, from employees, volunteers, trainers, to partners and customers. Therefore, the use of communication platforms, the involvement of employees in decision-making, the close contact with customers and partners, and the organisation of informal meetings contribute to the establishment of healthy and stable relationships with internal and external stakeholders (**cooperation capability**).

Interviewees emphasized that a small structure allows the social enterprise to be more agile and able to respond quickly to the requests. Employees and volunteers can perform multiple tasks. Recently, an employee had to be absent from the organisation and she was replaced by volunteers during that time. Moreover, the social enterprise invests in the development of new skills, offering training opportunities for employees and volunteers. For instance, volunteers learn with their peers and are also trained by professional actors who teach them how to read the stories to the children in a compelling way. Social enterprise A subcontracts specialized trainers when it is not able to meet the demand for training courses and consulting services using internal resources. **Responsiveness capability** in Social Enterprise A derives from operational practices such as the recruitment of multi-skilled people, a small and multidisciplinary team, the investment in the development of new skills and subcontracting human resources.

Interviewees also expressed the continuous effort to be attentive and to integrate new knowledge, adapting their strategies to changes in the environment:

> *“We are always up to date. I think this is also extremely important. Here, as in other fields, we must keep up to date, to be always on the crest of the wave, to see what is there, what are the new trends, what practices exist at the international level ... So, I think it is another aspect that distinguishes us.”* [CaseA_Int2]

In Social Enterprise A, a strategic planning is done every 4 years. For instance, a SWOT analysis is conducted in order to identify the strengths and weaknesses of the organisation, as well as the threats and opportunities in the external environment. According to the interviewees, the strategic planning helps the social enterprise, making it *"easier to plan and think of a plan A, B, C and to adapt"* [CaseA_Int3]. The organisation has two mentors (international specialists in volunteer management), who guide them in the organisation's strategy. The founder also frequently seeks to meet with other key stakeholders to get insights into the best strategies to respond to the changes that are emerging in the context in which the organisation operates. Therefore, the **reconfiguration capability –** previously defined as the ability to accomplish the necessary changes to ensure the alignment between operations strategy, strategy and market environment when the equilibrium is disturbed **–** , is developed in Social Enterprise A through the integration of new knowledge to adapt to changes in the environment, the strategic planning and seeking the advice of external stakeholders.

This social enterprise has volunteers collaborating regularly and directly with employees and able to replace them when necessary. Some partners are strategically selected to access external resources such as knowledge, reputation or facilities. For instance, sometimes Social Enterprise A entrusts to other organisations the leadership of projects designed by it because they have a higher reputation:

> *"Another strategy, given the small size of the organisation, was to invite larger organisations with capacity for dissemination in the territory, but also with greater capacity, to be the promoters, or project coordinators. Imagine, we have a project thought and designed but then who will be the face of the project ... we invite another organisation whose mission fits the project and who can give it visibility. And our organisation has a role, let's say, more behind the scenes. This is a strategy with organisations in whom we trust and feel that we have an unequivocal partnership."* [CaseA_Int2]

Another example is a partnership with a city council that gives it a space, where the social enterprise is based, for free. It also exchanges knowledge (*e.g.*, providing training courses) for resources. According to the founder, the access to available and underused resources represents lower costs for the organisation in terms of structure. A new operational capability was found in practices such as the integration of volunteers into the workforce, the selection of partners to access external resources and the exchange of services with other organisations. These practices lead the social enterprise to develop the ability to mobilize external resources to deal with resource constraints. Therefore, it was labelled as **mobilization of resources capability**.

Finally, there were identified practices such as the maintenance of a close relationship with the community and knowledge sharing. On the one hand, the Social Enterprise A uses newsletters and social networks to interact with the community. The organisation has creating and disseminating cartoons addressing volunteer management issues to make the community aware of the importance of the topic. On the other hand, it shares its volunteer management tools for free to help other organisations, for believing it is helping to generalize the practice of volunteer management and, thus, generating more impact:

> *"They are documents that have given us a lot of work and we give away free of charge to our trainees so they can improve their volunteer management techniques. (...) And we pass this even to organisations because if an organisation improves the way it manages volunteers, for us it is a victory."* [CaseA_Int3]

These evidences suggest the organisation's ability to be transparent and open to the community. It was labelled as **openness capability**.

Table 24 presents the within-case analysis of Social Enterprise A, identifying the categories and sub-categories for which evidence was found in this case study. It summarizes the main results of content analysis in order to complement the description provided in this sub-section.

Table 24 – Within-case analysis of Social Enterprise A

Category	**Sub-categories**	**Evidence**
Operational performance dimensions	Quality	It is the only organisation dedicated and specialized in educating for volunteering.
	Know-how	The continuous development of knowledge made available through several publications.
Operational resources	Innovation resources	Creativity to propose alternative offers to existing ones
	Knowledge	Knowledge acquired and produced
	Human resources	Qualified individuals with experience in volunteering
Improvement capability	Improve existing processes	Improvements in training content
	Planning and control of activities	Annual and monthly activity planning
	Regular team meetings	The team meets to discuss solutions whenever something does not go as planned
	Measure customer satisfaction	Inquiries to evaluate services provided
	Analyse customer feedback	Analysis of customer suggestions
	Assess the quality of services	Use of methodologies already tested to guarantee the quality of services
	Measure impact	Setting goals and measuring the long-term impact of projects
Innovation capability	Introduce new services/processes	Release of new projects and publications
	Produce knowledge	Production of new scientific knowledge
	Organize brainstorming sessions	Brainstorm sessions are organised to generate new ideas
Customization capability	Adapt existing processes and services to the demand	The organisation listens and adapts to the needs of customers and partners
Cooperation capability	Use communication platforms	Email, messenger, social networks and Skype are used to contact trainers and partners
	Involve employees in decision-making	Employees are heard within their area of expertise
	Maintain close contact with clients	Team members feel like part of the family of clients
	Maintain close contact with partners	Regular contacts and dissemination of partners' activities
	Organize informal meetings	Organisation of an annual picnic
Responsiveness capability	Recruit multi-skilled people	Employees and volunteers can perform multiple tasks
	Small and multidisciplinary team	A small, flexible and adaptable team
	Invest in the development of new skills	Training opportunities are offered employees and volunteers
	Subcontract human resources	Trainers are subcontracted
Reconfiguration capability	Integrate new knowledge to adapt to changes in the environment	The team makes an effort to stay informed and create new models based on existing ones
	Strategic planning	Strategic planning every 4 years, SWOT analysis
	Seek advice from external stakeholders	The organisation has two mentors and often seeks to meet with key stakeholders to adapt its strategy
Mobilization of resources	Involve volunteers in the activities	Volunteers are involved in unpaid activities in schools
	Select partners to access external resources	Selection of partners strategically to access knowledge, reputation or facilities
	Exchange services with other organisations	Exchange of knowledge by facilities or materials
Openness capability	Maintain a close relationship with community	Use of social networks and creation of newsletters and cartoons to interact with the community
	Knowledge sharing	Sharing tools created by the social enterprise for free to help other organisations in volunteer management

7.3.2. Social Enterprise B

Characterizing the organisation, its activities and organisational environment

Social Enterprise B was established in 2008 and aims to contribute to the fight against childhood obesity by promoting healthy eating habits and lifestyles. The vision statement of this social enterprise is “Healthy and happy children”. It runs two main groups of activities. On the one hand, in the centre, owned by the social enterprise, is installed a kitchen where cooking classes are taught, making possible the practical component of nutrition education for children, families and school groups. In addition, activities are also promoted in schools and other contexts in order to serve different audiences. On the other hand, the social enterprise has a cafeteria, provides catering services and organizes birthday parties, which help ensure its financial sustainability. Due to the inexistence of a legal entity for social enterprises in Portugal, this organisation has two legal entities. A non-profit entity (association) and a for-profit entity (*Sociedade Unipessoal por Quotas*), which allow the social enterprise to combine the two groups of activities under the same organisational structure.

The main focus of the social enterprise is on programs offered to schools. Several practical activities are offered, such as the preparation and fruit tasting aiming to motivate children to consume fruit; the decoration of sandwiches with varied and colourful food to promote the consumption of fruit and vegetables; the suggestion and preparation of light and healthy snacks with vegetables; other activities to teach how to make a variety of soups or even how to prepare simple meals.

Within the range of activities provided for schools, there are also programs to raise children’s awareness of the importance of making healthy choices that contribute to environmental sustainability, in an economic and ecological logic (eco-nutrition); and connect health cooking with other topics related to health lifestyles. These programs are supported by manuals developed by the organisation that are distributed to the participants.

Moreover, the social enterprise organizes interactive theatres, as well as talks, lectures and thematic sessions on food education for parents, conducted by a nutritionist. The nutritionist can also provide a personalized service, accompanying people to the supermarket and supporting them in their choices, teaching how to analyse nutritional labels, how to plan grocery shopping, transporting and conserving food properly.

Like Social Enterprise A, Social Enterprise B combines a fee-for-services model with a cross-subsidization model. Programs in schools are usually paid by municipalities. However, the income generated through the cafeteria, the catering services and the birthday parties is used to partially fund the social programs.

Regarding the organisational environment, the founder of Social Enterprise B noted that they feel a more competitive environment when competing with for-profit organisations in income-generating activities, such as the catering services. Although the social enterprise approaches the market in a collaborative way, the founder has the perception that some similar organisations adopt a very competitive behaviour. Social Enterprise B has already been approached more than once by other organisations wanting to establish a partnership that later tried to copy their products and services, as described by an employee:

> *"It has also happened, to collaborate and to have the bad side of that collaboration. People who come here to get information and then they use it as theirs, that is the bad side of collaborating with someone who does not have their values in the right place."* [CaseB_Int2]

Operations strategy in Social Enterprise B

Interviewees from Social Enterprise B believe that what distinguishes it from other organisations is its hands-on approach to food education. The community engagement and the innovation are important **operations performance dimensions**, essential in changing behaviours and, therefore, in fulfilling the organisation's mission. In the words of the director and founder of the social enterprise:

> *"We have a practical component of food education. There are many projects, but they are games, theoretical things, but concrete, a direct contact with food, in choices... there are some initiatives, but we only do it, it's almost our signature in the programs we have. There is always food available, tastings, contact with food."* [CaseB_Int1]

The **resources** identified as the most valuable for Social Enterprise B are innovation resources, human resources and facilities. The founder emphasized the creativity to produce new ideas and approaches, and the importance of having a team that does that and is also motivated by the cause.

> *"I think the resource, the first [resource] most valuable is creativity. We have a creative team, able to have ideas, to have new ideas, able to create new approaches, crossing contents, because things are not tight. And, then, a team also strongly motivated, motivated people, wearing the organisation's shirt, is very important."* [CaseB_Int1]

An employee also emphasized the added value for the social enterprise to have a kitchen and facilities located in a public garden (a place very frequented by parents with their children) and to have a vegetables garden that allows a direct contact with food and to explore the ecological and environmental side of food education.

Regarding its operational practices, in particular in terms of measuring customer satisfaction, the social enterprise has satisfaction questionnaires, answered by the teachers at the end of the school sessions, and sometimes testimonials are recorded. In catering services satisfaction questionnaires are not applied as explained by the founder:

> *"We do not implement [satisfaction assessment] in some services, which are not our core, are not what we want to continue, we do not invest time there because there is no time to that. For us, it is strategic and fundamental what we want to grow, which is schools and the work in schools."* [CaseB_Int1]

However, in all the activities, the team is open to hear customers' feedback, which is analysed in order to improve the services provided by the organisation. Regularly, the founder accompanies the team to the field and observes how activities are conducted in order to assess the quality of services. This is important for detecting opportunities for improvement as the founder knows the processes of the organisation and, at the same time, is not directly involved in the conduction of activities. At the end of each project, an impact report is produced, and results are shared with the municipalities, which usually pay for the services. As in Social Enterprise A, Social Enterprise B is supported by academics in this task. Therefore, the measurement of customer satisfaction, the analysis of customer feedback, the assessment of quality of services and impact measurement contribute to the development of the **improvement capability**.

In addition, as Social Enterprise A, Social Enterprise B is also continually producing new contents and testing new approaches and knowledge is one of its priorities, through the production of pedagogical manuals to support the activities in schools. Both practices – the introduction of new services and processes and knowledge production - are associated with the development of **innovation capability**.

Most services provided are tailored to the needs of the school or client (in the case of catering services or birthday parties), which puts in evidence the **customization capability** of the social enterprise. As explained by the employee:

> *"Almost all of our sessions are personalized. If you go to our website, we have a table with our activities, but then, when the school asks us, they ask us to do the activity, we ask "what is the school need?", and they say, "it is only about the lunch boxes". Okay, and we do not have anything about lunch boxes, so we do, we customize according to the need of the school, the customer, the catering, whatever it is. This is very personalized, sometimes too much."* [CaseB_Int2]

The team shares digital calendars in order to schedule the appointments. Employees are involved in decision-making processes, such as pricing decisions and are involved in the development of projects, for example, in discussing the ideas for new services and approaches or even collecting information to apply for funding. Non-monetary incentives are used to motivate employees. For instance, the participation in international meetings, giving them the opportunity to know other countries and connect people working in the field, the flexibility of schedules or the opportunity given to the nutritionists to develop their own actions using the facilities of the organisation. These non-monetary incentives are valued by employees, since they probably would not have these opportunities if they worked in a larger organisation. Social Enterprise B maintains close contact with the partners disseminating their activities in social networks or in its space and contributing to their actions offering its services for free. This contributes to a close and healthy relationship with them, as argued by an employee:

"The fact that we also contribute pro bono in several actions is also something that distinguishes us, and this good relationship remains. Sometimes also the dissemination of activities from both parties, from us to other organisations and from them to us. Dissemination, communication in our social networks, also here in our own space. I think all these actions are something that contributes to a good relationship between the two." [CaseB_Int2]

Therefore, **cooperation capability** derives from practices such as the use of communication platforms, the involvement of employees in decision-making as well as in the development of new services/processes, the non-monetary incentives to employees and close contact with partners.

In Social Enterprise B, team members perform all tasks. A small structure makes things less bureaucratic and more flexible and agile to respond quickly to requests. The participation in several training programs promoted by other organisations, such as those organized by the IES-Social Business School or the European Investment Bank, enable employees to develop new skills in complementary areas and soft skills, gaining competencies in other areas important to the organisation. Moreover, when the organisation is not able to meet all the service requests with internal resources, it subcontracts service providers. Therefore, **responsiveness capability** happens by recruiting multi-skilled people, maintaining a small and multidisciplinary team, investing in the development of new skills and subcontracting human resources.

"Everybody does everything. When we are talking about a company that does events, caterings, food education, has cooking ateliers, a cooking academy, which produces content for websites and magazines and we are talking about three people, everybody does everything." [CaseB_Int1]

Employees of Social Enterprise B try to be aware of trends in the field by reading international reports or articles published in specialty journals in order to adapt the organisation's strategy to changes in the field of food education. Furthermore, strategic planning is another important practice. When Social Enterprise B was founded, they responded affirmatively to all the requests because they wanted to gain legitimacy. Currently, they analyse the requests and only respond to those that are important to the organisation. The **reconfiguration capability** is developed through the integration of new knowledge to adapt to changes in the environment and the strategic planning. For instance, the founder described how they began to prioritize the response to requests in order to be able to allocate their resources to activities more related to the organisation's mission:

> *"We already have so many requests that we cannot allocate effort, time, energy, teams to things that are not the priority for us. Because otherwise we are fulfilling the goals of others, but we are not fulfilling ours. Because everything we do is to benefit, it has always a social mission, it always has this social focus. Now, for the organisation itself, internally, our focus of decision has become more strategic."* [CaseB_Int1]

Finally, practices such as the involvement of volunteers in the activities and the exchange of services with other organisations were found in this social enterprise, which contribute to the **mobilization of resources capability**. Social Enterprise B has a pool of volunteers who already know the organisation and their activities and are available to collaborate sporadically, when needed. It also exchanges services with other organisations. Although in some cases these organisations are open to share resources without compensation, Social Enterprise B always seeks to give them something back. The founder exemplified this practice with a situation that has occurred recently:

> *"When we ask for some sponsorship, we are careful to say" what can we give you? "[...] For example, a lady who wanted to organize her son's birthday party in our space. She is a social worker, she was going through a bad time, the boy is sick... the grandmother has a laundry, we exchanged services, we offered the party here and we had a laundry credit in the value of the birthday party, and we went to wash our towels there. We exchanged services."* [CaseB_Int1]

Table 25 presents the within-case analysis of Social Enterprise B.

Table 25 – Within-case analysis of Social Enterprise B

Categories	Sub-categories	Evidence
Operational performance	Community engagement	A strong practical component of food education involving children and their families
	Innovation	The social enterprise is empowering children in an innovative way
Operational resources	Innovation resources	Creativity to have new ideas and create new approaches
	Human resources	People motivated by the cause
	Facilities	A space with a kitchen and a vegetable garden were activities are organised
Improvement capability	Measure customer satisfaction	Satisfaction questionnaires and testimonials
	Analyse customer feedback	The organisation listens and analyses customer feedback
	Assess the quality of services	Presence of the director in some school sessions to monitor the activities
	Measure impact	Production of project impact reports
Innovation capability	Introduce new services/processes	Introduction of new content and new approaches
	Produce knowledge	Creation of pedagogical manuals to support activities
Customization capability	Adapt existing processes and services to the demand	Services tailored to the needs of the school or customer
Cooperation capability	Use communication platforms	Sharing of digital calendars
	Involve employees in decision-making	Employees participate in decisions on the price of services
	Involve employees in new service/process development	Involvement in the development of applications for projects funding
	Non-monetary incentives to employees	Participation in international meetings, development of their own actions, flexibility of schedules
	Maintain close contact with partners	Dissemination of partner's activities, participation in some activities in pro bono
Responsiveness capability	Recruit multi-skilled people	Team members perform all tasks
	Small and multidisciplinary team	A small, less bureaucratic structure, more flexible and agile
	Invest in the development of new skills	Participation in training programs in complementary areas and soft-skills
	Subcontract human resources	The social enterprise subcontracts service providers when necessary
Reconfiguration capability	Integrate new knowledge to adapt to changes in the environment	Reading of international reports, journals of speciality to keep an eye on trends
	Strategic planning	Selection of the requests that are important for the organisation to respond and these that are not
Mobilization of resources	Involve volunteers in the activities	There is a pool of volunteers available to collaborate with the social enterprise when necessary
	Exchange services with other organisations	Exchange of services for materials or other services (*e.g.*, laundry services)

7.3.3. Social Enterprise C

Characterizing the organisation, its activities and organisational environment

Social Enterprise C was founded in 2013. The concept was born in 2011, when the founder was confronted with the diagnosis of pre-obesity of his 6-year-old daughter. Among the different strategies to deal with this issue, he had the idea of having a dog in order to break the cycle of sedentary lifestyle. The dog turned out to be a crucial part of a successful "treatment" and he decided to create an association with the aim of providing global assistance to families with overweight children.

Currently, this social enterprise has a multidisciplinary team that includes veterinarians, psychologists, physical education teachers and dog trainers. Dedicated to dog-assisted exercise for all ages, it has four main services in operation for different age groups. The first service aims to encourage the contact of small children (1 to 5 years old) with dogs and other children, helping them to develop social skills. Dynamics and games are selected by a physical education teacher who, based on the age and profile of children, adapts the duration and intensity of the exercises. In a supervised manner and with the support of a dog trainer, children practice exercise in a fun and relaxed way. This activity is usually organized in partnership with schools and kid-related shops/institutions.

The second service helps fight childhood obesity by providing a global, permanent and personalized service for overweight children and their families, through dog-assisted workouts. In addition, they are also supported by a nutritionist and a psychologist available throughout the entire process in order to ensure they are monitored on a physical and psychological level. This activity is also beneficial for children who prefer exercise in a non-competitive environment and for children with special educational needs, as it helps them develop physical and social skills.

The third service is for adults and promotes the practice of cross country running with dogs. It can be done by all people and by all breeds of dogs, if they are at least 12 months old. The group meets every week and is accompanied by a physical education teacher, a dog trainer and dogs.

Finally, there is a fourth service, which aims to promote well-being among the elderly (aged 55+years old), as well as a healthy lifestyle, both physical and psychological, and, therefore, an active aging promoting physical exercise supported by dogs. The exercises stimulate the participant's body and mind. By bringing dogs into the equation, this activity promotes socialization among the elderly and with dogs, improves basic physical skills, such as strength, balance and mobility, and increases their tolerance to physical pain caused by immobilization or long-term immovable positions. This activity also contributes to increase self-esteem, sense of teamwork and resilience.

All services provided by Social Enterprise C are paid, therefore, the organisation adopts a fee-for-services model. Regarding the organisational environment, the coordinator identified some attempts to copy the services offered by the social enterprise. The coordinator also confessed the ambition to compete in the future on equal terms with for-profit organisations, such as health clubs. Currently, the social enterprise is not competing directly with these organisations, instead, it is providing services that can complement existing offerings:

> *"One day we will be able to compete, but now we complement. Now it makes sense that a health club, for example, offers its members a discount on the activities of our organisation, but that one day we would like to be in a physical space, not only the office we have, with classes, rooms for our activities, with a monthly fee and people preferring our club than other normal clubs."* [CaseC_Int1]

Operations strategy in Social Enterprise C

The coordinator of Social Enterprise C highlighted innovation and customer focus as what distinguishes this social enterprise from other organisations in terms of **operational performance dimensions**. The social enterprise focus on the promotion and development of physical activities assisted by dogs, while the more traditional approach adopted by other organisations focuses on therapy assisted by dogs. In addition to this innovative approach, customer focus is also one of its strengths. In each session the customer is accompanied by a physical education teacher, who knows him/her and has previously prepared a working plan adapted to his/her needs, and a dog trainer accompanying the dogs, as explained by the coordinator:

> *"The team consists of a physical education teacher, the dog trainer and one or more dogs trained. So, regardless of whether we're working with a baby, elderly or a high-profile athlete, we're starting to work with athletes now, we are always at least three people. Therefore, I think the athlete feels quite accompanied, or the clients or the elderly, because they feel that they have a person dedicated to them, that is the physical education teacher, and another more directed to the dog and the combination of both promotes a very fun and effective activity."* [CaseC_Int1]

Therefore, the most important operational **resources** of Social Enterprise C are the members who constitute the team that conducts the activities in the field: physical education teachers, dog trainers and dogs.

In Social Enterprise C, a plan is defined for each session regardless of whether it is the first or not. After the session, a report is produced describing what was done and the main results. These documents are analysed at the weekly technical team meeting (*i.e.*, a meeting with the coordinator, physical education teachers and dog trainers). Every month, there is a meeting with all the people working in the organisation, including the technical team, the management team, the accountant, the nutritionist and the psychologist. As in Social Enterprise B, the coordinator of Social Enterprise C assesses the quality of services regularly accompanying the teams to the field and observing the way they conduct the activities. The coordinator feels that this is important to detect opportunities for improvement. In her words:

> *"There is a regular presence on my part in the events that are organized, that is, of course I know that our teachers want the best for the organisation, they want to assure that there is quality in the events, but my presence helps things... helps things to run better. I have another view of things, I am not teaching, I am outside, and therefore I can realize if there were any failures here or there."* [CaseC_Int1]

The **improvement capability** is developed in Social Enterprise C through the planning and control of activities, regular team meetings and the assessment of the quality of services.

According to the interviewee, complementary services can be added to the sessions organized by the social enterprise in order to meet the demands of customers. For instance, a baby gym session can include face paintings and balloons for a birthday party. Moreover, as mentioned earlier, the session plans are designed according to the needs of the customers. Social Enterprise C began offering services for overweight children and, subsequently, developed services for other target audiences in order to adapt to the needs of the various age groups. The social enterprise demonstrates to have the **customization capability** by adapting existing processes and services to demand.

The team uses a communication platform called Slack, where it is possible, for example, to create chats with a specific person or with a team and to share files. It is very useful because all employees work part-time and only meet weekly or monthly in person. Employees are also involved in some decisions. Teachers and dog trainers are asked about their availability to conduct sessions and occasionally they are consulted about other decisions, as recently happened to choose a colour for the uniform of the social enterprise. Furthermore, there is an effort to maintain close contact with clients and partners. Social Enterprise C attaches great importance to the way it communicates with its customers, choosing the most suitable means to communicate with each customer, as affirmed by the coordinator:

> *"Whenever there is a session here or there that we think might be interesting, we send a newsletter, an email. If we think we should communicate using the phone, we use it to communicate everything (...) the quality of communication with the customer is made by being there, being present, not forgetting the client, his/her name, that he/she was there before and, therefore, this closer relationship I think is important"* [CaseC_Int1]

The use of communication platforms, the involvement of employees in decision-making and the close contact with clients are representative of the **cooperation capability** of Social Enterprise C.

For the organisation, although people are hired to a specific position, it is important they be available to contribute to the management and dissemination tasks. Furthermore, each session is attended by at least one physical education teacher, one dog trainer and a dog, regardless of the service provided or the target group. According to the coordinator of Social Enterprise C, a small team allows the organisation to be more flexible. Therefore, the

responsiveness capability is developed through the recruitment of multi-skilled people and a small and multidisciplinary team.

Social Enterprise C adopts other practices such as the involvement of volunteers and the selection of partners to access external resources. Although this social enterprise does not regularly involve volunteers, a volunteer collaborates in the design of materials for the dissemination of activities. Moreover, the social enterprise selects partners in order to gain legitimacy, access their customer database and reach more people, as explained by the coordinator:

> *"The partners that we try to find are always partners with greater visibility than us and with a database of clients also better than us. So, our expectation is that when we do an event together, they will help us not only reach more people, but reach... Not only to reach more people but the specific target audience we want."* [CaseC_Int1]

These practices contribute to the development of the **mobilization of resources capability**.

Finally, the interviewee affirmed that some of the activities organized by the social enterprise are suggested by external stakeholders (*e.g.,* customers or friends). For instance, recently, a client whose child attends the baby gym suggested the organisation of an activity in the market where she works. In this case, the openness to listen the customers has resulted in the development of new processes and new activities. Thus, the involvement of stakeholders in new services and processes development enhances the **openness capability** of the social enterprise.

Table 26 summarizes the within-case analysis of Social Enterprise C.

Table 26 – Within-case analysis of Social Enterprise C

Categories	Sub-categories	Evidence
Operational performance dimensions	Innovation	Focus on the development of physical activities assisted by dogs, while other organisations offer therapy assisted by dogs
	Customer focus	In each session the client is accompanied by a physical education teacher and there is a trainer for the dog
Operations resources	Human resources	Physical education teachers, dog trainers and dogs are essential for carrying out activities
Improvement capability	Planning and control of activities	A work plan is defined for each session and after the session a report is produced
	Regular team meetings	Weekly meetings with the technical team to analyse work plans and reports; monthly teams with all employees
	Assess the quality of services	The coordinator participates in some sessions to observe how they are conducted and identify opportunities for improvement
Customization capability	Adapt existing processes and services to the demand	Additional services can be added to activities in order to meet customer demands; session plans are designed according to the needs of customers
Cooperation capability	Use communication platforms	Team members use the Slack platform to communicate
	Involve employees in decision-making	Employees are involved in some decisions
	Maintain close contact with clients	Whenever there is a session that may be of interest to customers, they are informed; The team members know the names of customers
Responsiveness capability	Recruit multi-skilled people	People are hired to a specific position, but they should be able to contribute to some management and disseminations tasks
	Small and multidisciplinary team	Each session is attended by at least one physical education teacher, one dog trainer and one dog, regardless of the service provided
Mobilization of resources	Involve volunteers in the activities	A volunteer collaborates with the organisation in the design of materials for the dissemination of activities
	Select partners to access external resources	The social enterprise selects partners with visibility and a better customer database to reach more people
Openness capability	Involve stakeholders in new services/processes development	The social enterprise organizes some activities that have been suggested by external stakeholders

7.3.5. Social Enterprise D

Characterizing the organisation, its activities and organisational environment

Social Enterprise D is a young travel agency, founded in 2010, specialised in ecotourism and creative tourism and, also, in consulting services regarding local development. It is registered as a for-profit organisation (*Sociedade Unipessoal por Quotas*). Regarding ecotourism and creative tourism, there are four main services provided by this social enterprise. It organises walking tours to discover the assets and landscapes of inland areas, fostering the contact with biodiversity, with cultural, natural and archaeological heritage, and with local communities, as well as bird watching activities to admire rare and unique species that have been reported in the region. It promotes creative tourism experiences involving traditional arts, local traditions, direct and active contact with the local area and its inhabitants, providing enriching personal experiences and unique moments of cultural immersion. Finally, there are the community tourism programs, in which the participants can experience day-to-day living in rural communities that still practice the traditions of the region, welcomed and guided by locals who are the experts in local culture.

This organisation works with a broad and permanent network of local partners, which includes rural accommodation, restaurants, craftsmen, tradesmen, taxis, masters of local traditions, actively engaged in tourism experiences, contributing to preserving the infrastructure, while continually respecting natural and cultural values. This way, the social enterprise promotes responsible tourism seeking to respond to environmental, cultural, social and economic issues. It offers authentic and high-quality experiences, while ensuring that destinations, including people living there and biodiversity, are benefited in a fair and balanced way. It is actively committed to local production and preservation of heritage.

The organisation also contributes to the field of responsible tourism by participating in other projects and collaborating with other organisations through consultancy. It provides consulting services in ecotourism, promotion of local products and traditional arts, tourism promotion, tourism activities and travel agencies, which include, for example, the development of local and regional strategies, the organisation of events, the representation at fairs and exhibitions at national and international level to promote the region or even the development of innovative and unique activities.

Social Enterprise D combines two operational models: a fee-for-services model with a market intermediary model. On the one hand, the social enterprise generates revenues through the commercialization of tourist packages, and, on the other hand, it provides services to local organisations and craftsmen, helping them access markets and acting as market intermediary. The founder of Social Enterprise D believes that the relationship with other organisations tends to be more collaborative than competitive because of its location:

> *"There is obviously competition, but there is not so much. If we were more on the coast, we were in a much more competitive environment. [...] we are working in the interior of the Algarve where there is not as much competition as that."* [CaseD_Int1]

Furthermore, the founder gave as an example the collaborative relationship with another organisation whose services compete directly with some of the services offered by Social Enterprise D. Due to the inability of both organisations to respond to the demand, whenever one of them receives a request for services that it is not able to respond, it forwards it to the other. Thus, they meet the demand for these services in the region and both parties benefit from the collaboration. Other interviewees also pointed the building of these win-win relationships as evidence of the existence of a collaborative environment.

Operations strategy in Social Enterprise D

Regarding the aspects that distinguish Social Enterprise D from other organisations in terms of **operational performance dimensions**, the interviewees highlighted the community engagement as well as social and environmental sustainability concerns, the continuous innovation and the flexibility to adjust services in order to meet customer needs. The director described it as follows:

> *"One thing that we try is to give a special focus on the question of the connection to the territory and the communities and, therefore, this is reflected very much in the work that we do in tourism activities, either nature tourism or creative tourism, because we always like to involve local agents, artisans, farmers, etc., but we always try to transmit a sense of ethics, of sustainability, to the arts, to the territory. And then obviously we always try to do activities that are different, genuine activities... We organize things slightly different from what is common, we do very personalized activities, with a great connection to the territory and to the people and of course, this helps us to distinguish."* [CaseD_Int1]

Two types of **resources** are identified as essential to the organisation. On the one hand, the CEO mentioned that the social enterprise always seeks to involve and to collaborate with people who have a great knowledge about the region, whether they are human resources of the organisation or outsiders (*i.e.*, external stakeholders). Therefore, knowledge is one of the most valuable resources for this social enterprise. On the other hand, cultural and natural heritage was also pointed out as something that is crucial because all activities of the organisation are based on the heritage and are created with the aim of preserving it.

In Social Enterprise D, there is a continuing effort in order to identify opportunities for improvement in how the organisation approaches customers or in work organisation, as mentioned by the CEO:

> *"We always try to be attentive to what can be improved. A very basic example, recently, we have produced our own clothing so that we can be identified, very basic things ... my expectation is that this will later translate into greater work efficiency and, then, in the services we provide."* [CaseD_Int1]

A zero plastic rule was also implemented very recently, which has already resulted in many changes. Currently, the social enterprise is looking for a new packaging solution for sending fragile handicraft pieces. Furthermore, satisfaction questionnaires were applied, and their results were analysed and shared with partners, which resulted in the identification of some opportunities for improvement, not only for Social Enterprise D but also for the partner network. The feedback received from customers in an informal way is also considered in improving existing organisational processes. Thus, **improvement capability** is developed through the improvement of existing processes, the measurement of customer satisfaction and the analysis of customer feedback.

Currently, the social enterprise has a new store. Inside the store, there is a workshop, where two young craftsmen hired by the social enterprise are working, who do some demonstrations and organize workshops. People can visit the space and watch live the production of handicraft pieces, as well as try to produce their own pieces. Moreover, Social Enterprise D has launched a new section on the website with new programs consisting of gastronomic experiences and it has continuously introduced new hiking activities. The continuous introduction of new services and processes emphasises the **innovation capability** of this social enterprise.

Moreover, the services provided by the social enterprise are tailor made. The main target groups are couples and small groups. The organisation also tries to respond to all requests, customizing activities and products. Thus, the **customization capability** derives from the adaptation of existing processes and services to demand.

In Social Enterprise D, the founder expects employees to propose and test new ideas, new products or services. The employee interviewed also referred that the implementation of new procedures or the development of new projects and ideas occurs in a participatory and collaborative way and there is an effort to combine the insights of all team members:

> *"Usually, when we implement procedures or when we are designing new projects or ideas, we do it in a participatory and collaborative way and we try to combine the strengths of team members and obviously that gives us more meaningful inputs."* [CaseD_Int2]

Furthermore, some non-monetary incentives are given to employees, such as flexible schedules and overtime compensation days. Maintaining close relationships with partners is especially important because the social enterprise works with a large network of local actors, such as local accommodations, restaurants or craftsmen, who are often elderly people living in rural areas. The CEO gave some examples of how this relationship is enhanced:

"We are working directly with artisans, elderly who are scattered around the mountain and engaging them in these dynamics. For example, tomorrow, tomorrow we have an event to present new pieces of handicraft and invited our craftsmen to be present. We will offer them a drink, we will offer them the opportunity to get to know each other, we have an event open to the public. For example, I will take artisans from side to side with my car because many of them do not have transportation, I will have to take them home. Last week, a colleague and I went to an artisan's home to install a lamp there. [...] An artisan who worked in a cubicle, had no light conditions, so we went there to install a lamp and we offered a lamp." [CaseD_Int1]

In addition to the relationship with local partners, the social enterprise also invests in the maintenance of a close relationship with international partners, such as tour operators, by meeting with them at fairs, having a direct contact person and supporting some of their initiatives. It gives preference to a contact in person, even if partners are located away from the organisation and it implies a financial investment. Twice a year, the social enterprise organizes informal meetings, some of them for people who work for the organisation, others organized for partners with the objective of bringing together all those who have a connection with Social Enterprise D. These operational practices - the involvement of employees in the development of new services/processes, the non-monetary incentives, the maintenance of a close contact with partners and the organisation of informal meetings - contribute to the development of the **cooperation capability**.

Regarding the workforce, as mentioned previously, two young craftsmen were hired recently to work in the new store, producing handicrafts and promoting workshops. However, they are also involved in organising tourist activities. These two people were recruited after attending an intensive training course in arts and crafts promoted and funded by Social Enterprise D. The course was attended by six young people and aimed to qualify people to respond to the high demand for handicrafts in the region. Before that, the social enterprise had no human resources working in the production of handicraft pieces full-time. It was relying on a network of craftsmen, most of them elderly, who combine crafts with other activities, and the social enterprise was not able to respond to all orders. Qualifying professionals was the way found to solve that problem:

> *"We had a problem and we continue to have a problem, which has to do with responsiveness, the ability to develop some works. What we basically did was train young people and hire two of them. And this is a response precisely to a problem that is the inability to respond to the demand for certain products and to have people 100% affected to this project. (...) and if we are trying to develop pieces and have orders, we have to be able to respond to the demand."* [CaseD_Int1]

For tourist activities, there is a pool of freelancers who provide services to Social Enterprise D when it cannot respond to demand. As in the previous cases, when there are training opportunities that are important for the organisation or opportunities that employees find interesting, they are allowed and motivated to participate. The recruitment of multi-skilled people, the investment in the development of new skills, the subcontracting of human resources and the qualification of professionals enable the development of the **responsiveness capability** of this social enterprise.

Finally, Social Enterprise D also involves external stakeholders in new services and processes development and maintains a close relationship with the community. For instance, one of the last services launched by this social enterprise was proposed by a freelancer who occasionally collaborates with the organisation. Moreover, a close relationship with the community is promoted through some donations to local organisations. Every year, Social Enterprise D supports two environmental organisations working in the preservation of the hiking trails used by the social enterprise in its activities. It also supports other local organisations. For example, most of the office furniture of Social Enterprise D was purchased from a local social organisation that recovers old furniture and sells it to generate some revenue. These practices contribute to the development of the **openness capability** of this social enterprise.

As in previous sections, Table 27 summarizes the within-case analysis of Social Enterprise D.

Table 27 – Within-case analysis of Social Enterprise D

Categories	Sub-categories	Evidence
Operational performance dimensions	Innovation	Development of differentiated and genuine activities
	Community engagement	Involvement of local actors in the activities
	Flexibility	Very personalized activities
	Social and environmental sustainability	Sense of ethics and sustainability in the connection with the territory and communities
Operations resources	Natural and cultural heritage	The services provided by the social enterprise focus on the preservation of cultural and natural heritage
	Knowledge	Knowledge of territory and heritage
Improvement capability	Improve existing processes	Continuous implementation of improvements in how the organisation approaches customers, how the work is done within the organisation; implementation of Plastic Zero
	Measure customer satisfaction	Satisfaction questionnaires
	Analyse customer feedback	Customer feedback is considered in the improvement of existing processes
Innovation capability	Introduce new services/processes	Introduction of new programs, such as hiking activities, workshops, *etc.*
Customization capability	Adapt existing processes and services to the demand	The social enterprise tries to respond to all requests, customizing activities and products
Cooperation capability	Involve employees in new service/process development	Employees are expected to propose and test new ideas, new products or services
	Non-monetary incentives to employees	Flexible schedules, overtime compensation days
	Maintain close contact with partners	The organisation prepares custom things for partners, supports their initiatives, gives preference to a personal contact, even if they are located away from the organisation
	Organize informal meetings	Twice a year, the social enterprise organizes informal meetings with craftsmen and other local partners, as well as informal meetings for employees
Responsiveness capability	Recruit multi-skilled people	Newly hired people produce handicrafts but are also involved in the organisation of tourist activities
	Invest in the development of new skills	When there are training opportunities that are important to the organisation, or the employees find interesting, they are allowed to participate
	Subcontract human resources	There is a pool of freelancers who provide services when the organisation cannot respond to the demand
	Qualify professionals	A training program was created to qualify young people to respond to the high demand for handicrafts
Openness capability	Involve stakeholders in new services/processes development	One of the programs of the social enterprise was suggested by a freelancer
	Maintain a close relationship with community	Donations to environmental organisations; purchase of furniture from local and social organisations;

7.3.6. Social Enterprise E

Characterizing the organisation, its activities and organisational environment

Social Enterprise E is an association with the status of IPSS that was founded in 2003 by a group of parents who wanted to promote the support and social integration of people with Asperger's Syndrome, favouring the conditions for an autonomous and more dignified life. Since 2014, it has a unique and innovative space where people over the age of 16 have access to a wide variety of community integration activities to achieve autonomy, employability, and social and community inclusion. In this space, they train their social skills and functional autonomy and participate in play activities and thematic workshops (*e.g.*, computer, music, *etc.*). They can also develop an internal work activity (*i.e.*, working in one of the organisation’s departments), learn how to prepare a curriculum vitae and prepare for job interviews, as well as integrate the school-community program or the employability program, which aim to promote experiences that allow them to explore professional vocations and the transition to social-professional integration programs in partnership with “receptive” enterprises.

Within the employability program, the organisation developed the concept of “receptive” enterprise to certify those companies that are receptive to difference, to integration and to inclusion. The companies considered as “receptive” enterprises are open to integrate people with Asperger’s syndrome into real functions, valuing their work. The human resources of these companies benefit from a training session on Asperger’s syndrome, which presents the characteristics and the strategies that can be used to facilitate the relationship and communication with people with Asperger’s syndrome. Other services available to the community include sessions for school communities or other people who have contact with people with Asperger’s syndrome in order to facilitate their integration and to contribute to their success, by sharing experiences and knowledge and by promoting the cooperation between them.

Finally, this social enterprise offers services to families with people with Asperger’s syndrome. There are individualized clarification sessions to provide advice and support. There are also meetings that are an opportunity to share testimonies and experience among parents, families, friends and people with Asperger’s syndrome.

The main activity of Social Enterprise E is the employability program. Like most of the social enterprises presented earlier, it combines two operational models: the fee-for-services model with the employment model. On the one hand, services provided by the social enterprise are paid by the beneficiaries or the State, under the cooperation agreement with the Social Security Institute. On the other hand, it offers employment opportunities and job training to its beneficiaries, who are people with high barriers to employment.

Regarding the organisational environment, interviewees from Social Enterprise E have the perception that some similar organisations adopt a very competitive behaviour. However, they think that the social enterprise is providing services that complement existing offerings as it serves a very specific target group that cannot find specialized answers in other organisations.

> *"In recent times, what I have observed is that this transparency and the way we expose and mention what we do is often used by other organisations. (...) Our goal is always to work in partnership, the complementarity of services and efforts."* [CaseE_Int1]
>
> *"We must all have a global vision of true partnership and realize that if this young person has setbacks, he/she may have a different development, why not look for a response that may give a different hope to the families and the young person."* [CaseE_Int2]

Operations strategy in Social Enterprise E

Social Enterprise E was founded to meet the specific needs of people with Asperger's syndrome. Interviewees from Social Enterprise E expressed a great customer focus, since a development plan is defined for each beneficiary according to his/her characteristics. The organisation also works closely with families, enterprises and the community in general to engage them in building a life plan for these people, respecting their individuality. Therefore, customer focus and community engagement were identified as the main **operational performance dimensions** of this social enterprise. In the words of one of the founders and president:

> *"What we feel is that we base our work and our intervention on the people who are here in a work very focused on the individual person. Each one is unique. (...) our employability program is about empowering our young people, knowing how to be, knowing how to do, looking at the other, knowing how to assume responsibilities, but it is also about empowering companies, to make them realize that is an added value to them having these people in their team. What distinguishes us from other organisations is the support we provide to the company. To the young man it is evident that we provide support. But for the company, we really are available."* [CaseE_Int1]

When asked about the most important **resources** for the organisation, interviewees identified innovation, human resources, knowledge and reputation. According to them, there is in the organisation a great openness to change and a technical team motivated, trained and specialised in Asperger's syndrome. In addition to the specialised human resources, there is a deep know-how in the technical intervention focused on training social skills for functional and community autonomy and the reputation arising from the positioning of Social Enterprise E as a reference in intervention in people with Asperger's syndrome. The president of the board of directors mentioned transparency and commitment to the mission, vision and values as something that is clear and that can be perceived by anyone outside the organisation, since it was founded.

In terms of operational practices, Social Enterprise E is always looking for opportunities to improve organisational processes and the relationship with companies offering job opportunities to its beneficiaries. For planning and control purposes, an individual plan is defined for each beneficiary, which is continuously being adapted and evaluated by the tutor throughout the process. As in the previous cases, a monthly meeting is also held with the team to discuss the work done, comment on the challenges, the doubts and make some decisions. Recently, a quality management system was implemented in the organisation. The certification process led to a restructuring of existing procedures, as mentioned by the president of the board of directors:

"Small actions that were absolutely established in our day-to-day, in our way of learning, of doing, of evaluating the services we offer, for example. All of this was done in a very practical and unstructured way, each one was doing in his/her own way if the result was the same. And this led to an overall restructuring of our services, the way we present, the structure of the work… The structural basis of the organisation has really changed in relation to the need to have procedures. For everything that is done here, there is a procedure." [CaseE_Int1]

In this case, **improvement capability** derives from practices such as the improvement of existing processes, planning and control of activities, regular team meetings and the implementation of quality management systems.

Currently, the organisation is planning the introduction of new services and the design of new projects. For instance, a new service will be launched soon, which aims to prepare people with Asperger's syndrome, who had previous work experience but encountered some difficulties in the process of adaptation, for the reintegration in the labour market. The social enterprise is also approaching companies that are not prepared to employ people with Asperger's syndrome in order to present them with the opportunity to collaborate with the social enterprise and to support its beneficiaries by funding their training programmes. Thus, the **innovation capability** is evident in this social enterprise through the introduction of new services and processes, corroborated by the examples.

Moreover, the **customization capability** arises from the adaptation of existing processes and services to customers' specificities. As mentioned for several times, each beneficiary from Social Enterprise E has an individual plan that is defined according to his/her interests, which ensures that it fits his/her specificities.

In this social enterprise, there is an information circular that is shared internally by email containing information about what is happening and what is going to happen. Depending on the decisions, employees have the opportunity to express their opinion. Regarding the development of new services or processes, sometimes their inputs are requested by the board, although there is a specific form for suggestions, which can be used at any time, to submit new ideas for consideration by the board of directors. Employees are also involved in the annual review of the quality management system and are free to suggest improvements, for example, in the way the ateliers are conducted. A close contact with clients and partners is promoted through the dissemination of results (*e.g.*, the annual activity plan, the annual report, *etc.*) via email or the institutional website. Moreover, the president of the board of the directors highlighted the importance given to the analysis of all requests and the forwarding of those requests that the social enterprise is not able to respond:

> *"I am always very careful, I always want to give an answer to the people who come here and who I cannot help immediately. And I always try as much as possible to help them. I have a philosophy that is "nobody knocks at our door and leaves us with empty hands". They take from here always a light of hope."* [CaseE_Int1]

Therefore, the **cooperation capability** is developed in Social Enterprise E through practices such as the use of communication platforms, the involvement of employees in decision-making, in new service/process development and in improvement actions, as well as the maintenance of a close contact with clients and partners.

In Social Enterprise E, employees can perform several tasks and replace someone in case of illness. There are provided training opportunities for employees and volunteers for the development of new skills. Furthermore, interviewees from Social Enterprise E affirmed that the organisation qualifies professionals through the promotion of volunteer opportunities and internships. Whenever it needs to recruit people, it usually selects someone who has worked as volunteer or trainee in the organisation. However, implementing this practice, Social Enterprise E also aims to create a pool of professionals qualified for Asperger's syndrome in order to encourage the creation of other responses to this problem and the decentralization of intervention, as exposed by the CEO:

> *"And so, step by step, we are working on a pool of professionals, empowering them to this way of being and of proceeding in the specialized intervention. It is giving response, sometimes more immediate, to the needs here in our house in terms of recruitment but, who knows, from here it may be born and may also, in the medium term or short term, arise some local interest, some bridge, in another point of the country, to reconcile opportunities, interests and needs to decentralize this intervention that we know is a need."* [CaseE_Int2]

This set of practices, including the recruitment of multi-skilled people, the investment in the development of new skills and the qualification of professionals contribute to the development of the **responsiveness capability** of Social Enterprise E.

This social enterprise also involves volunteers in its activities, some of them collaborating regularly, others occasionally. The **mobilization of resources capability** derives from this practice. All volunteers go through a selection process, since the organisation believes that volunteering requires commitment and responsibility, and volunteers should be assigned to tasks appropriate to their abilities, as noted by the president of the board of directors:

> *"We do not accept volunteers just because yes. For us, volunteering is a commitment and a very important commitment. Therefore, a volunteer goes to our website, completes the volunteer form, usually comes, or we already know the person, or he/she comes to an interview with our executive director or our technical director, sees what the activities are, what area he/she is more interested in."* [CaseE_Int1]

Finally, efforts are employed in maintaining a close relationship with the community and sharing knowledge with external people and organisations. Social Enterprise E makes a constant effort to be close and to respond to all those who want to know more about Asperger's syndrome or who need support to deal with it, regardless of where they are, namely through the participation in awareness raising sessions organized by other organisations. According to the president, the doors are open to external people who want to propose and to organize ateliers for the beneficiaries. This social enterprise is also opened to share its knowledge and experience with trainees, volunteers or other external people. On the one hand, as mentioned before, it believes that it may be useful to meet recruitment needs that may arise. On the other hand, the social enterprise has the expectation that opportunities will emerge to decentralize the intervention, reconciling the interests of people qualified to deal with Asperger's syndrome and the needs of those whom the organisation is not able to respond to. These practices at the operational level highlight the **openness capability** of Social Enterprise E.

Table 28 summarizes the within-case analysis of Social Enterprise E.

Table 28 – Within-case analysis of Social Enterprise E

Categories	Sub-categories	Evidence
Operational performance dimensions	Customer focus	Person-centred intervention
	Community engagement	Engagement of community actors to include people with Asperger's syndrome
Operations resources	Innovation resources	Opening to change
	Human resources	A motivated, trained and specialized team in Asperger's syndrome
	Knowledge	Know-how in technical intervention focused on the training of social skills aiming at functional and community autonomy
	Reputation	The organisation is a reference in intervention in people with Asperger's syndrome
Improvement capability	Improve existing processes	Identification of opportunities to improve organisational processes and the relationship with the companies that host the beneficiaries
	Planning and control of activities	An individual plan is defined for each beneficiary and used to monitor evolution; procedures are in place for all tasks
	Regular team meetings	The whole team meets once a month
	Implement quality management systems	A quality management system has been implemented recently
Innovation capability	Introduce new services/processes	The organisation is planning the introduction of new services and the design of new projects
Customization capability	Adapt existing processes and services to the demand	The individual plan is defined according to the interests of the beneficiaries
Cooperation capability	Use communication platforms	There is an information circular that is shared internally
	Involve employees in decision-making	In some cases, employees have the opportunity to express their opinion
	Involve employees in new service/process development	Employees have a specific form to propose ideas and sometimes their inputs is requested
	Involve employees in improvement actions	Involvement in the annual review of the quality management system; freedom to suggest improvements in the conduction of ateliers
	Maintain close contact with clients	Dissemination of information by different means; response and forwarding of clarification requests
	Maintain close contact with partners	Dissemination of information by different means; invitations to collaborate on some activities
Responsiveness capability	Recruit multi-skilled people	People capable of performing various tasks
	Invest in the development of new skills	Training opportunities in several domains
	Qualify professionals	Internships and volunteering opportunities
Mobilization of resources	Involve volunteers in the activities	Volunteers collaborate on specific tasks, regularly or occasionally
Openness capability	Maintain a close relationship with community	Participation in awareness sessions throughout the country; some ateliers are proposed and organized by external people
	Share knowledge	Sharing knowledge with external people and organisations

7.4. Cross-case analysis

A cross-case analysis was conducted to find similarities and differences among cases and to analyse the categories and sub-categories that were present in all cases and those that were present only in a specific case. It followed a similar structure to within-case analysis, starting with a brief analysis on the characterization of the social enterprises, their activities and organisational environment and, then, analysing the similarities and differences found between cases regarding operational performance dimensions, resources and operational capabilities derived from the identification of operational practices.

In a first instance, in light of the main drivers for the creation of social enterprises reported in the literature (see Chapter 3, Section 3.3.1.), with exception of Social Enterprise D, all the social enterprises were created by groups of citizens or individual entrepreneurs, who have set up an organisation to address new needs and societal challenges. Therefore, they can be characterized as citizen-led social enterprises. They adopt non-profit forms and tend to combine a fees-for-services model with other operational models, such as cross-subsidization or employment. Among the cases, Social Enterprise D is the one that best reflects the growing expectation of business to contribute to the social and public good as part of a business model. As a for-profit organisation with social aims conducting its activities through a fees-for-services model, it is considered a great example of corporate citizenship.

Except for Social enterprise D, in all cases, interviewees suggested the existence of competitive and collaborative forces in the organisational environment. On the one hand, a competitive environment is more evident when they are offering similar products and/or services and when there is an attempt to copy their solutions. On the other hand, it is perceived to be collaborative when the business is not attractive, especially regarding the potential financial returns, when there is room for establishing win-win relationships, as well as when the social enterprise is offering products and/or services that can be perceived as complementary to existing offerings.

Table 29 provides an overview of the main results of qualitative analysis by cases. The cross-analysis of cases reveals that there is a wide variety of operational performance dimensions identified among the cases. Evidence of more than one operational performance dimension were found in each case. In some cases, some of the most common dimensions were identified, such as quality (case A), flexibility (case D) and innovation (evidence found in cases B, C and D). Furthermore, evidences were found on customer focus (cases C and E), know-how (case A), social and environmental sustainability (case D), which have been associated to service firms. All these operational performance dimensions were found in the literature review.

Table 29 – Overview of qualitative analysis main results by cases

		A	B	C	D	E
Operational performance dimensions	Innovation		✓	✓	✓	
	Customer focus			✓		✓
	Quality	✓				
	Know-how	✓				
	Community engagement		✓		✓	✓
	Social and environmental sustainability				✓	
	Flexibility				✓	
Resources	Human resources	✓	✓	✓		✓
	Knowledge	✓			✓	✓
	Creativity and innovation	✓	✓			✓
	Facilities		✓			
	Reputation					✓
	Natural and cultural heritage				✓	
Operational capabilities	Improvement	✓	✓	✓	✓	✓
	Innovation	✓	✓		✓	✓
	Customization	✓	✓	✓	✓	✓
	Cooperation	✓	✓	✓	✓	✓
	Responsiveness	✓	✓	✓	✓	✓
	Reconfiguration	✓	✓			
	Mobilization of resources	✓	✓	✓		✓
	Openness	✓		✓	✓	✓

However, a new operational performance dimension emerged from data analysis. Interviewees of three social enterprises mentioned the community engagement as a distinctive aspect of their organisation, although manifested in different ways. In the one hand, in Social Enterprise B, community engagement is verified through the active participation of the beneficiaries in the activities. In the other hand, in Social Enterprise D and Social Enterprise E, the community engagement derives from their role as a unifying element either by promoting links with and between local agents to build and to preserve sustainable communities or supporting the local community for better integration of vulnerable people.

Interviewees from most of the social enterprises identified innovation, customer focus and community engagement among the set of operational performance dimensions in which the organisation stands out from similar organisations. Social enterprise E combines customer focus with community engagement, while interviewees from social enterprises B and D identified innovation and community engagement as operational performance dimensions. In Social enterprise C, innovation and customer focus are the most important operational performance dimensions to differentiate from similar organisations.

Regarding operations resources, answers focused on three main types of resources. Interviewees from different social enterprises did not hesitate to point out the human resources as one of the most valuable resources for their organisation. In this context, they mentioned that it is important to have people with competencies in the field where the social enterprise is acting, but it is also important to have people motivated by the cause. In addition to human resources, knowledge, creativity and innovation, other resource categories were identified during content analysis, although they were mentioned only once.

The identification of operational capabilities was derived from the identification of operational practices. In total, 34 operational practices were identified, some of them for which no correspondence was found in the literature on operations strategy. Eight operational capabilities were identified among the cases: Improvement, Innovation, Customization, Cooperation, Responsiveness, Reconfiguration, Mobilization of resources and Openness.

Regarding the improvement capability, interviewees from social enterprises A, D and E revealed that they work to continuously improve existing processes, learning from the mistakes and making some adjustments in the way they do things. Social enterprises A, C and E mentioned to have procedures for planning and control of their activities as well as regular team meetings. Improvement capability is also evident in other established practices for the evaluation of services provided. Interviewees from three social enterprises (A, B and D) mentioned the existence of procedures for the assessment of customer satisfaction. The same social enterprises affirmed to analyse and to consider the informal feedback of their clients (*e.g.*, suggestions for improvement) to adjust their processes. The founder of Social Enterprise B and the coordinator of Social Enterprise C also referred that they assess the quality of the services provided by regularly accompanying their teams to the field and observing the conduct of activities. Another practice adopted by Social Enterprise A and Social Enterprise B is impact measurement. These social enterprises measure the impact of their actions after the projects have been completed with the collaboration of academics who research the topic. Social Enterprise E is the only one among the social enterprises studied that has implemented a quality management system. The certification process, which has occurred very recently, led to a restructuring of existing procedures.

Similarities were found with operational practices in manufacturing firms, such as the continuous improvement of the current processes (Avella et al., 1998), planning and control systems (Avella et al., 1998; Martín-Peña & Díaz-Garrido, 2008a), teamwork (Avella et al., 1998; Martín-Peña & Díaz-Garrido, 2008a), quality control (De Meyer, 1992; Miller & Roth, 1994) and the implementation of quality management systems (Avella et al., 1998; Martín-Peña & Díaz-Garrido, 2008a; Sum et al., 2004). However, no correspondence was found regarding procedures for the assessment of customer satisfaction, the analysis of informal customer feedback and impact measurement. These were identified as operational practices in social enterprises for the development of improvement capability.

Among the operational capabilities reported in the literature on operations management, innovation and customization were those in which a smaller number of practices was identified. It was noted that, except for Social Enterprise C, interviewees from all social enterprises mentioned the effort to innovate continuously, introducing new services and processes in the market. This has also been identified as an operational practice in manufacturing firms (Avella et al., 1998; Miller & Roth, 1994). Social Enterprise A and Social Enterprise B identified knowledge production as one of their priorities, made available, for example, through some publications that they use to support their activities. In Social Enterprise A, the organisation of brainstorming sessions was identified as a common practice. These sessions usually include employees and external stakeholders and happen whenever the organisation plans to design a new project. Producing knowledge and organizing brainstorming sessions were identified as operational practices adopted by social enterprises for the development of innovation capability, for which no correspondence was found in the literature on operations strategy. Regarding customization, all social enterprises affirmed to have the flexibility to adapt existing processes and services to respond to the specificities of each client, beneficiary or partner. The modification or extension of products or services to better serve the needs of customers was also mentioned by Wu et al. (2010).

Some practices were identified that may contribute to the development of the cooperation capability in the social enterprises studied. Most social enterprises use communication platforms to connect and share information among team members. In social enterprises A and C, platforms, such as Slack and Skype, are important tools because team members work part-time or in different locations and do not share the same space every day. In Social Enterprise B, team members share digital calendars and in Social Enterprise E is regularly shared by email information about what is happening and what will happen internally. Other practices that contribute to reinforce cooperation are the involvement of employees in some decision-making processes (evidence found in all cases), in the development of new services or processes (evidence found in cases B, D and E), as well as in improvement actions (cases B and E). In addition to the concern to pay employees fairly, non-monetary incentives become important to retain them and strengthen their connection with the organisation. They include, for example, the flexibility of schedules (cases B and D) or even the opportunity to attend international meetings (case B). Furthermore, there is an effort to maintain close contact with customers in social enterprises A, C and E. Social enterprises A, B, D and E maintain a close relationship with partners by disseminating and supporting their activities or maintaining personal contact with people working in those organisations. The organisation of informal meetings is also a regular practice found in Social Enterprise A and Social Enterprise D.

Regarding the set of practices associated with the cooperation capability, similarities were found with operational practices reported in the literature on manufacturing firms, such as the use of information systems (Wu et al., 2010), decentralisation of decisions and employee empowerment and involvement (Avella et al., 1998; Dangayach & Deshmukh, 2001; Martín-Peña & Díaz-Garrido, 2008a), improving quality of working conditions (Avella et al., 1998), customer relations (Dangayach & Deshmukh, 2001), the cooperation with suppliers (Avella et al., 1998; Martín-Peña & Díaz-Garrido, 2008a) and the improvement of relations between management and workers (Avella et al., 1998; Martín-Peña & Díaz-Garrido, 2008a; De Meyer, 1992; Miller & Roth, 1994).

Responsiveness capability refers to the ability to react quickly to changes in input and output requirements. In this context, all the social enterprises studied emphasized the fact that they recruit multi-skilled people. As most of them are growing social enterprises, which have a diverse range of activities, it is important for them to have a workforce capable of performing multiple and distinct tasks in order to be able to respond to the demand, or even to temporarily replace an employee. In addition, interviewees from social enterprises A, B and C emphasized the fact that they have a small and multidisciplinary team and, therefore, a small, less bureaucratic structure, which allows them to be more agile and to be able to respond quickly to customer requests. Three of the cases (A, B and D) have a pool of service providers who collaborate with them when demand is too high, and they cannot respond by using the resources they have internally. These practices are similar to those found in manufacturing firms, such as the increase of the variety of tasks to be carried out by workers (Avella et al., 1998; Martín-Peña & Díaz-Garrido, 2008a; De Meyer, 1992), the reduction of workforce size (Avella et al., 1998; De Meyer, 1992; Miller & Roth, 1994) and the existence of multifunctional work teams (Avella et al., 1998; Martín-Peña & Díaz-Garrido, 2008a), worker training (Avella et al., 1998; Martín-Peña & Díaz-Garrido, 2008a; De Meyer, 1992; Sum et al., 2004) and subcontracting (Avella et al., 1998; Martín-Peña & Díaz-Garrido, 2008). Furthermore, Social Enterprise D and Social Enterprise E qualify professionals in order to meet the needs of the organisation in the immediate or in the future. This practice is not included in the set of practices associated with the development of reconfiguration capability identified in studies addressing operations strategy in manufacturing firms.

Regarding the reconfiguration capability, some practices were found that may contribute to its development. In social enterprises A and B, it became evident the continuous effort to be aware and to integrate new knowledge, adapting their strategies to changes in the environment. In this sense, in manufacturing firms, there are practices such as benchmarking (Dangayach & Deshmukh, 2001; Sum et al., 2004) and the adoption of new and better procedures to respond to market changes (Wu et al., 2010). The strategic planning also emerged as a practice that helps these social enterprises. Moreover, interviewees from Social Enterprise A mentioned that seeking advice from external stakeholders is a common practice in the organisation in order to find the best strategies to respond to changes that are emerging in the context in which the organisation operates. These two practices appear to be relevant in the social enterprise context since no correspondence was found in the literature.

In addition to the commonly reported operational capabilities, two other capabilities emerged from data analysis: mobilization of resources and openness capability. Three practices are adopted in relation to the mobilization of resources. First, they involve volunteers in their activities. In Social Enterprise C, volunteers do not collaborate on a regular basis, but only on very specific tasks. In cases A, B and E, there are volunteers collaborating on a regular basis, in a direct collaboration with employees and even replacing them when necessary. Second, they select partners to access external resources, such as contacts, reputation or knowledge (cases A, B and C). Third, they exchange services with other organisations. Sometimes, resources are shared without compensation, but Social Enterprise A and Social Enterprise B also exchange services with other organisations, given them something in return.

Finally, regarding the openness capability, it was found that the social enterprises studied involve stakeholders in the development of new solutions, maintain a close relationship with the community and do not hesitate to share knowledge if it contributes to the fulfilment of their mission.

Table 30 presents an overview of operational capabilities and operational practices by cases, as well as the correspondence between the operational practices identified in this study with practices identified in the literature on operations strategy.

Table 30 – Operational capabilities and practices by cases

Operational capabilities	**Operational practices**	**A**	**B**	**C**	**D**	**E**	**Literature**
Improvement	Improve existing processes	✓			✓	✓	✓
	Planning and control of activities	✓		✓		✓	✓
	Regular team meetings	✓		✓		✓	✓
	Measure customer satisfaction	✓	✓		✓		
	Analyse customer feedback	✓	✓		✓		
	Assess the quality of services	✓	✓	✓			✓
	Measure impact	✓	✓				
	Implement quality management systems					✓	✓
Innovation	Introduce new services/processes	✓	✓		✓	✓	✓
	Produce knowledge	✓	✓				
	Organize brainstorming sessions	✓					
Customization	Adapt existing processes and services to the demand	✓	✓	✓	✓	✓	✓
Cooperation	Use communication platforms	✓	✓	✓		✓	✓
	Involve employees in decision-making	✓	✓	✓	✓	✓	✓
	Involve employees in new service/process development		✓		✓	✓	✓
	Involve employees in improvement actions					✓	✓
	Non-monetary incentives to employees		✓		✓		✓
	Maintain a close contact with clients	✓		✓		✓	✓
	Maintain a close contact with partners	✓	✓		✓	✓	✓
	Organize informal meetings	✓			✓		✓
Responsiveness	Recruit multi-skilled people	✓	✓	✓	✓	✓	✓
	Small and multidisciplinary team	✓	✓	✓			✓
	Invest in the development of new skills	✓	✓		✓	✓	✓
	Subcontract human resources	✓	✓		✓		✓
	Qualify professionals				✓	✓	
Reconfiguration	Integrate new knowledge to adapt to changes in the environment	✓	✓				✓
	Strategic planning	✓	✓				
	Seek advice from external stakeholders	✓					
Mobilization of resources	Involve volunteers in the activities	✓	✓	✓		✓	
	Select partners to access external resources	✓		✓			
	Exchange services with other organisations	✓	✓				
Openness	Involve stakeholders in new services/processes development			✓	✓		
	Maintain a close relationship with community	✓			✓	✓	
	Share knowledge	✓				✓	

7.5. Discussion

From a resource-based perspective, based on the resource-based view (Barney, 1991; Penrose, 1959), operational resources, practices and capabilities are the main foundations on which an effective, successful operations strategy is built (Wu et al., 2012). The main objective defined for the multiple case study research was to understand what distinctive operational capabilities are developed by social enterprises and what resources and practices contribute to their development. Most of the effort expended on content analysis has focused on achieving this goal. However, before proceeding to the study of operations strategy of social enterprises, it was considered relevant for this research start by understanding how social enterprises characterize the business environment in which they operate as they seem to act in a different way from purely for-profit organisations. Is it mainly collaborative, competitive or does it have both sides such as the dual nature of these organisations?

The results revealed that social enterprises tend to approach the market with a collaborative perspective. They seek solutions to neglected social problems and needs, which may seem unattractive to other organisations, try to complement existing offers and establish win-win relationships with other organisations. Offering complementary products and services and establishing win-win relationships is important to them, especially at an early stage of their life cycle. At this stage, the organisation is not able to compete directly with other organisations already established in the market. Furthermore, the access to partner-owned resources, such as reputation or facilities, helps the organisation deal with resource constraints often associated with social enterprises.

For instance, the coordinator of Social Enterprise C, which has a high market identity, admitted that the social enterprise aspires to be able to compete in the future with health clubs. Because it cannot currently compete with them on an equal basis, it approaches the market with a collaborative behaviour, trying to complement their offers and accessing their resources, such as reputation or customer databases. However, most of the social enterprises realize that, as they gain legitimacy, other organisations try to copy their products and services. Confronted with this situation, interviewees mentioned that they become more attentive, especially when other organisations approach them. Still, they continue to look at the market with a collaborative perspective.

When social enterprises operate in a collaborative environment, they produce positive results in terms of interaction with the community, the inclusion of beneficiaries and feelings of engagement (Calò, Teasdale, Donaldson, Roy, & Baglioni, 2017). It was found that social enterprises consider they perform better than similar organisations in operational performance dimensions such as quality, flexibility and innovation, as well as customer focus, know-how, social and environmental sustainability.

However, beyond the operational performance dimensions found in the literature, a new dimension emerged. Reflecting the path of social enterprises in Europe, which place great emphasis on social benefit and on the involvement of multiple stakeholders (*e.g.*, inclusion of disadvantaged groups, multi-stakeholder governance) (Defourny & Nyssens, 2008; Galera & Borzaga, 2009), community engagement was identified as an operational performance dimension for social enterprises. It was evident through the emphasis on promoting the active participation of beneficiaries in activities, and the focus on promoting cooperation among local actors in order to address the social issue.

This finding leads to a first theoretical proposition:

> <u>Proposition 1:</u> Social enterprises aiming to pursue community engagement as an operational performance dimension should promote the active participation of the beneficiaries in the activities and the cooperation among local actors.

The results also revealed that all social enterprises consider that they are performing better than similar organisations in more than one operational performance dimension. In the literature on operations strategy, the assessment of operational performance dimensions is a way to operationalise operational capabilities, following a performance-based approach (Peng et al., 2008). Thus, the results suggest that social enterprises tend to combine multiple operational performance dimensions, rather than making trade-offs between them. This points to the lack of a clear and coherent pattern for the achievement of operational performance objectives. According to Singh et al. (2015), who propose some generic operations strategy models in addition to the ‘trade-off’ and the ‘cumulative capabilities’ models, the adoption of a mixed pattern can occur in three situations. It can be found in organisations in the process of changing the configuration of its operational capabilities, those who have not yet decided on the operations strategy that best fits their goals and objectives or organisations that operate in very unpredictable environments.

The last two reasons seem to be the ones that make the most sense for the cases studied. It is difficult for social enterprises to develop and to follow a coherent strategy when they are dealing with conflicting demands and developing activities in different sectors. The authors also argue that the lack of a coherent strategy can be a useful approach, since it improves the agility and responsiveness of these organisations. Performing better than similar organisations in more than one operational performance dimensions, combining multiple dimensions allows them to explore different opportunities simultaneously, complementing the offerings of similar organisations, in order to sustain their operations. However, it also poses some long-term risks, as it may not provide stakeholders with a clear sense of direction and priorities (Singh et al., 2015).

This results in the second proposition:

> <u>Proposition 2:</u> Social enterprises tend to combine multiple operational performance dimensions in order to respond to their conflicting demands.

Regarding the importance attributed to operational performance dimensions, studies in the manufacturing and service fields, such as the one performed by Bouranta and Psomas (2017), identify quality as the most important competitive priority, whereas innovation ranks as the last one on the list of competitive priorities (including low cost, quality, flexibility, customer focus and innovation) for both industries. These authors also find that service managers consider that a customer focus contributes to the improvement of performance slighty more than low cost, delivery and innovation.

Although the level of importance attached to each operational performance dimension has not been assessed in the qualitative study, and quality was only mentioned once, the results from the quantitative study support the importance of the quality of products and services for social enterprises participating in the SEFORÏS project. In the list of items used to measure social and market identities, the quality of products and services was the most scored item by the directors of social enterprises, along with customer service, both corresponding to the market identity dimension of social enterprises (see Chapter 6, Section 6.3, Table 16).

Furthermore, in the qualitative study described in this chapter, innovation was identified as one of the most important operational performance dimensions for social enterprises with a high market identity, along with customer focus and community engagement (the last identified as exclusive of these organisations). Thus, the results regarding the operational performance dimensions suggest that social enterprises with a high market identity differentiate from other organisations by combining innovation with customer focus or community engagement. This seems to be a strategy to remain competitive in the market.

A third proposition is derived from this finding:

> <u>Proposition 3:</u> Social enterprises with a high market identity differentiate from other organisations by combining innovation with customer focus or community engagement.

Much of the work presented in this chapter focused on identifying resources and practices at the operational level that can lead to the development of operational capabilities. It was found that the most important resources for these organisations are human resources, knowledge, creativity and innovation, all intangible.

Among the set of operational practices adopted by the social enterprises studied, a greater diversity of practices was found aiming at the incremental refinement and reinforcement of existing processes, notably through practices relating to planning and control systems (*e.g.*, planning and control of activities and regular team meetings) and quality management (*e.g.*, measure customer satisfaction, analyse customer feedback or implement quality management systems). There is an effort to standardize processes and to learn from the successes and failures of the past to continuously improve processes. In addition, a greater diversity of practices was found aimed at creating healthy and stable relationships with internal and external stakeholders, such as the use of communication platforms that facilitate the cooperation among employees and the implementation of several workforce management practices (*e.g.*, involve employees in decision-making, in new service/process development or in improvement actions, or even given them nonmonetary incentives).

This may indicate a greater focus on the development of improvement and cooperation capabilities (Wu et al., 2012), deriving from the need to do the best they can with the limited resources they have (Desa, 2012) and their collaborative approach to the market. Moreover, this was more evident in social enterprises with a high social identity – social enterprises classified as 'Social businesses' and 'Enterprising non-profits' – that value aspects such as a participatory decision-making and offering an inclusive work environment and operate within a narrower geographical scope, which promotes closer relationships with clients and partners.

Based on this evidence, a fourth proposition is formulated:

> <u>Proposition 4:</u> Social enterprises with a high social identity tend to focus on developing improvement and cooperation capabilities.

Two new operational capabilities were identified, in addition to those traditionally reported in the literature on operations strategy, emerging from the data. The first operational capability is the mobilization of resources, defined as the ability to mobilize external resources in order to address resource constraints. The mobilization of resources represents a key issue for many social enterprises. Since for social enterprises the focus on social mission is more important than making profits, it becomes more difficult for them to convince traditional investors to fund their activities. Thus, they need to find innovative approaches to mobilize resources, which may include, for example, leverage resources that are not used or that are considered worthless by other organisations and, therefore, often acquired for free or at a low-cost (Di Domenico, Haugh, & Tracey, 2010; McDermott, Kurucz, & Colbert, 2018).

The analysis of the cases revealed that social enterprises adopt a set of practices to overcome resource constraints and to sustain their operations. They involve volunteers in the activities of the organisation in very specific tasks or on a regular basis working directly with paid employees and replacing them when necessary. They strategically select their partners to access resources, such as contacts, reputation or knowledge, and exchange services with other organisations.

The mobilization of resources may favour the provision of products and services at a lower cost, since the social enterprise has access to some resources for free or at a low-cost, which translates into a lower investment in the acquisition of resources. The mobilization of resources can also favour faster response to changes, namely through the involvement of volunteers in performing some activities. From an operations management perspective, the mobilization of resources can impact some operational performance dimensions, such as cost and flexibility.

Based on this reflection, two more propositions are presented:

Proposition 5: Social enterprises develop the mobilization of resources capability (*i.e.,* the ability to mobilize external resources to address resource constraints) involving volunteers in their activities, strategically selecting partners to access external resources and exchanging services with other organisations.

Proposition 6: The development of the mobilization of resources capability contributes to the improvement of the operational performance of social enterprises in terms of cost and flexibility.

The second operational capability that emerged from data is the openness capability. It is defined as the ability of the organization to be transparent and open to the community. This capability was derived from the identification of a set of practices that did not fit the remaining capabilities, such as the involvement of stakeholders in the development of new services/processes, the maintenance of a close relationship with the community and knowledge sharing. According to the resource-based view, intangible resources (*e.g.*, knowledge) are the most difficult to imitate, therefore, the most desirable by those organisations that want to maintain a competitive advantage for longer (Barney, 1991; Penrose, 1959). However, it was interesting to note that some social enterprises are fully open to disseminate their knowledge in an explicit way. This can improve the impact of their mission and increase the strength of the organisation, although it should be accompanied by a high level of innovation (Meyskens, Robb-Post, Stamp, Carsrud, & Reynolds, 2010) and thus an innovation capability in order to maintain performance levels.

This is evident in Social Enterprise A that was classified as a social business. On the one hand, the interviewees revealed that the social enterprise maintains a close relationship with the community to make it aware of the importance of volunteering and shares its knowledge by providing free volunteer management tools for organisations that want to improve their processes. On the other hand, the social enterprise makes efforts to continuously introduce new products and services and to produce knowledge, as well as it organizes brainstorming sessions for the generation of new ideas, for which external stakeholders are invited.

Two propositions emerge from these findings:

Proposition 7: Social enterprises develop the openness capability (*i.e.*, the ability to be transparent and open to the community) involving stakeholders in the development of new services/processes, maintaining a close relationship with the community and sharing knowledge.

Proposition 8: Openness practices should be accompanied by innovation practices, so that the social enterprise can maintain performance levels.

Furthermore, stronger evidence on mobilization of resources and openness practices was found in social enterprises with high social identity than in the remaining social enterprises. As previously mentioned, social enterprises with a high social identity operate within a narrower geographical scope and, therefore, tend to create closer relationships with their target groups and the other members of the community. These proximity relationships favour the involvement of volunteers in the activities, the involvement of stakeholders in the development of new services or processes and knowledge sharing. They also tend to facilitate the selection of partners to access external resources and the exchange of services with other organisations, since proximity enhances trust building. According to Evers and Laville (2004), mutual trust is built through the development of reciprocity-based spheres of activity in which strategic, instrumental and utilitarian factors (*i.e.*, market factors) are secondary.

The results of the multiple case study research also suggest that social enterprises with high market identity are more likely to adopt operational practices for the mobilization of resources at an early stage than in more advanced stages of development. This finding supports the applicability of the four-stage model proposed by Hayes and Wheelwright, (1984), which refers to the operations function as mainly reactive in a first stage, working to correct the worst problems, then evolving to take a more proactive role in more advanced stages, redefining industry expectations and standards.

For instance, Social Enterprise C adopts practices associated with the development of the mobilization of resources capability to cover the needs the social enterprise cannot afford due to the lack of legitimacy in the market. This social enterprise aspires to achieve that legitimacy by partnering with other organisations and positioning itself on the market as an alternative to current solutions. At that time, it will be less dependent on external resources and will not have to spend as much effort in mobilizing resources.

These findings culminate in the last two propositions:

Proposition 9: Social enterprises with a high social identity are more likely to adopt operational practices related to the mobilization of resources and openness capabilities.

Proposition 10: Social enterprises with a high market identity tend to adopt operational practices for the mobilization of resources at an early stage than at more advanced stages of their development.

7.6. Conclusion

To date, it was unknown the existence of research focused on the study of the content of operations strategy of social enterprises. In-depth interviews conducted under the qualitative multiple case study research described in this chapter allowed to collect valuable data to understand this phenomenon and to contribute to theory building. Data analysis revealed that social enterprises perceive the environment where they are operating as competitive and, also, collaborative, depending on the services they are offering.

Community engagement appeared as a distinctive aspect pursued by some social enterprises, along with other operational performance dimensions reported in the literature, such as innovation or customer focus. Community engagement is evidenced through the promotion of the active participation of beneficiaries in the activities of the organisation or when the social enterprise assumes a unifying role in supporting the integration of vulnerable people and promoting the connection with and between local agents in order to build more sustainable communities.

Addressing operational capabilities from a resource-based approach, following the resource-based view, the most valuable resources were identified as well as a set of practices at the operational level that lead to the development of distinctive capabilities. The most important resources for social enterprises are intangible, such as human resources, knowledge, creativity and innovation. Two operational capabilities emerged in addition to those typically found in the literature on operations management: the ability to mobilize external resources in order to address resource constraints (mobilization of resources capability) and the ability to be transparent, to break boundaries and to be open to community needs (openness capability).

The new dimensions that emerged from the data collected – the community engagement, as well as the mobilization of resources capability and openness capability - emphasize the collaborative side of the social enterprise environment. A set of theoretical propositions emerged from the analysis and discussion of results, which may guide the development of future research.

CHAPTER 8. Conclusion

8.1. Introduction

The research work described throughout this document was conducted with the ultimate goal of understanding how social enterprises configure their operations strategy. It was an exploratory study, following a mixed methods research design, which combines quantitative and qualitative methodologies and methods, consisting of the development of a taxonomy and multiple case studies, respectively.

As mentioned previously, the study of operations strategy in social enterprises is an unexplored field with great potential, since all organisations are increasingly integrating social and financial concerns, regardless the sector in which they operate. The review of the literature on operations strategy and social enterprise allowed to confirm that there was a gap at the intersection of these fields of study and, consequently, an opportunity to extend the prevalent theory in the literature on operations strategy to the context of social enterprises in order to address their specificities.

Therefore, this research aimed to increase knowledge about social enterprises and, more particularly, to increase knowledge about the content of their operations strategy, studying social enterprises operating in Portugal. Especially after the economic crisis of 2008, Portugal has become a breeding ground for the emergence of social enterprises, which have been created as a result of several programs designed by public entities to promote the creation of solutions to social problems and needs. Proof of this is the fact that about 36 percent of the social enterprises interviewed in the SEFORÏS project were founded in the last decade (see Table 13 in Chapter 6). It becomes urgent to understand how social enterprises can implement operations strategies that effectively contribute to the response to social problems and needs in a sustainable way. This knowledge will allow them to take better advantage of the incentives available to create and grow social enterprises.

The research carried out comprised two stages – a quantitative and a qualitative one. The quantitative stage allowed to characterize the Portuguese social enterprises by proposing a taxonomy based on the organisational identity of such organisations. Then, from the 111 social enterprises considered in the quantitative study, five were studied in more detail in a qualitative multiple case study research. The objective of the qualitative stage was to understand how they configure operations strategy, in particular, how their operational capabilities can be characterized from a resource-based approach, considering the resources and practices related to several decision-making areas at the operational level.

Thus, after defining the research problem, research questions and objectives, describing the research design, analysing the data and presenting the results of quantitative and qualitative stages, it is time to present the main conclusions of the research work carried out. This final chapter is organized as follows. After this introduction, the main conclusions are presented. Then, the main contributions and managerial implications of the research are identified, as well as the limitations and some recommendations for future research.

8.2. Main conclusions

At the beginning of this research work, two research questions were identified that the researcher proposed to answer. This section is devoted to the presentation of the main conclusions regarding the answers found for each of these questions.

<u>Research question 1:</u> *How can social enterprises be classified into distinct groups according to their organisational identity?*

Overall, offering competitive products and services, customer service, ensuring the business expertise of staff and the quality of products and services, as well as promoting a participatory decision-making, offering an inclusive work environment and having a positive effect on the natural environment are important aspects for social enterprises. They represent important dimensions of their market and social identities.

However, differences were found regarding the commitment to market and social concerns, which support the existence of four profiles of social enterprise. They can be represented in the quadrants of a 2x2 matrix, exhibiting different levels of social identity and market identity.

It was concluded that social enterprises that exhibit high social and market identities (‘Social businesses’) tend to achieve more satisfactory levels of social and financial performance than similar organisations. Furthermore, there are other social enterprises that give prevalence to the social identity over the market identity (‘Enterprising non-profits’) or vice versa (‘More-than-profit businesses’). These social enterprises make a trade-off between the geographical scope and the target group engagement and participation and, consequently, become more susceptible to the risk of mission drift or to struggle to set up and scale financially sustainable solutions. Finally, there is a small group of social enterprises (‘Social-driven organisations’) occupying the most vulnerable position as they exhibit a low social identity and a low market identity. For these social enterprises, it is urgent to rethink their strategy and to redefine their organisational identity in order to move to a more favourable position in relation to the other organisations.

Research question 2: *How do social enterprises configure operations resources and practices in order to develop distinctive capabilities?*

Regarding the content of the operations strategy of social enterprises, it was concluded that community engagement represents one of the operational performance dimensions emphasized by social enterprises that address a social issue focusing on the promotion of the active participation of beneficiaries in the activities and the promotion of cooperation among local actors (Proposition 1). However, this is not the only one, since social enterprises tend to emphasize multiple operational performance dimensions in response to their conflicting demands (Proposition 2). Social enterprises with a high market identity differentiate from other organisations by combining innovation with customer focus or community engagement (Proposition 3).

In order to achieve their objectives, social enterprises develop a set of operational capabilities, derived from resources and practices established at the operational level. Motivated by resource constraints and collaborative market forces, social enterprises – especially those with a high social identity-, establish a wide range of practices aimed at the development of improvement and cooperation capabilities (Proposition 4).

The specificities of social enterprises also lead to the development of the ability to mobilize external resources in order to address resource constraints (mobilization of resources capability) and the ability to be transparent and open to the community (openness capability). They develop the mobilization of resources capability involving volunteers in their activities, strategically selecting partners and exchanging services with other organisations (Proposition 5). The development of this capability contributes to the improvement of their operational performance in terms of cost and flexibility (Proposition 6). The openness capability derives from the involvement of stakeholders in the development of new services and/or processes, the maintenance of a close relationship with the community and knowledge sharing (Proposition 7). Openness practices in social enterprises should be accompanied by innovation practices in order to avoid imitation and loss of advantage and to maintain performance levels (Proposition 8).

The dual identity of social enterprises and level of commitment to social and market aspects (*i.e.,* their social and market identities) can influence the operational capabilities they will develop. It is concluded that social enterprises with a high social identity are more likely to adopt operational practices aimed at the development of the mobilization of resources and openness capabilities (Proposition 9). The mobilization of resources is more useful for social enterprises with a high market identity that are at an early stage of their development and seek legitimacy, than social enterprises that are in more advanced stages of their development (Proposition 10).

8.3. Contributions

One of the goals of any research work is to contribute to increase knowledge in one or more research fields. The work described in the present document is no exception. Therefore, this section is dedicated to the presentation of the main contributions.

A first contribution of this work is the identification of the research opportunity to extend knowledge about operations strategy to the social enterprise context. Social enterprises have a set of particularities, for example, in terms of objectives and performance measurement that require a new look of operations management. As organisations that design and deliver services that create social and economic impact, they also represent a significant research opportunity to advance research in the field of service operations. In the coming years, it is expected an increase in social enterprise activity, and the development of knowledge adjusted to the specificities of these new organisational forms becomes imperative, in order to help social enterprise managers to implement sustainable operations.

A second contribution is the characterization of social enterprise activity in Portugal by compiling information from various reports and publication on the ecosystem for social enterprise in the country and the mapping exercises conducted in the last years by different entities which addressed the Portuguese context.

A third contribution of this research work is a taxonomy for the organisational identity of social enterprises operating in Portugal. This empirically based classification is a useful mechanism to characterise and to understand the position of Portuguese social enterprises in the organisational landscape. It provides a parsimonious description of distinct groups of social enterprises and suggests the existence of a trade-off between the involvement and participation of clients/ beneficiaries and the geographical scope. The combination of high levels of social identity and market identity is associated with more satisfactory levels of social and financial performance. However, giving prevalence to the social or the market identity seems to lead to lower levels of financial and social performance, respectively. This taxonomy can support managers in the positioning of their social enterprises, as well as future research and theory building.

A fourth main contribution is the identification of a set of operational performance dimensions, resources and operational practices related to the development of distinctive operational capabilities, based on empirical evidence from multiple case studies. The results showed that social enterprises act in a collaborative way, suggesting community engagement as an operational performance dimension (*i.e.*, an aspect that distinguishes social enterprises from similar organisations). The mobilization of resources and openness are distinctive capabilities of social enterprises, developed through practices such as knowledge sharing, considered as one of the most valuable resources owned by the social enterprises studied. It was found that social enterprises develop some of the operational capabilities of manufacturing and service companies, such as innovation, cooperation or reconfiguration, although they may adopt slightly different practices to develop them, much based on relationships of collaboration with other actors (*e.g.*, organizing brainstorming sessions, qualifying professionals, seeking advice from external stakeholders, *etc.*).

Finally, a fifth contribution is a set of theoretical propositions resulting from the analysis and discussion of the results of the qualitative multiple case study research.

This research work provides guidelines for social enterprise managers who want to develop or improve their operations strategy. It is important that social enterprise managers are aware of the elements of an operations strategy and how they are interconnected in order to focus their efforts on the development of the operational capabilities that best meet their objectives. Building operational capabilities requires large investments of resources and time, which, if not well directed, may lead to an average capability level that is insufficient to differentiate the social enterprise's offerings (Wu et al., 2012). These contributions can also guide academics who wish to explore this emerging topic in their future research efforts, as well as other entities that support the development of social entrepreneurship initiatives, such as social incubators. They can help social entrepreneurs and social enterprise managers by creating collaboration mechanisms and other tools that can foster the development of more sustainable operations.

8.4. Managerial implications

This research work provides several managerial implications for social enterprise managers and other entities that support the development of social entrepreneurship initiatives delivering services that create social and economic impact. Due to the specificities of these organisations, among which stands out the dual organisational identity, the operations strategy of social enterprises has some particularities when compared with manufacturing firms that should be recognized and considered by their managers and support entities.

The research work carried out provides some insights that can be used by these actors to rethink and improve their operational processes and to pursue enhancement of the organization's operational capabilities. Operational practices arise from a set of choices in several decision-making areas that reflect the way they choose to deal with internal tensions, for example, regarding the mobilization of resources or human resources management, so important to them.

Social enterprises efforts should focus on aligning operations strategy with organizational identity and operational performance goals in order to build a coherent path. These social enterprises aiming to combine high levels of market and social identity, should put innovation, community engagement and customer focus among their operational performance goals. More than focusing on having resources that are rare, difficult to imitate or to substitute, social enterprise managers should focus on finding innovative ways to deploy the available resources or to access the resources they need to develop their activity.

Since social enterprises address a wide range of social issues in very different ways, it becomes difficult to identify the most important capabilities that should be developed by them, although the establishment of a greater diversity of practices regarding the development of improvement and cooperation capabilities should be recommended. Managers should also consider the mobilization of resources and openness in the range of capabilities that can be developed by social enterprises and that can help them in the pursuit of social and economic impact. When making decisions at different levels – human resources management, quality or new services development –, managers should focus on the involvement of internal (*e.g.,* employees) and external stakeholders (*e.g.,* partners, volunteers, the community) in operational processes, in order to establish a set of practices that better serves the objectives of the organisation, but that can also reflect the collaborative approach that characterizes and distinguishes social enterprises.

The involvement of stakeholders in operational processes was evident in many of the operational practices identified in the social enterprises studied, associated with the development of several operational capabilities. Therefore, it is identified as an important issue to take into consideration in the design of operations strategy of social enterprises. Organising brainstorming sessions and informal meetings, qualifying professionals, seeking advice from external stakeholders, involving volunteers in activities, exchanging services, sharing knowledge are some examples of practices that can be implemented by social enterprises to promote a collaborative approach.

In the same way, entities supporting social enterprises and the development of social entrepreneurship initiatives, such as social incubators, should focus on the creation of collaboration mechanisms that can enhance the connection with local actors and the establishment of win-win relationships among them. Mentoring networks, communities of practice, banks of volunteers, banks of resources and services for exchange, platforms for the dissemination of the activities of these organisations are some examples of mechanisms that can be used to help the development and growth of social enterprises and social entrepreneurship initiatives.

8.5. Limitations

As inevitably happens in any research work, several limitations can also be pointed out in the quantitative and qualitative approaches adopted in this research.

On the one hand, regarding the quantitative stage of the research, a limitation is identified concerning cluster analysis. Cluster analysis is a descriptive and exploratory technique. It is not possible to draw inferences from a sample to a population because cluster membership for any number of solutions is dependent upon many elements of the procedure, and many different solutions can be obtained by varying one or more elements. Moreover, decisions about the variables, the methods for clustering or the interpretation of cluster solutions rely on the judgment of the researcher. In order to minimize the subjectivity inherent to the process, the design and interpretation of results was guided by a judgment based as much as possible on a strong conceptual support.

On the other hand, regarding the qualitative stage of the research, five major limitations are identified. The first limitation that can be pointed in to the qualitative stage is the number of respondents per case and only the inclusion of internal stakeholders. On average, two people were interviewed in each social enterprise. As the study focused on the content of operations strategy, it was important to interview people who had a deep understanding of the organisation's processes and strategy. Furthermore, most of the social enterprises studied are small organisations. In some cases, all people working full-time in the organisation were interviewed.

Two limitations are recognised regarding the identification and selection of operational practices in the qualitative stage. The operational practices listed were those that were most evident in the interviews. Most likely, there were other practices that were left out because they were not mentioned by the interviewees or recognised by the researcher. Furthermore, evidence was found, both in the literature and in the case studies, that operational practices are interlinked. Organizing them into categories implies the simplification of a reality that is very complex and dynamic.

The last two limitations are related to the adoption of a qualitative approach based on multiple case studies. It is often referred to as less rigorous. In order to minimize it, the research process was described in detail, the choices made were justified and the investigation procedures were followed rigorously. It can also be pointed out as a limitation the impossibility of generalizing the results to wider populations with the same degree of certainty as quantitative research. Social enterprises deal with distinct social problems and needs (most of them neglected), adopting such different approaches, which makes it difficult to generalize the findings.

8.6. Future research directions

In this last section, some opportunities for future research will be identified in order to continue the work described throughout the document. In a first instance, it would be interesting to complement this study with a quantitative methodological approach. A survey instrument, similar to those developed to study the operations strategy in manufacturing firms, could be developed and tested. It should be adapted to the specificities of social enterprises, integrating the capabilities and practices identified in the qualitative stage of this research work, as well as some measures of social performance. In this way, it would be possible to explore and compare the relationships between the operational capabilities, operations strategy choices (*i.e.*, the operational practices) and performance measures, based on a larger sample, which may include social enterprises from other countries. It would also be interesting to understand under what conditions the identified practices would work better. From a practical point of view, the instrument could be used as a self-analysis tool for social enterprise managers to make a diagnosis of their operations strategy.

Furthermore, future research could be conducted to explore which models can be used to explain and predict how social enterprises combine and use their operational capabilities. As mentioned in the literature review, previous research focused mainly on trade-off and cumulative capabilities models. More recently, in addition to these two opposing approaches, alternative models have been proposed (Singh et al., 2015). There are other studies that propose and test an extended model, including other operational capabilities alongside those traditionally reported in the literature, such as the study by Avella et al. (2011) which included environmental protection in the set of operational capabilities. Since empirical data have suggested that social enterprises combine multiple models and community engagement was identified as an operational performance dimension, it would be also interesting to propose and test an extended model including all dimensions identified in this research in order to understand how social enterprises are combining these operational capabilities.

Another issue that could be addressed in future studies is related to workforce management decisions and practices in social enterprises. Workforce management is a source of tension in such organisations that need to effectively manage human resources with very heterogeneous capabilities and motivations (*e.g.,* volunteers vs. employees; employees with commercial vs. social background). For instance, according to Battilana et al. (2015), who studied the productive tensions in work integration social enterprises, a permanent staff with a social background tends to be more permissive with workers than a staff with a commercial background, which tends to favour economic productivity. Moreover, the cross-country report published by the SEFORÏS project also reveals that about 60% of the surveyed social enterprises have volunteers in their workforce. In Portugal, 80% of them have volunteers (SEFORÏS, 2016b). It would be interesting to analyse in more detail how different social enterprises make decisions concerning workforce composition, selection and work assignment issues or incentives.

Finally, there is also potential to explore the role of operations over time. The organisational needs change over time as companies go through different stages of their life cycle, and social enterprises are no exception. Empirical research could be conducted in order to collect stronger evidence on the roles that the operations function assumes in social enterprises, according to the stage of development where they are, and evaluate to what extent the model proposed by Hayes and Wheelwright in 1984 should be rethought and adapted to hybrid business models.

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APPENDICES

Appendix I – Taxonomies and typologies of operations strategy

Authors	Strategies proposed	Classification variables	Other variables used to characterize the strategic groups
Stobaugh and Telesio (1983)	Low-cost; Technology-driven; Marketing-intensive	*Competitive priorities:* Cost, Product flexibility, Volume flexibility, Product performance, Product consistency *Manufacturing policies:* Location and scale of manufacturing facilities, Choice of manufacturing process, Span or degree of vertical integration of each manufacturing facility, Use of R&D units, Control of the production system, Licensing of technology	*Not applicable*
Wheelwright and Hayes (1985)	Internally neutral; Externally neutral; Internally supportive; Externally supportive	Strategic importance of production function, Level of participation and cohesion with corporate, Competitive and functional strategies	*Manufacturing choices:* Capacity; Facilities; Equipment and process technologies; Vertical integration; Vendors; New products; Human resources; Quality; Systems
Richardson et al. (1985)	*Corporate mission profiles* Technology frontiersman; Technology exploiter; Technological serviceman; Customizer; Cost-minimizing customizer; Cost minimizer *Manufacturing task profiles* New-product-centred; Custom innovator; Cost-minimizing job shop; Cost minimizer	*Factors related to corporate mission:* Product research, Product development, Product design, After-sales service, Price, Product quality, Delivery on schedule, Rapid delivery, Cost minimization, Quality assurance, Flexibility to volume changes, Flexibility to customer specification changes; Ability to produce new products; *Factors related to manufacturing tasks:* Volume of output, Cost per unit, Quality, Delivery on schedule, Labour productivity, Ability to introduce new products, Flexibility to product specification changes, Flexibility to volume changes	*Performance measures:* Corporate profit; Corporate focus; Plant focus; Sales

Kotha and Orne (1989)	Eight types of strategy on basis of combination (high or low) of three dimensions	*Process structure complexity:* Level of mechanization, Level of systematization, Level of interconnection *Product line complexity:* End-product complexity, Variety of final product, Individual product volumes, End-product maturity (experience) *Organisational scope:* Geographic manufacturing scope, Geographic market scope, Vertical integration, Customer-market scope, Scale	*Not applicable*
Meyer (1992)	High-performance products manufacturers; Manufacturing innovators; Marketing-oriented manufacturers	*Competitive priorities:* Low prices, New product development speed, Volume flexibility, Conformance, Performance, Delivery speed, Delivery dependability, Broad product line, Speed of production changes	*Programmes/activities:* Giving workers a broad range of tasks (job enlargement); Giving workers more planning responsibility (job enrichment); Changing labor/management relationships; Manufacturing reorganisation; Worker safety; Worker training; Supervisor training; Preventive maintenance; Zero defects; Manufacturing lead-time reduction; Vendor lead-time reduction; Computer-aided design; Reducing setup/ product redesign; Group technology; Capacity expansion; Reducing size of manufacturing units; Plant relocation; Developing new processes for new products; Developing new processes for old products; Narrowing product lines/standardizing; Defining a manufacturing strategy; Integrating information systems between manufacturing and other functions; Integrating information systems within manufacturing; Reconditioning of physical plants; Just-in-time; Robots; Flexible manufacturing systems; Closing plants; Statistical quality control (process); Statistical quality control (product); Improving new product introduction capability; Quality circles; Automating jobs; Production/inventory control systems; Reducing the size of manufacturing Workforce (including hourly and salaried)

Miller and Roth (1994)	Caretakers; Marketeers; Innovators	*Competitive priorities:* Low price, Design flexibility, Volume flexibility, Conformance, Performance, Speed, Dependability, After sale service, Advertising, Broad distribution, Broad line	*Strategy and context variables:* R&D/sales%; Export sales%; Product standardization; Maturity Stage Revenues%; Engineering/R&D Influence Cluster; Increase Mkt. Share; New Products/Old Mkts.; New Products/New Mkts; *Future Improvement Programs:* Labor/Mgmt relationships; Zero defects; MFG lead time reduction; CAD; New process/new product; Closing plants; SPC (process); SPC (product); New product introductions; Reducing workforce size; *Performance measures:* Manufacturing lead-time; Changeover setup time; Headcount; Ratio white/blue collar; Outgoing quality; Number of grievances; % New products on time
Ward, Bickford and Leong (1996)	Niche differentiator; Broad market differentiator; Cost leader; Lean Competitor	*Competitive strategy dimensions:* Competitive emphasis on quality/service, Competitive emphasis on low price, Asset parsimony, Innovation and R&D, Narrow product-market scope *Environment dimensions:* Dynamism, Complexity (heterogeneity), Munificence *Organisation structure dimensions:* Centralization, Bureaucratization, Specialization, Liaison devices *Strategic manufacturing capabilities:* Cost, Quality, Delivery Performance, Flexibility	*Competitive strategy dimensions:* Competitive emphasis on quality/service and low price; Asset parsimony; innovation and R&D; Narrow product-market scope; *Environmental dimensions:* Dynamism; Complexity (heterogeneity); Munificence; *Structural dimensions:* Centralization; Bureaucratization; Specialization; Liaison devices; *Strategic manufacturing capabilities:* Cost; quality; Delivery performance; Flexibility
Sweeney and Szwejczewski (1996)	Passive and marketeer; Innovator; Caretaker; Reorganizer	Business scope commitments (Stockturns), Resource commitments (Throughput efficiency)	*Manufacturing performance variables:* Stockturns; Throughput efficiency; Number of products manufactured; Delivery performance; Average component set-up or changeover time; Customer returns; Percentage scrap or percentage below the ideal yield rate

Avella, Fernandez and Vazquez (1998)	Flexible market-oriented manufacturers; Low-cost quality manufacturers; Delivery-based manufacturers	*Competitive priorities in manufacturing:* Efficiency, Flexibility, Quality, Delivery, Customer service	*Policies of structural nature:* Capacity, Location, Technology, Vertical integration/relations with suppliers *Policies in infrastructures:* Personnel management, Quality control and guarantee system, Production and inventory planning and control systems, Development of new products, Organisational structure.
Avella, Fernández and Vázquez (1999)	Factories which are more competitive in cost; Factories which are more competitive in flexibility; Factories which are more competitive in quality; Factories which are more competitive in delivery; Factories which are more competitive in customer service	*Competitive priorities:* Cost or efficiency, Flexibility, Quality, Delivery, Customer service	*Policies of structural nature:* Capacity, Location, Technology, Vertical integration/relations with suppliers *Policies in infrastructures:* Personnel management, Quality control and guarantee system, Production and inventory planning and control systems, Development of new products, Organisational structure
Kathuria (2000)	Do all; Speedy conformers; Efficient conformers; Starters	*Competitive priorities:* Cost, Quality, Flexibility, Delivery	*Performance criteria:* Accuracy, Quality, Productivity, Customer satisfaction, Efficiency, Quantity of work, Timeliness
Dangayach and Deshmukh (2001)	Reactive enterprise; Neutral enterprise; Active enterprise; Proactive enterprises	*Competitive priorities:* Conformance quality, Product durability, Product reliability, Product performance, Delivery speed, Delivery dependability, New products, Product customization, Product mix changes, Design changes, Volume changes, Low cost.	*Activities of improvement:* Advanced manufacturing technologies, Integrated information systems, Advanced management systems
Christiansen *et al.* (2003)	Low price; Quality deliverers; Speedy deliverers; Aesthetic designers	*Competitive priorities:* Price, Quality conformance, Delivery speed, Delivery reliability, Time to market, Design/innovation, Product features, Product variety, Customisation	*Bundles of manufacturing practices:* Just-in-time; Total quality management; Total productive maintenance; Human resource management; *Operational performance:* Cost; Quality; Delivery reliability; Delivery speed;

Sum, Kow and Chen (2004)	All-rounders; Efficient innovators; Differentiators	*Competitive priorities:* Cost, Conformance quality, Performance quality, Delivery, Flexibility	*Performance measures:* Overall financial performance; Growth in annual sales; Growth in market share; Return on sales; Return on investment; Growth in investment; *Contribution of functional areas to strategic planning:* Marketing; Finance; Operations; Information systems; Human resource; Research and development; *Current and future programs:* Reducing product/service cost; Obtaining ISO9000 certification; Obtaining ISO14000 certification; Skills upgrading/training of workers; Implementing just-in-time systems; Increasing automation and mechanization; Using e-commerce; Improving capacity utilization; Adoption of management/planning IT systems; Employing better forecasting systems; Implementing business process reengineering; Benchmarking; Downsizing/retrenchment; Implementing TQM; Seeking new regional and global markets
Zhao *et al.* (2006)	Quality customizers; Low emphasizers; Mass servers; Specialized contractors	*Competitive priorities:* Low price, Design flexibility, Broad product line, Volume flexibility, Conformance quality, Performance quality, Delivery speed, Delivery dependability, After-sales service	*Financial performance:* Overall financial performance; Growth in annual sales; Growth in market share; Return on investment; Growth in ROI; Return on sales; Growth in ROS
Martín-Peña and Díaz-Garrido (2008a)	Manufacturers pursuing excellence; Manufacturers focused on quality and delivery	*Competitive priorities:* Cost, Quality, Delivery, After-sales service, Environmental protection	*Decisions on structure and infrastructure:* Capacity; Location; Technology; Vertical integration; Workforce management; Quality management; Production planning; Organisation; Environmental management *Performance:* Sales increase; Profit; ROA; Productivity
Grant *et al.* (2013)	Best Value; Budget; Multi Focus	*Competitive priorities/capabilities:* Low price, Design flexibility, Volume flexibility, Conformance Performance, Speed, Dependability, After-sales service, Advertising, Broad distribution; Broad line	*Not applicable*

Rebolledo and Jobin (2013)	Quality customizers; Caretakers; Timekeepers	*Competitive capabilities:* Low price, Product quality, Conformance, Delivery dependability, Delivery speed, Broad product line, After-sales service, Frequent innovation, Innovative products, Volume flexibility	*Suppliers per item and percentage of strategic suppliers per cluster:* Average number of suppliers; Proportion of suppliers considered as key/strategic suppliers *Criteria used for selecting key/strategic suppliers:* Lowest price bid; Delivery performance; Quality of products/services offered; Logistical costs; Ability to provide innovation and co-design; Physical proximity; Willingness to disclose cost/other information; Evaluation of supplier potential; *Coordination mechanisms with suppliers:* Share inventory level information; Share production planning and demand forecast information; Order tracking/tracing; Agreements on delivery frequency; Dedicated capacity; Vendor-managed inventory or consignment stock; Plan, forecast and replenish collaboratively; Just-in-time replenishment; Physical integration within the same plant; *Context variables:* Market dynamics; Market span; Product focus; Geographical focus; Competition intensity; Market concentration; Market entry; Logistics processes change; Core production processes change; Products become obsolete; New products are introduced; *Performance indicator:* Sales; Market share; ROS; ROI
Lorentz *et al.* (2016)	Responsive niche-innovators; Subcontractors; Engineer-servers	*Competitive capabilities:* Low price, Ability to make rapid changes to products/services, Ability to introduce new products/services, Broad product line, Volume flexibility, Conformance quality, Performance quality, Delivery speed, Delivery dependability, After-sales service	*Business stability:* Sales change; Employment change; Asset change; *Business performance:* Profit rate and profit change; ROI and ROI change; Sales growth

Appendix II - Industrial and social sector classifications

Industry classification NACE (standard categories)

Industry, construction and extractive industries
A+B. agriculture, hunting and forestry + fishing *C. Mining and quarrying* *D. Manufacturing* *E. Electricity, gas and water supply* *F. Construction*
Trade, gastronomy, transport, and telecommunication
G. Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods *H. Hotels and restaurants* *I.1 Transport and, storage* *I.2 Telecommunication & Post*
Business activities and business services
J. Financial intermediation (banks, insurance providers, and related financial services) *K.1 Real estate, renting and* *K.2 Business activities (business-related services, e.g. consulting, legal advice, advertisement)*
Education
M. Education (nursery, kinder gardens, schools, other education)
Health and social work
N. Health and social work
Other community and social services
L. Public administration and defense; compulsory social security *O.1 Other community and social services (e.g., associations, parties, churches, museums, libraries, sport clubs)* *O.2 Personal service activities* *P. Private households with employed persons* *Q. Extra-territorial organisations and bodies*

International Classification of the Non-profit Organisations (ICNPO)

Group 1: Culture and recreation
1 100 Culture and Arts *1 200 Sports* *1 300 Other Recreation and Social Clubs*
Group 2: Education and research
2 100 Primary and Secondary Education *2 200 Higher Education* *2 300 Other Education* *2 400 Research*
Group 3: Health
3 100 Hospitals and Rehabilitation *3 200 Nursing Homes* *3 300 Mental Health and Crisis Intervention* *3 400 Other Health Services*
Group 4: Social services
4 100 Social Services *4 200 Emergency and Relief* *4 300 Income Support and Maintenance*
Group 5: Environment
5 100 Environment (including organic goods) *5 200 Animal Protection*
Group 6: Development and housing
6 100 Economic, Social and Community Development (including fair trade, ethical clothing) *6 200 Housing* *6 300 Employment and Training*
Group 7: Law, advocacy and politics
7 100 Civic and Advocacy Organisations *7 200 Law and Legal Services* *7 300 Political Organisations*
Group 8: Philanthropic intermediaries and voluntarism promotion
Group 9: International
Group 10: Religion
Group 11: Business and professional associations, unions
Group 12: [not elsewhere classified]

Appendix III – Questions and scales used to measure the variables used in the quantitative study

Organisational identity

Overall, how important are the following aspects for your organisation on a scale from 1 (not important at all) to 7 (most important)?

	1 **Not at all important**	**2**	**3**	**4** **Neutral**	**5**	**6**	**7** **Very important**
Offering competitive products and services	①	②	③	④	⑤	⑥	⑦
Customer service	①	②	③	④	⑤	⑥	⑦
Business expertise of staff	①	②	③	④	⑤	⑥	⑦
Quality of products and services	①	②	③	④	⑤	⑥	⑦
Community involvement	①	②	③	④	⑤	⑥	⑦
Participatory decision-making	①	②	③	④	⑤	⑥	⑦
Offering an inclusive work environment	①	②	③	④	⑤	⑥	⑦
Having a positive effect on the natural environment	①	②	③	④	⑤	⑥	⑦

Performance

I'm going to read out aloud six statements, which I ask you to rate on a 5-point scale.

	①	②	③	④	⑤
How would you rate your organisation in terms of social performance/impact in comparison with other similar organisations in your field?	I belong to the less successful half	Average successful	I belong to the more successful half	I belong to the upper 20% of successful organisations	I belong to the 5% most successful
In general, how successful is your organisation in achieving social impact?	Not successful		Average successful		Very successful
How would you rate your organisation in terms of financial performance in comparison with other similar organisations in your field?	I belong to the less successful half	Average successful	I belong to the more successful half	I belong to the upper 20% of successful organisations	I belong to the 5% most successful
In general, how successful is your organisation in achieving financial performance t?	Not successful		Average successful		Very successful
If you take everything into account, including the social and financial performance of your organisation,					
Overall, how successful is your organisation in comparison with other similar organisations in your field?	I belong to the less successful half	Average successful	I belong to the more successful half	I belong to the upper 20% of successful organisations	I belong to the 5% most successful
Overall, how successful is your organisation?	Not successful		Average successful		Very successful

Mission characteristics

How would you summarize the rationale or purpose of being of your organisation, *i.e.* its mission?

Focus of social change	①	②	③	④	⑤
	Individual change		Local/community change		Systemic change/Change of society
Target group engagement and participation	①	②	③	④	⑤
	Organisation works on behalf of clients/constituents – but does not directly involve constituents in organizing to address the social issue.		Organisation connects with clients/constituents; but constituents have limited influence over the organisation.		Organisation's agenda is set entirely by constituency/clients.
Focus on success and profitability	①	②	③	④	⑤
	No concern for economic success and financial viability mentioned		Moderate concern for economic success and financial viability of organisation	Organisation is self-sustainable & makes small profit	High emphasis on economic success & financial viability of organisation.
Geographical scope	①	②	③	④	⑤
	Organisation operates locally	Regional	National	European	Organisation operates internationally and inter-continentally, addresses social need 'worldwide'

Appendix IV – Interview script

Introduction

1. What is your position in the organisation?
2. Do you consider that your organisation operates in a competitive or collaborative environment? Why? Do you compete with the products/ services offered by other organisations or complement them?

Capabilities

3. What distinguishes your organisation from similar organisations? Why do your clients/beneficiaries choose or use your products and/or services?
4. What are the most important resources for the development of your activities?
5. What are the practices/routines implemented at the operations level that contribute to the distinctiveness of your organisation?
6. In recent years, what were the main changes in the organisation which aimed the improvement of its social and financial performance? How did you deal with them?
7. How does the social enterprise deal with uncertainty? Can you give me some examples?
8. Please, can you give an example of a problem that the organisation has faced at the operational level? How did you deal with it? How did you solve it?
9. Currently, what is the main concern of the organisation in terms of operations?

Decisions/ practices at the operational level

Additional questions regarding decisions and practices at the operational level used to go deep in the conversation and to better understand the functioning of the organisation.

Location, Capacity

10. In the last years, have you increased or decreased the geographic scope your organisation (more locations, increase of the capacity in current locations)?

Vertical integration

11. Do you subcontract any service or human resources? What? Why?
12. How is the relationship with your partners? How are they involved in the development of your activities? How do they contribute to the improvement of your processes?

Organisation

13. How are decisions made in the organisation? Are paid employees and volunteers involved in decision making? Can you give me an example of a decision-making process?

Workforce

14. What is the composition of staff (paid employees/volunteers)?
15. How are the tasks assigned to paid employees and volunteers? What are the criteria used in tasks distribution?
16. How do paid employees and volunteers influence process improvement?
17. How is managed the communication in multidisciplinary teams?
18. Do paid employees and volunteers collaborate directly?
19. What are the strategies used to recruit and retain paid employees and volunteers?
20. What about training opportunities for paid employees and volunteers?

New products/services development

21. How are managed the processes of development of new products/services? Are the beneficiaries/volunteers/clients or other stakeholders involved?
22. In which extent is the organisation able to customize a product/service for a client/beneficiary? Can you give an example?

Quality

23. What are the existing procedures in terms of quality?