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Investigating Management Practices and their Impact on Social Value Creation: A Case Study of Social Enterprises in North East England

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Investigating Management Practices and their Impact on Social Value Creation: A Case Study of Social Enterprises in North East England

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Abstract

The research presented explores links between key quality management practices and social impact creation within small to medium sized social enterprises (SMSEs). In particular, this study investigates workforce management and customer relationship management practices, and their perceived influence on social impact, whilst also considering the influence of external environmental factors.

The research adopted a qualitative, single case study design, framing social enterprises in North east England as its unit of analysis. Within which, fourteen distinct social enterprises, and two sector experts represented sub units creating an embedded case study.

The research identified three key findings following the template analysis procedure. Firstly, there are perceived links, both implicit, and explicit, between both practices discussed and the ability to provide social impact. Most notably through understanding and being able to respond to customer and stakeholder needs and creating positive working environments which offset resource constraints by increasing motivation. Secondly, the research suggests that where management practices may well be of benefit, such elements are often overshadowed by the availability of funding, especially when SMSEs are beholden to public sector contracts and institutional funders. Finally, the research builds upon current knowledge related to workforce management practices within SMSEs, where pro social motivations appear critical to workforce performance, even in more commercially focussed social enterprises.

This research is unique as it begins to build a bridge between social enterprise and quality management discourse, showing the potential importance of practice to performance relationships to social value creation. Furthermore, research on social impact performance is yet to explore the collective importance of internal practices such as those mentioned.

Acknowledgements

No research project exists in isolation, and this work was no different, in particular, the help of the research participants and members of the social enterprise community who opened their doors to me, offering support and advice during data collection was more than invaluable.

I would also like to give thanks to my supervision team, in particular Dr Andrew Robson, who, in the face of significant issues on my part, stuck by my side, and offered support and understanding when times were bleak.

This work has tested my sanity, and most certainly had me questioning my own self-worth. In times such as these the support of friends and family has been crucial. Notably, my older brother, mother and father have been significantly influential in all I have done since the beginning of my academic career. Furthermore, a special mention has to go to my niece and two goddaughters. It is without question that time spent babysitting and visiting you all presented a welcomed reprieve from my studies, making this PhD a far less arduous experience.

Finally, a special thank you has to be given to Graeme Heron, and Vignesh Yoganathan, both of whom constantly offered support and guidance whenever necessary, even if sometimes this was through honest, yet aggressively worded sentiments, all of which kept my spirits high.

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Declaration

I declare that the work contained in this thesis has not been submitted for any other award and that it is all my own work. I also confirm that this work fully acknowledges opinions, ideas and contributions from the work of others.

Any ethical clearance for the research presented in this thesis has been approved. Approval has been sought and granted by the Faculty Ethics Committee on 24th May 2014.

I declare that the Word Count of this Thesis is 77,964 words

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Chapter 1: Introduction

Social Enterprises (SEs) occupy a unique space within the economy of the United Kingdom (UK), representing a mid-point between traditional non-profit organisations (NPOs), and the standard commercial enterprise (Defourny & Nyssens, 2017). Whilst their remit may be vast, and their governance structures may vary, the one thing they all have in common is the drive for improving social issues through trade, rather than simply maximising profit. However, in doing so, they open themselves up not only to issues faced through market competition, but also to the changing world of the third sector, requiring a need for effective management to attain organisational goals (Jenner, 2016). This research has aimed to address this need through evaluating practice to performance relationships related to Workforce Management, Customer Relationship Management, and social value creation within Small to Medium sized Social Enterprises (SMSEs).

1.1. Rationale for Study

Within the UK, social enterprises and in particular small to medium sized social enterprises (SMSEs), have become a key element of local economies. Employing disadvantaged people and providing much needed services to at risk community groups (Villeneuve-Smith & Temple, UK, S. E., 2015). Moreover, social enterprise is increasingly viewed as a panacea by local and national government, who have been systematically outsourcing public services to such organisations for a number of years (Mason, 2012). This has forced SEs to become increasingly more business-like and concentrate far more on efficiency and operational effectiveness in recent years. A trend that is due in no small part by the need to account for social

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value creation, and prove legitimacy in order to win public contracts and grant funding (Ebrahim *et al.*, 2014).

Such pressures have led the academic discourse for several years, with many papers suggesting new and improved methods of social impact measurement with which SEs can meet the needs of funders and commissioners. In particular, attention has been paid to the development and application of Social Return on Investment (SROI) frameworks (Cheung, 2017; Yates & Marra, 2017; Klemelä, 2016; Pathak & Dattani, 2014; Arvidson *et al.*, 2013), as well as broader evaluations of SI measurement (Molecke & Pinkse, 2017; Arena *et al.*, 2015; Ebrahim & Rangan, 2014; Nicholls, 2009; Clark *et al.*, 2004). Whilst little consensus can be reached regarding the most appropriate way of measuring such performance outcomes (Molecke & Pinkse, 2017), it is generally accepted that SI often carries a burden of proof which can be detrimental to SE development and sustainability. Thus, effective SEs both large and small must be able to create, and successfully evidence their social impact.

Along with the importance of effective SI measurement, there has also been an attempt to develop more holistic performance measurement tools for use within SE environments, including SMSEs. This has included the development of an adapted balanced scorecard (Meadows & Pike, 2010; Yoeng-Taak & Jae-Young, 2008; Bull, 2007; Ali, 2005), where attention has been paid to the increased social focus and complex stakeholder dynamics found within SEs. As well as this, there have also been more original holistic measurement models put forward, such as the work of Arena *et al.* (2015). Which, similar to the balanced scorecard approaches, has considered a range of metrics linked to organisational sustainability and SI appropriate to the SE context.

Whilst the realm of measurement has seen a wealth of attention over the past two decades, less research has attempted to explore management, and in particular, key drivers of social performance within SEs and SMSEs. Where such research does exist, it often focusses on the importance of effective leadership and entrepreneurial activity (Ridley-Duff & Bull, 2016; Smith *et al.*, 2012). For instance, Felício *et al.* (2013) evaluated the impact of transformational leadership and entrepreneurial activity upon social value creation and organisational performance. Within such research, the importance of entrepreneurship and strong leadership is often espoused as being somewhat necessary for the development and sustainability of SEs. There have also been considerations of the role marketing plays in creating sustainability within SE contexts, such as the work of Mitchell *et al.* (2015) and Powell & Osbourne (2015) as well as some considerations of internal competence (Sarpong & Davies, 2014). However, the impact of quality on social value creation within SEs has yet to be explored. This is of particular importance, as was noted by Jenner (2016) and Åslund & Bäckström (2015), both of whom note the important role organisational efficiencies are perceived to have on SE sustainability and SI. Although neither of the above studies attempted to map out key factors which lead to this conclusion. Accordingly, the lack of focus on issues surrounding quality and operational effectiveness leads this research to consider the importance of Quality Management (QM) practices to the creation of SI within SMSEs.

Quality management represents an umbrella term for a number of similar yet divergent management theories which have accumulated over the past six decades (Dahlgaard-Park *et al.*, 2018). Under which, there lies three distinct levels of intervention, including principles, practices, and management tools/techniques

(Sousa & Voss, 2002). Whilst there is often value placed upon each of these levels of intervention, the practice level is often where QM research concentrates. Most notably due to the vague nature of QMs overarching principles, and the specificity of tools which often leads to high levels of variation in usage (Sousa & Voss, 2002). Thus, practices are often the area of QM where common ground can often be found within organisations, whilst also leading to actionable conclusions relating to the effectiveness of internal management in producing performance outcomes.

Within QM, there are a number of key management areas considered important to the development of performance outcomes. Whilst the wording of such practices may change depending on organisational context (Ebrahimi & Sadeghi, 2013), they can be broadly placed into seven key areas, including:

- Management support.
- Customer relationship management (CRM).
- Supplier management.
- Workforce management (WM).
- Quality data and reporting.
- Product/Service design.
- Process management.

    (Ebrahimi & Sadeghi, 2013; Zu *et al.*, 2008; Kaynak, 2003)

The relationship between the above practices and a range of performance outcomes is often expressed as a causal matrix, linking key drivers of quality and process level improvement with wider organisational benefits (Oakland, 2014). Consequently, a significant proportion of QM research to date has aimed to assess perceived relationships between QM practices and performance outcomes by

assessing how they interact with each other, leading to desired outcomes. This has included a number of contextual studies including areas such as manufacturing (Kaynak, 2003), service (Psomas & Jaca, 2016; Jaca & Psomas, 2015), public sector (Carter *et al.*, 2010) and NPOs (Melão *et al.*, 2017a; Melão *et al.*, 2017b; Melão & Guia, 2015; Al-Tabbaa *et al.*, 2013; White *et al.*, 2009). Notably, whilst the mechanisms may differ depending on a number of organisational and geographical factors, the importance of management practices to the creation of key performance outcomes somewhat universally accepted. However, whilst there have been a range of contextual variance within QM research of this nature, one area which is yet to see any attention is that of SMSEs. Furthermore, whilst practice to performance relationships are for the most part deemed to be present within most organisations, it is also important that the influence of external factors is considered on the intended business results (Sousa & Voss, 2002). This is clearly shown by Carter *et al.* (2010) who highlights the impact of numerous external variables on healthcare performance which cannot be fully mediated through effective management practices. Such issues lead the researcher to consider how effective management practices can be within SMSE environments which are often seen to operate within volatile contextual settings (Sarpong & Davies, 2014)

Regarding performance outcomes and QM practice relationships, it is noticeable that there is by no means a consensus on which metrics are the most relevant. This has led researchers to explore a range of performance benchmarks upon which the efficacy of management practices has been assessed. These include measures such as financial (Jyoti *et al.*, 2017; Calvo-Mora *et al.*, 2013; Heras-Saizarbitoria *et al.*, 2012; Kaynak, 2003), operational/quality performance (Khan & Naeem, 2016; Parvadavardini *et al.*, 2016; Kumar *et al.*, 2009b; Fuentes *et al.*, 2006) and

customer related metrics (Jyoti *et al.*, 2017; Psomas & Jaca, 2016; Jaca & Psomas, 2015; Psomas *et al.,* 2014; Heras-Saizarbitoria *et al.,* 2012). Furthermore, there have also been considerations of social impact performance made by a small number of researchers. In particular, Calvo-Mora *et al.* (2017), Álvarez García *et al.* (2014), and Benavides-Velasco *et al.* (2014) all consider the importance of QM to managing the social impact of an organisation. However, this often looks at SI as a consequential element of QM practices, linked to an organisations impact on its local and wider environment through corporate social responsibility and ethical management. Thus, organisations work in ways which promote a positive impact on social and environment al issues, often related to the treatment of employees and use of raw materials/energy (Calvo-Mora *et al.*, 2017). This is somewhat different to the view of SI often espoused within SE discourses where social value is considered a key outcome of core operational practices through the creation of products and services which aim to solve social issues (Ebrahim *et al.*, 2014). Accordingly, there is potential utility in exploring the links between QM practices and SI generation within the context of SMSEs, especially given the unique operating environment they represent (Santos *et al.*, 2015).

As was noted above, there is a clear lack of research relating to the efficacy of management practices to the creation of social impact within SEs, and SMSEs. Given both the importance of SI within social enterprise contexts, and previous research which has noted links between management practices and performance outcomes, this research aims to critically examine how such links between practices and SI manifests within SMSEs found in North East England. Moreover, the choice to concentrate on SMSEs specifically, rather than include a wider consideration of social enterprises was due to the over reputation of SMSEs within

the UK economy. As was noted by Villeneuve-Smith & Temple (UK, S. E., 2015) the majority of SEs within the UK are classified as small to medium in size by workforce. In evaluating the existence of practice to performance links in this context, there is potential to gain further insight regarding key areas of management SMSEs should focus on. Potentially leading to an improved capability to create sustained social value, following similar logic to that seen within QM practices and more common forms of organisational performance.

1.2. Research Motivations

The motivations for this research numerous, however, there are some which remain more notable that others. Firstly, it is worth considering the authors personal motivations and experience. Having worked for a number of small organisations across the North East, there was certainly an interest in exploring the dynamics of SMSEs, given their unique traits and operating environments. Moreover, the author has spent many years managing organisations, seeing first hand the difficulties in sustaining positive performance outcomes. This was further fuelled by previous research into lean management philosophies and their impact upon environmental elements of waste management. In this context, the author explored elements related to social impact from the perspective of operational efficiency and environment, leading to an interest in broader forms of SI, such as those considered within social enterprises.

Secondly, and undoubtedly of more importance, the research, and presented gap provided an opportunity to explore and potentially provide insights which may prove invaluable to SMSEs throughout North East England. This is significant due to the impact austerity measures implemented through government policy have had on the region (CLES, 2014). The removal or reduction in government operated social

services and initiatives have led to a significant increase in the need for social intervention. This creates an opportunity for SMSEs to fill the gap, as has been the case for a number of years across the UK (Mason, 2012). However, in order to properly address social challenges, organisations have to be aware of key factors which can impact their success. Thus, given the potential for management practices to drive performance in other contexts, this research could lead to an increase in social outputs related to key issues facing communities in the North East through the identification of actionable insights.

1.3. Research Aims and Objectives

As discussed above, the purpose of this research is to evaluate the importance of management practices to social impact generation within small to medium sized social enterprises. To do this, the researcher has taken core principles which underpin quality management discourses, in particular, the relationships between practices and performance heralded as critical to the success of an organisation within QM (Sousa & Voss, 2002). In particular, this research concentrates on soft elements of management practice, in the form of customer relationship management (CRM) and workforce management (WM), both of which are considered key to meeting organisational goals (Oakland, 2014; Talwar, 2011a) and improving internal and external quality (Jyoti *et al.*, 2017). Alongside the importance of management practices, this research also considers the effects of external factors on the creation of social impact. In doing so, it will possible to better understand the true importance of internal management practices within the context of social value creation, given the influence they can hold on more traditional performance metrics in other environments (Carter *et al.*, 2010; Sousa & Voss, 2002).

To accomplish this goal, the following research question is proposed:

RQ. How impactful are soft management practices to the creation of social value within small to medium size social enterprises?

To address the research question effectively, the following key objectives were developed, and based around the soft elements of QM systems discussed above:

R.O.1. Develop a critical assessment of the role played by social impact as a key operational performance criterion within small to medium sized organisations.

R.O.2. Develop a critical evaluation of the workforce management practices present within small to medium sized social enterprises.

R.O.3. Develop a critical evaluation of the customer relationship management practices present within small to medium sized social enterprises.

R.O.4. Critically evaluate the importance of WM and CRM to social impact performance within small to medium sized social enterprises, whilst also considering the mitigating role of key external factors.

1.4. Thesis Outline

Chapter 2:

This chapter begins with an exploration into the context of social enterprise, in particular, issues relating to definition, and the nature of social impact measurement. Following this, a thorough review of QM literature is undertaken, with particular focus on practice to performance links found within QM typologies, and their use within small to medium sized enterprises. This chapter concludes with an outline of the proposed gap in current understanding, research question and research objectives.

Chapter 3:

Following the literature review, chapter three focusses on discussing the means by which the research objectives will be met. Starting with a discussion of what knowledge is required to answer the research question, and a rationale for the use of qualitative data within this study. Following this, the researchers' philosophical position is discussed relating to epistemology and ontology (Moderate Constructionism). Then the chapter will explore the research design used during this study, and the decisions to employ a single embedded case study, before elements of validity, ethical concerns, data collection, and finally, data analysis are discussed.

Chapter 4:

Within this chapter the author outlines key findings derived from the template analysis procedure, highlighting key themes and areas of discourse which emerged within the data.

Chapter 5:

During this chapter, a discussion of the key finding takes place, within which, the author will build a thorough understanding relating to the research question by meeting the four key objectives noted above. This chapter begins with an overview of the key research aims, followed by discussions centred around each objective, during which the research question will be addressed using both the findings of primary data collection and relevant literature.

Chapter 6:

This chapter will conclude the thesis by first examining how each of the research objectives have been met. Following this, the key contributions to knowledge will be discussed, including recommendations for practitioners, limitations, and potential future research.

Chapter 2: Quality and Social Enterprise

2.1. Introduction

Within this chapter, an extensive review of relevant literature will be conducted. The aim of this is to assess the body of knowledge pertaining to quality management tools and frameworks within the context of Small to Medium-sized Social Enterprises (SMSEs), whilst also showing how the QM paradigm has become disparate in terms of taxonomy, with many different, yet similar variations of the phenomena available. In an attempt to discuss these points in detail, the chapter is split into three main sections.

The first section focuses on the concept of social enterprise, in particular, attempting to explore definitional issues surrounding this organisational typology. Building an understanding as to how such organisations differ from traditional non-profit organisations (NPOs), and SMEs, whilst also exploring the complexities surrounding social impact as a performance measure within such environments.

Moving on from this context appraisal, the second section begins the discussion on Quality Management (QM). This can very much be described as setting the scene in terms of more generic levels of theory, however, given the lack of QM literature relating to SMSEs directly, this will discuss the SME and where possible, NPO perspectives. This section also places QM firmly within the wider area of performance management, showing how this diverse area of research shifted from measurement, to management of performance, which itself led to management of quality.

The final section will aim go more deeply into QM by highlighting just how diverse a topic it has become, with various frameworks/tools being enveloped under the QM

umbrella. During this evaluation, particular attention will be paid to the relationships between practice and performance which underpin the QM philosophy in an attempt to understand how such interventions may be of use in examining social impact generation within SMSEs.

More than a simple descriptive iteration of current knowledge, the author understands that with any topic there may be conflicting points of view. In light of this, the author will apply a critical evaluation of such arguments as they arise, giving a balanced discussion as to the merits of each point of view.

2.1 Understanding Social Enterprise

As was mentioned in the introduction, the majority of this chapter will be dedicated to a discussion on quality management frameworks, in particular any evidence or debate as to their use or usefulness within Social Enterprise. However, before such a discussion can take place, it is prudent that the SE phenomenon is explored, to this end, the following section will aim to discuss current research and knowledge relating to two key SE topics, these are:

- Defining social enterprise as a concept or organisation type.
- The issue of social impact as a performance measure.

2.1.1 The Diverse Landscape of Social Enterprise

In the past two decades, SEs have gained much attention in both academic and public discourses, this is evidenced by a wide variety of research and literature appearing most notably within the last decade. A key area of discussion in such literature concerns the understanding of what a social enterprise is (Young & Lecy, 2014; Defourny & Nyssens, 2010), or more importantly, can be defined as. This concentration on definitions and typologies has led to a lack of consistency, thus, a social enterprise can mean different things to different people depending on ideological lens and context (Kerlin, 2012). The reason for this disparity in definition as Young & Lecy (2014) explains, is often caused by the need to identify a unit of analysis, thus, a typology which can be studied that fits the needs of a project, leading to a variety of similar, yet divergent schools of thought.

At a fundamental level, SEs can be understood as organisations which strive to provide or enact social good, using trade as a facilitator (Defourny & Nyssens, 2017; Villeneuve-Smith & Temple, UK, S. E., 2015; Young & Lecy, 2014; Luke &

Chu, 2013; Kerlin, 2012; Teasdale, 2012; 2010; Defourny & Nyssens, 2006; Borzaga & Defourny, 2001). The core concept of such organisations is that through various privately funded initiatives it is possible to solve social issues and societal challenges (Defourny & Nyssens, 2017). This separates them from more traditional forms of business in that profit is not necessarily the key goal, in lieu of creating social value or impact (Young & Lecy, 2014; Teasdale, 2012; Defourny & Nyssens, 2006). The issue, as put forward by Young & Lecy (2014), is not so much the general agreement, but more over the practicalities and semantics of this broad understanding, as the authors assert, there is no consensus as to the level of social value an organisation needs to create before it can be called a social enterprise. This emerges from the fact that in many countries, including the United Kingdom, social enterprise is not a legal term, it is not a form of governance structure or company type, rather, it is a categorisation based on loosely accepted criteria regarding social impact generation and governance (Defourny & Nyssens, 2006). To address this, some authors have set out to identify the types of organisations which often fall under the umbrella of social enterprise, an earlier example of this is Defourny & Nyssens (2006), who see social enterprise as a bridge between co-operatives, whose aim is to improve the status quo of their members or a wider community base, and non-profit organisations (NPOs) which aim to reinvest funds into achieving social good rather than the distribution of profits to owners or shareholders. The authors consider these two categories as spheres in a Venn diagram, where the point of intersection represents social enterprise. Defourny & Nyssens (2006) also note that the closer one gets to this intersection, there is a shift in organisational focus from mutual scope of interest, in which the focus for social good resigns within members, to a wider, general interest, which aims to

serve larger community bases, thus, to be considered a social enterprise, there is an expectation that social value is sought for more general community groups.

Building on this, Teasdale (2012) considers four organisation types identified within the literature, including the fore mentioned co-operatives and NPOs, however in this case, NPOs are included through consideration of revenues created through trade rather than grants and private donations, with the final two representing community development organisations (community enterprise), as well as social businesses. This categorisation is clarified by the consideration of two issues, these being social versus economic focus, and individualistic (entrepreneurial) or collective ownership/decision making, which can be seen in Figure 1.

Figure 1: Social Enterprise Organisational Forms

Individualistic

	Decision Making	
Social Business		Earned Income for Non-Profits
Primary Purpose		
Co-operative		Community Enterprise

Economic

Social

Collective
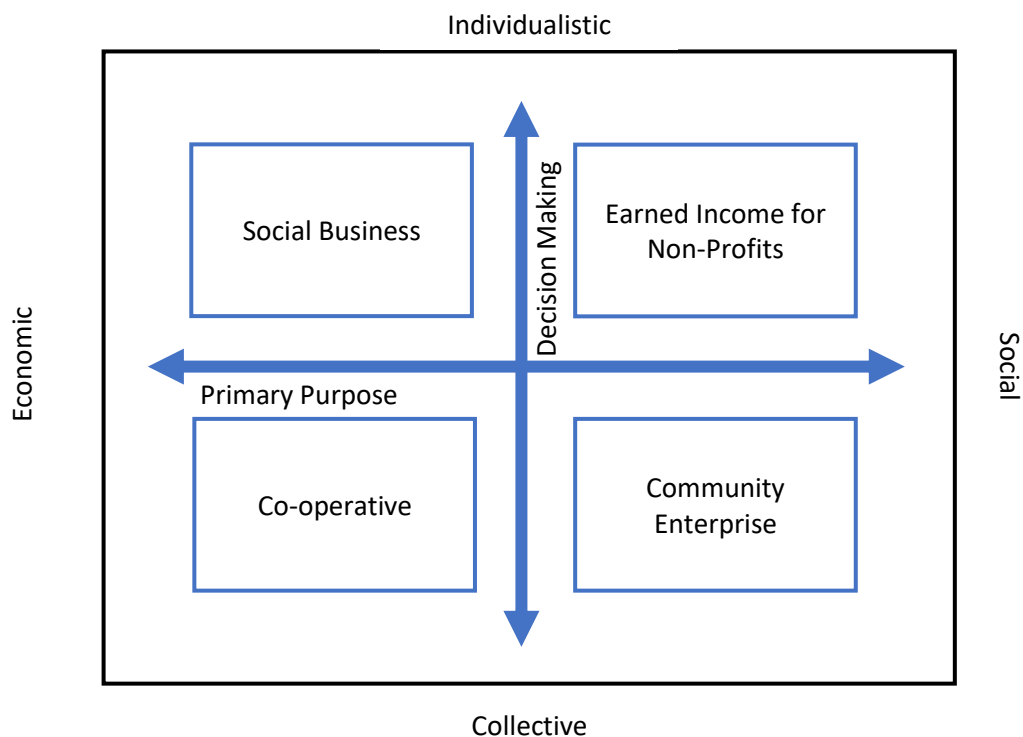
(Teasdale, 2012) (Format Changed)

This shows a variety of potential organisation types, with differing levels of social engagement, mixing with organisational structure, thus, once again creating a spectrum of potential social enterprise typologies.

This assessment of the SE construct is supported by the later work of Defourny & Nyssens (2017), in their most recent article, they also categorise SEs into four main groups, these being:

- The Entrepreneurial Non-profit, representing NPOs which embark on trading activities to provide capital for social goals.

- The Social Cooperative, a more market focussed organisation which aims to provide social benefit beyond the reach of its members alone.

- The Social Business, entrepreneurial, market focussed, and for-profit organisations which also aim to tackle social or environmental issues.

- The Public Sector Social Enterprise, these are considered privately owned public-sector subsidiaries, the main purpose of which is often to work on community development and social enterprises, essentially becoming an external, independent, public sector organisation, completing tasks more commonly associated with local and national government.

   (Defourny & Nyssens, 2017)

The four "typical" organisational types noted above, although slightly differing in terminology, remain mimetic to those highlighted by (Teasdale, 2012). Similarly, the issue of social focus and monetary gain also plays a part in the definition put forward by Defourny & Nyssens (2017). This concept is brought to the fore by highlighting three principles of interest, including the general and mutual interests discussed previously, with the addition of a capital interest paradigm. In essence, the contention put forward by Defourny & Nyssens (2017) is that where organisations move towards more capital interests (searching for revenues through traditional market strategies even if to only subsidise money gained through grants and public funding), and general interests, where benefit is sought for larger community groups, the social enterprise term begins to apply. This also shows a great deal of diversity concerning potential income streams, including either market driven, or non market resources, as well as a combination of both, with varying levels of dependency on either (Defourny & Nyssens, 2017).

Assessing SE in such broad terms leads to a wealth of organisational types, all with varying structures, organisational practices, and legal statuses, with the only unifying concern being that of social impact, and an explicit remit which centres on

benefit to communities through a myriad of initiatives and programs. This can lead to some more contested inclusions within the typology, including for profit organisations with strong Corporate Social Responsibility (CSR) programs (Young *et al.*, 2016; Young & Lecy, 2014). However, it is important to stress that without a solid legal structure creating an independent and tangible category, there can be no perfect typology, with differing perspectives all having some merit (Young *et al.*, 2016; Choi & Majumdar, 2014). This can be seen as an issue for academics, as argued by Young & Lecy (2014), the lack of a coherent and standardised typology makes comparison, at least in some situations difficult. In light of this, Young & Lecy (2014) put forward what they call the zoo metaphor for SE. the fundamental argument for this metaphor, is that since SEs can take a variety of forms and constructs, it is unwise, or perhaps unnecessary to try and group them into one holistic typology. Rather, the organisations which can be classified as social enterprises can be considered members or animals held within a social enterprise zoo. The rationale for this, as explained by Young & Lecy (2014), and the later work of Young *et al.* (2016) is just as animals, whilst having some similar characteristics and attributes, are by no means identical, neither are social enterprises. Thus, it is important to consider these differences, as well as the interplay which may be present between different SE "Species", such as conflict, competition, and mutual relationships or networks, which results in a clear understanding of the ecosystem in which SEs operate. Another important consideration highlighted by Young & Lecy (2014), which is supported by the work of Kerlin (2012) is the potential for regional, national, or other contextual factors which may define the boundaries of a social enterprise zoo. This, as briefly discussed earlier, is due to the impact societal and wider geographical forces have on social enterprise, as Kerlin (2012) argues, the dynamics of social enterprise typologies are directly linked to the social needs

created through government policy, and prevailing social needs found in a particular societal context. For example, given the societal, economic, and legislative differences between the United Kingdom and Vietnam, social enterprises existing in these two countries would differ considerably, as they will have formed in dissimilar contexts, to solve issues relating to the society in which they are located.

Whilst seemingly different to the former definitions put forward by both Teasdale (2012) and Defourny & Nyssens (2017), the zoo metaphor does, with the exception of CSR in for profit organisations, identify the same broad criteria and organisational types which can be classified as SEs. Where the divergence lies is the consideration of an ecosystem or zoo over a semi-homogenous group. This creates a clear advantage for researchers of SE, as Young & Lecy (2014) explain, collectively grouping individual SE species into a social enterprise zoo, it is possible to make comparisons both within, and across these diverging organisational types, in doing so, a more holistic appreciation of common attributes can be discovered. Whilst the creation of a social enterprise zoo may contain many varying organisational types, it is also important to consider where the boundaries lie in such a definitional framework. As Young *et al.* (2016) stress, the decision as to what constitutes social enterprise will invariably be determined by social, political and geographical contexts, thus, there is little reason a clear boundary would be set regarding the type of organisation to be included, rather, the choices should match the local status quo. This is highlighted as an issue with much definitional work on social enterprise by Conway Dato-on *et al.* (2016), however, as Young & Lecy (2014) highlight, in understanding this constraint of definitional effectiveness, it is possible to create a clear line in the sand regarding what should be considered a social enterprise for the purposes of a particular investigation.

It is worth noting that there are two themes discussed within definitional literature, these being either social enterprise, which has been discussed above, or social entrepreneurship. Although these two concepts are often used interchangeably within the relevant literature, it is vital that a line is drawn between them (Luke & Chu, 2013), given their similar, yet unique meanings. Social entrepreneurship has seen a great deal of attention within the literature, especially the issue of definition, with the works of Mair & Martí (2006), Certo & Miller (2008), Zahra *et al.* (2009), Mair *et al.* (2012), Lumpkin *et al.* (2013), and Choi & Majumdar (2014) being some more contemporary examples. Much like with social enterprise, there is a lack of overall consensus regarding the definition of social entrepreneurship, however, it can broadly be defined as entrepreneurial activity borne from social need (Conway Dato-on *et al.*, 2016; Choi & Majumdar, 2014; Lumpkin *et al.*, 2013; Mair *et al.*, 2012; Ascigil, 2010; Dacin *et al.*, 2010; Certo & Miller, 2008; Mair & Martí, 2006; Roger, 2006). Interestingly, this type of organisation/initiative is included as a subsection of the definitions of social enterprise given by authors such as Young *et al.* (2016) and Teasdale (2010) discussed above, and can be categorised as a type of social business venture. Where this form of social organisation is unique in its social focus, it is worth noting the similarities seen between these organisations and small to medium sized enterprises (SMEs), this is illustrated by the earlier work of Bull (2007) who notes many similar dynamics at play within what he terms small to medium social enterprises (SMSEs) and the traditional SME. The remainder of this section will aim to introduce and discuss the notion of social impact, and its use as a performance measure, as well as ways in which this measure can be improved. To do this, literature regarding both enterprise and entrepreneurship will be used given their overall similarity and the way some authors use these terms interchangeably.

2.1.2. Understanding Social Impact

Through evaluating recent attempts to define the concept, it is clear that social enterprises are far reaching and can include many differing organisational types. What links all of these divergent typologies together is the onus placed upon the creation of social value or social impact (Defourny & Nyssens, 2017; Young *et al.*, 2016; Agafonow, 2015; Teasdale, 2012; Bagnoli & Megali, 2009). This is seen as an integral mission statement of such organisations, regardless of how they are structured legally, or in what capacity they attempt to enact social good (Arena *et al.*, 2015). An important issue which is raised consistently within social enterprise literature is how this value creation can be measured in meaningful ways to benchmark the success of socially focussed organisations. This has led to the creation of a number of performance measurement tools which aim to specifically address the importance of social impact creation. The remainder of this section will aim to critically discuss recent developments regarding social impact measurement, gaining insight into its relative complexity as a performance metric.

As stated above, social impact is considered a driving force behind SMSEs, given their explicit organisational missions centred on solving social issues. It is unsurprising then, that a great deal of attention has been paid to developing methods capable of successfully measuring this performance criteria. Although, it is worth noting, whilst impact measurement is considered important, the reasons behind its measurement are often focussed less on organisational growth and learning, and more so on accountability (Liket *et al.*, 2014). This is due in no small part to the way in which SMSEs are often funded, given they rely heavily upon public sector contracts, and institutional funders who provide grants, thus, measurement is seen as a way of meeting the stipulations placed upon them by

such institutions (Ebrahim *et al.*, 2014; Ebrahim & Rangan, 2014; Liket *et al.*, 2014; Barraket & Yousefpour, 2013; Putland, 2008).

Whilst there are many variants, and potential ways of measuring social impact performance within social enterprises, one which has seen particular focus is that of Social Return On Investment (SROI) (Nicholls, 2017). This form of impact measurement is by no means a new concept, and since its inception over twenty years ago (by the Roberts Enterprise Development Foundation), has been heralded as an exemplar method of social impact evaluation, (Nicholls, 2017; Millar & Hall, 2013; Olsen & Galimidi, 2008; Clark *et al.*, 2004). At its core, this appraisal methodology attempts to gauge the overall impact an organisation or social initiative has had through a measure of value generation in monetary terms (Nicholls, 2017; Flockhart, 2005). Thus, the cost of the intervention itself is deducted from the perceived savings to public spending, giving a ratio of cost to benefit, and essentially providing an indication as to how capable an intervention was in transforming resources into social good. Notably, where SROI has been championed by a number of institutions across the United Kingdom (Mook *et al.*, 2015; Millar & Hall, 2013; Ryan & Lyne, 2008), the level of uptake has been relatively low at an operational level within both social enterprise, and wider NPO contexts (Millar & Hall, 2013; Bagnoli & Megali, 2009). However, this is not without cause, notably, whilst SROI is seen as a critical measure of social performance by many policy makers, it is not free from problems. The first key issue relating to SROI is the means by which measurement is undertaken, whilst it is not unconceivable to gain a rich understanding of how an intervention has been beneficial to the resolution of a social issue, it is by no means easy. To take a fictitious example, consider the social impact of a local sports club, the remit of such

a social enterprise is to provide free and subsidised sports training to children within a deprived community. The purpose of which is to improve the health and wellbeing of said children, whilst also providing social activities designed to reduce crime. There are two key areas of social good here, wellbeing, and crime, whilst the latter may be easier to measure given access to crime statistics, the former is far more implicit, and beholden to a number of variables. Thus, it is not uncommon for SROI assessors to rely on personal judgement and the perception of social gains, in lieu of hard, measurable data (Maier *et al.*, 2015; Arvidson *et al.*, 2013), often calling into question the legitimacy of the technique. A second key issue with this method relates to its target audience, and the nature of social enterprise in particular. The SROI process, given its scale is incredibly resource intensive, requiring not only sound management knowledge, but also considerable time to map out all relevant processes and measurable/perceived impacts (Cheung, 2017; Yates & Marra, 2017; Maier *et al.*, 2015; Pathak & Dattani, 2014; Arvidson *et al.*, 2013; Millar & Hall, 2013). This is particularly difficult for social enterprises, as the vast majority of such organisations within the United Kingdom can be classified by size as being either micro (0-9 employees) or small (10-49 employees) (Villeneuve-Smith & Temple, UK, S. E., 2015). Thus, resource availability, in particular human resources are often constrained, leaving little time outside of delivery related tasks to undergo such am in depth evaluation.

Although the use of complex techniques such as SROI are seldom used by social enterprise, and in particular SMSEs, that is not to say there is no measurement occurring. Rather, where measurement does take place it is often more targeted, and actionable. To that end, Ebrahim & Rangan (2014) suggest that there are three key levels at which social measurement takes place, these include:

- Social Outputs,

- Social Outcomes, and,

- Social Impact.

  (Ebrahim & Rangan, 2014)

As the author purports, each type of measurement refers to a different stage of an interventions efficacy, with the first (Social Outputs) being the direct consequence of social activities, the second (social outcomes) referring to short and medium term improvements to the issues targeted, and the last (social Impact), which is the holistic view of an interventions wider implications to a social system (Ebrahim & Rangan, 2014; Ebrahim & Rangan, 2010a). Furthermore, it is notable that the level of measurement can depend on a number of factors, however, more commonly comes down to the needs of stakeholders and funding bodies, and the accountability of social enterprises to such organisations and community groups (Astrid *et al.*, 2018). As such measures of social impact are often chosen with purpose, often to satisfy the needs of various stakeholder groups (Liket *et al.*, 2014). However, it has been noted by authors such as Haski-Leventhal & Mehra (2016), in their evaluation of Australian SMSEs, that measurement is more often associated with the output and outcome stages of impact, rather than the wider implications. The reason for this is similar to those put forward in objection to SROI measures and relate to organisational capability. Simply put, many social enterprises are too small, and too resource constrained to garner a full appreciation of social impact, especially given the myriad other interventions which may be running in parallel with their own (Ebrahim & Rangan, 2014; Ebrahim & Rangan, 2010a). Rather, SMSEs are far better placed to measure their impact as it relates to core services and products designed to impact upon a social issue. Thus, quite often, social impact is measured through means of tangible outputs, and outcomes

rather than wider implications, however, the form such measures take, are heavily reliant on contextual factors, making the comparison particularly difficult (Kroeger & Weber, 2014), and made all the more complex, given the wide range of organisational types and purpose found within the social enterprise umbrella (Young *et al.*, 2016).

2.2 From Measuring Performance to Managing Quality

Organisational performance is a key area of discourse within academic and practitioner literature, often being linked to areas such as competitive advantage and growth. The issue, however, seems to be how this performance is measured, managed and subsequently improved upon, consequently it is necessary to understand the different ways in which this can be achieved. The following section aims to give a brief synopsis of performance measurement/management, whilst highlighting the importance and dynamics of quality management (QM).

The realm of performance measurement is one which has seen an insurmountable level of attention in the last century, historically seen as a means of maintaining control of organisations through monitoring key outcomes (Nanni *et al.*, 1990). This has been the case for many years, starting with the use of return on investment and earnings per share as performance indicators during the 1920s (Brignall & Ballantine, 1996; Johnson & Kaplan, 1987). A key issue with metrics such as these was twofold, firstly there was a noticeable time delay between the reporting and collection of data, secondly and possibly of greater importance they themselves did not answer questions as to why a business was performing in such a way given their reliance on financial measures (Brignall & Ballantine, 1996), and moreover, what could be done to improve (Ates *et al.*, 2013). There has of course been a great deal of evolution since these early examples of finance-based performance

metrics. For example, the performance pyramid (Lynch & Cross, 1995), the performance measurement matrix (Keegan *et al.*, 1989), and of particular importance the balanced scorecard approach (Kaplan & Norton, 1992) which attempts to create a balanced set of both financial and non-financially targeted performance measures and has seen a great deal of use and differentiation since its initial conception (Andersen *et al.*, 2006). This evolution has moved managerial focus beyond measurement and towards management, thus instead of what to measure and how, the question is now "What can be done with these measures to increase business performance and competitiveness?" (Ates *et al.*, 2013; Bititci *et al.*, 2011; Folan & Browne, 2005; Neely, 2005; Amaratunga & Baldry, 2002). There are many differing perspectives on performance management (PM), these in many ways represent different lenses with which one can view the same phenomenon. Similar to the various lenses of social impact measurement discussed in the previous section. Thus none are wrong per se, however, inevitably some views are far from holistic in their evaluation of what PM is (Andersen *et al.*, 2006). This in turn has led to a lack of consensus definition regarding PM as in most cases it is defined using whichever lens an author favours most. Ates *et al.* (2013) brought these lenses to the fore during a substantive literature review on managerial practice and performance management, positing four main subgroups of PM definition including:

- Human resource, whose proponents argue the importance of training, skills development and motivation in leading to performance improvements through job related efficiency and success (Armstrong & Taylor, 2014).

- Operations management, for which PM is said to be a critical enabler when all processes are measured through key performance indicators (Barnes & Radnor, 2008).

- Strategic Management, advocates of which stress the importance of PM for informing strategic planning and change initiatives (Moynihan, 2008).

- Quality Management (QM), this is similar to that of operations management if not more holistic in approach, QM definitions tend to stress the importance of process level change in boosting firm performance (Ates *et al.*, 2013).

As noted above, all of these lenses have merit however, none more than QM, which as argued by Kumar *et al.* (2009a) is multidimensional in nature, thus quality can exist in the simplest of business processes to the most complex, regardless of functional department. Given this, a more fitting definition of performance management is provided by Ates *et al.* (2013) as:

"*an iterative closed-loop process aimed to manage and improve individual and corporate performance through continuous adaptation to the changing operating environment*" (Ates *et al.*, 2013).

Where the authors do manage to capture the holistic nature of PM they fail to fully express the role of process level improvements or process re-engineering which as argued by Parthiban & Goh (2011) is of critical importance to the success of PM programmes. In light of this the following definition is proposed:

"*Performance management represents the continuous review and development of all processes necessary for the success and improvement of any business function*"

The continuous review paradigm mentioned in this definition is a key practice found within QM systems (Kumar *et al.*, 2009a), these as suggested, happen at process level, which, if taking the view of Deming (2000), would include all tasks that amount to the completion of any particular function within a business. This process level management is also said to be of significant importance to sustained growth within a firm, as noted by Davenport (2005) and Bititci *et al.* (2010) who both argue the potential to attain increased levels of flexibility and dynamic capabilities.

Taking PM from the perspective of the above definition it is clear that there are a number of similarities to that of QM, especially regarding its continuous nature (Kumar *et al.*, 2009a) and the need for management of business processes rather than larger functional areas (Schroeder *et al.*, 2008; Zu *et al.*, 2008; Antony, 2006). However, the level of complexity found within QM goes far beyond what has been mentioned at present, consequently, the remainder of this section will endeavour to show how contemporary QM has emerged with particular attention to its adoption within SMEs.

2.2.1 Quality Management

There is currently a distinct lack of research which explicitly discusses the topic of QM within SMSEs. For this reason, it will be necessary to broaden this review to include perspectives of the small to medium sized enterprise, and non-profit organisations, given that, as was discussed above, SMSEs represent a midpoint between these two organisational types (Defourny & Nyssens, 2017; Young *et al.*, 2016; Teasdale, 2012) it is necessary that the underlying concept is explored in more detail. The literature base surrounding this subject has been developing for more than twenty-five years, and as a consequence is both dense and variable in

terms of focus and approach. A key issue seems to be around the boundaries of QM and Total Quality Management (TQM), but are they really the same thing? In reality, the short answer would be yes (Stashevsky & Elizur, 2000). However, TQM is more of a faddish representation of the quality management paradigm (Dahlgaard-Park *et al.*, 2013; Nair, 2006), thus an organisation may implement the former whilst disregarding what is termed TQM however, the reverse is simply not possible. Given this, it has been decided to include information on QM from various research which may refer to TQM, however, this will be done with caution. The following evaluation is not intended to provide a chronological appraisal of QM including how it has developed, as there are already many examples found within the literature, for further reading on this topic see (Oakland, 2014; Dahlgaard-Park *et al.*, 2013; Ebrahimi & Sadeghi, 2013; Dahlgaard-Park, 2011; Murphy & Leonard, 2009; Dahlgaard, 1999; Oakland, 1989). Conversely, it will be necessary to understand what is meant by "Quality" and how its management can impact a firm's performance.

The notion of quality in an organisational context carries with it a myriad of dimensions (Ebrahimi & Sadeghi, 2013), however, the focus is almost always centred around product and/or service quality (Sousa & Voss, 2002). A plethora of definitions exist (Oakland, 2014), however, remain unchanged for a number of years, for instance Crosby (1979) define quality as being "*conformance to requirements*", whilst Juran (1988) suggest it is *"fitness for use"*, with others including *"zero defects"* and *"surpassing customer needs"* (Dahlgaard-Park *et al.*, 2013). A key phenomenon is the level of customer centricity found within these definitions (Oakland, 2014). Thus, the quality of products and services needs to be of an acceptable level based on customer expectations. So how then does this lead

to increases in organisational performance? It is of course assumed that with good quality offerings to consumers, a business would grow with repeat custom, good publicity and market share increases. However, this does not give a complete explanation, a second element surrounds operations process quality and associated cost reductions (Sousa & Voss, 2002; Garvin, 1984). The basic principle being that superior quality outputs emerge through inputs and processes of a similarly high level. To fully appreciate this, one has to consider what is meant by customer, and supplier. Certainly in this context these two can be both internal and external in nature (Oakland, 2014). For example, an organisations human resource processes supply an internal service to internal customers. This links back to comments made earlier in the section regarding process level performance management. If the view of Deming (2000) is taken once again, in that any activity which leads to the completion of a business function can be defined as a process. Then, the output of a firm is reliant on a long chain of internal (and external) processes supplying one another the services and goods necessary to complete a particular task (Oakland, 2014). Subsequently, the need for quality exists throughout an organisation as every process has a customer either internal or external with expectations to be met. This fact strengthens the argument made by Parthiban & Goh (2011) who as noted earlier stress the importance of process level improvement programmes for effective PM.

The idea of quality being all encompassing and critical all through the firm is mimicked within multiple QM definitions cited throughout the literature. Oakland (1993) for example defined QM as:

"a way of managing the whole business process to ensure complete customer satisfaction at every stage, internally and externally" (Oakland, 1993)

Whilst more recently, Ebrahimi & Sadeghi (2013) argued that QM is:

"an integrated management philosophy aimed at continuous improvement of the performance of processes, products and services to achieve and exceed customer needs and expectations" (Ebrahimi & Sadeghi, 2013)

Noticeably, there is little deviation in the key theme between the two, with Ebrahimi & Sadeghi (2013) adding the continuous improvement paradigm. This phenomenon is quite common throughout the literature, although, that is not to say, that there is complete consensus, Sousa & Voss (2002) for example argue this point emphasising the issue of differing perspectives held by academics and practitioners which can influence how they have attempted to define the concept. Conversely, Asif *et al.* (2013), Nair (2006) and Sousa & Voss (2002) all argue that where definitions may lack consensus, the underlying principles and key practices found within QM are far more agreed upon.

QM can be separated into three distinct levels of intervention, these being the underlying principles, key practices and facilitating techniques (Sousa & Voss, 2002). The first of these sees the greatest level of agreement, and are stated as "Customer focus", "Continuous Improvement" and "Teamwork" (Mar Fuentes-Fuentes *et al.*, 2004). However, these principles are too broad to offer any value from empirical observation (Sousa & Voss, 2002). Similarly, the third, techniques, are impractical for meaningful empiricism as they are insurmountably varied. Thus, it is in the second, practices, that QM and its effects on an organisation can be

observed. Where QM practices are generally accepted, there are situations where research context can lead to outliers specific to a particular firm or industry. Nowhere is this more evident than in the work of Ebrahimi & Sadeghi (2013), where through an extensive literature review the authors reported over two hundred individual practices related to QM. This is of course completely unnecessary, as the authors themselves admit, almost all of the QM practices noted, were a consequence of phrasing differences, making it possible to group practices, which were merely phrased differently, leaving only a few context specific outliers.

There are numerous authors who have made similar observations from the literature creating concise lists of key QM practices; these have been grouped into seven key themes for ease of dissemination. A brief synopsis of each is given below:

1. Management support (Ebrahimi & Sadeghi, 2013; Laosirihongthong *et al.*, 2013; Zu *et al.*, 2008; Kaynak, 2003; Sousa & Voss, 2002): this is multidimensional in nature, however, broadly represents support to implement QM, as well as continue to use and support the philosophy over time. There is a consensus around the importance of management remaining involved, whilst also viewing QM not as a short-term fix, but more a long term commitment.

2. Customer relationship management (CRM), (Asif *et al.*, 2013; Ebrahimi & Sadeghi, 2013; Zu *et al.*, 2008; Kaynak, 2003; Sousa & Voss, 2002): this is strongly linked to the notion of "quality" outlined earlier in this section. It is based on the understanding that the emphasis of QM is meeting customer needs, evident through the inclusion of customer focus as an underlying principle (Mar Fuentes-Fuentes *et al.*, 2004). Organisations have a mandate

by customers, to understand their needs and expectations, this is the case for both internal and external customers as described by Oakland (2014).

3. Supplier management (Asif *et al.*, 2013; Ebrahimi & Sadeghi, 2013; Zu *et al.*, 2008; Kaynak, 2003; Sousa & Voss, 2002): this in many ways, is the reverse of practice 2, where the firm acts as a customer. It is important that requirements on quality of materials and services are clearly outlined, with particular attention given to selection, a key question being: "Can the supplier provide the required standards?" This should also represent internal suppliers at the process level, a strong emphasis should also be placed on the continuous review of quality needs and subsequent dissemination to relevant parties.

4. Workforce management (Asif *et al.*, 2013; Ebrahimi & Sadeghi, 2013; Laosirihongthong *et al.*, 2013; Zu *et al.*, 2008; Kaynak, 2003; Sousa & Voss, 2002), the main concepts at play here surround the employees ability and willingness to support the initiative. The former relates strongly to sufficient training, dissemination of knowledge/strategic goals and ample communication links with appropriate functions. The latter element focusses on motivational factors commonly found within HR paradigms, often leading to discussions on reward, and empowerment, the latter being a key component within the continuous improvement principle (Sousa & Voss, 2002)

5. Quality data and reporting (Asif *et al.*, 2013; Ebrahimi & Sadeghi, 2013; Laosirihongthong *et al.*, 2013; Zu *et al.*, 2008; Kaynak, 2003; Sousa & Voss, 2002), closely linked to statistical quality control (SQC) (Asif *et al.*, 2013) and statistical process control, (SPC). The use of data on quality, including waste levels and customer satisfaction amongst many other metrics if

properly reported, and communicated within the organisation, can lead the way to further improvements and early identification of failures in quality.

6. Product/Service design (Asif *et al.*, 2013; Ebrahimi & Sadeghi, 2013; Laosirihongthong *et al.*, 2013; Zu *et al.*, 2008; Kaynak, 2003; Sousa & Voss, 2002): again linked to customer focus principle, this stresses the importance of continuously reviewing customer needs and providing the necessary product and service innovations as a consequence.

7. Process management (Asif *et al.*, 2013; Ebrahimi & Sadeghi, 2013; Laosirihongthong *et al.*, 2013; Zu *et al.*, 2008; Kaynak, 2003; Sousa & Voss, 2002), another key element in the continuous improvement principle, the use of relevant statistical data, as well as knowledge and expertise, derived through the empowerment of employees mentioned above should be used to control and improve processes throughout the organisation, this links back to the quality chain phenomenon outlined by (Oakland, 2014).

Whilst broadly speaking the above practices concentrate on varying aspects of QM, there is a great deal of consensus that the above can either be 'soft' (Philosophical/Social) or 'hard' (Technical/Methodological) in nature (Psomas *et al.*, 2014; Laosirihongthong *et al.*, 2013; Ingelsson *et al.*, 2012; Leavengood *et al.*, 2012; Vecchi & Brennan, 2011; Hoang *et al.*, 2010; Abdullah *et al.*, 2009; Vouzas & Psychogios, 2007). More specifically Vouzas & Psychogios (2007) and Herzallah *et al.* (2013) identify those which are soft including Management Support, customer relationship management, Supplier Management, and Workforce Management. Whilst identifying 'hard' practices as Quality Data and Reporting, Product/Service Design and Process Management. Thus, some refer to controlling the process of QM whilst others represent the management of human or social factors related to the paradigm (Laosirihongthong *et al.*, 2013). Such a segmentation of practices is

possible in this way; however, "soft" and "hard" elements invariably rely on a level of mutually supportive interrelationships (Vecchi & Brennan, 2011; Anwar & Jabnoun, 2006). A particularly prevalent example of this is the effect workforce management practices can have on "process management" or "Quality data and reporting".

It is somewhat accepted up to a point, that the core practices of QM, once implemented, translate to performance improvements (Psomas *et al.*, 2014; Kumar *et al.*, 2009b). There have been a number of empirical studies which attempt to assess the consequences of QM implementation, of which some earlier examples include Hendricks & Singhal (1996), Hendricks & Singhal (1997), Choi & Eboch (1998), Terziovski & Samson (1999), Shaukat *et al.* (2000), Hendricks & Singhal (2001), Shaukat *et al.* (2002) and Kaynak (2003)

This small sample of research shows a prevalent issue found within literature on the topic, this being what to measure in terms of performance. A number of different measures are noted including a positive relationship between QM and operating income, sales growth, stock price, profitability, market value, innovation, and customer satisfaction, as well as some undefined variants of "firm performance". In more recent studies, this phenomenon is still present, Karia & Asaari (2006) for instance, report a positive relationship between QM practices and employee performance measures such as job satisfaction and commitment to the organisation within Malaysian manufacturing firms. The authors also note empowerment and teamwork as being the most important aspects necessary for increased performance of this nature, whilst also showing a strong link between level of QM adoption and impact on 'soft' performance indicators. Similar results are found by Yang (2006), who notes the increase in employee satisfaction as a consequence of QM in Taiwanese manufacturing organisations. Another key element discussed in

this study directly links performance to the combined efforts of QM and Human Resource Management (HRM) principles, in essence it is suggested that HRM practices which are directly linked to the workforce management paradigm can increase effectiveness of both CRM and quality data and reporting QM dimensions (Yang, 2006).

The employee elements are further substantiated by both Fuentes *et al.* (2006), and Iñaki (2006), with the latter noting potential benefits to employee motivation, satisfaction and attendance levels. However, this was based on the views of twenty-seven QM professionals ranging from consultants and managers to academics all from the Basque region of Spain and may have been influenced by participant biases given their relationship with the tool. Conversely, the research conducted by Fuentes *et al.* (2006) relied on a healthy empirical investigation including over two hundred and fifty Spanish organisations of varying size. This study also reported the existence of financial as well as wider operational level benefits following QM implementation. Moreover, it is also posited that the alignment of QM to key strategic goals can lead to even higher beneficial gains in the above areas.

More holistic appreciations of performance are also catered for to some degree, Nair (2006) is a particularly poignant example of this. Through a meta-analysis of empirically based literature relating to QM and performance the author highlights a number of strong correlations between individual QM practices and measures such as financial performance, product quality and customer satisfaction, (Nair, 2006). Adding another dimension to this argument Psomas *et al.* (2014) conclude that where such benefits as noted above exist, they rely on "soft" QM practices far more than others. However, the "hard" aspects are still noted as being of particular

importance given the fore mentioned interrelationships present between the two subgroups.

2.2.2 The SME Perspective "Big vs Small"

The differences between SMEs and large organisations are well documented throughout contemporary literature. However, it is important to note that these differences are by no means contextually specific, in fact they have consequences for a range of business areas. Examples of recent topics under investigation include the adoption of cloud computing (Alshamaila *et al.*, 2013), and an exploration into the issues of implementing e-business systems within manufacturing SMEs (Marasini *et al.*, 2008). Both of these studies highlight the importance of scalable technologies which better compensate for the differences in process size and complexity found within SMEs. Whilst authors such as Singh *et al.* (2008) have explored the phenomenon at a more generalist level, observing in an Indian context several similar constraints to competitiveness held by large and small organisations alike, the authors also identify a great differentiation in the ability to develop core competencies. This issue of core competencies was also explored by Bhamra *et al.* (2010), who expand the argument using UK manufacturing firms, showing not only do many SMEs lack core competencies but managers also fail to understand what is meant by the term itself.

The area of QM is far from left out of these 'Big' vs 'Small' debates, in fact the body of literature on this topic has been growing for more than twenty years. Once QM programs began to increase in level of adoption, it was quickly realised that implementation within SMEs could be thwart with additional barriers and constraints. Early examples of this are presented by Ahire & Golhar (1996) and

Ghobadian & Gallear (1996). In both instances the main driver for research is built on the understanding that QM practices at that time were designed with large manufacturing organisations in mind. As a consequence, it was assumed that since SMEs were structurally far from being scaled down versions of their larger counterparts QM adoption and its associated benefits would be difficult to achieve (Ahire & Golhar, 1996; Ghobadian & Gallear, 1996). On the other hand, both studies showed great potential in the adoption of QM in this context, in particular Ahire & Golhar (1996) show both an applicability to implement within small firms as well as a clear leap in product quality as a consequence. A clear issue with both examples is that of design, where generalizability of the claims made is limited due to scale in the case of Ghobadian & Gallear (1996) who relied on only four case studies. Ahire & Golhar (1996) are hindered by context, concentrating only on automotive parts suppliers, which through close relationships with larger automotive manufacturers are often mandated to apply such tools, or at least particular QM practices (Ahire & Golhar, 1996). This issue is picked up later by McAdam (2000a) who highlights the need for further research in an SME context suggesting that where there are advocates like those discussed above it is far from clear if QM can be applied to all SME contexts. This is an unsurprising view given what was noted about diversity of SMEs in Section 2.1, the myriad of sectoral, industrial, and size differences leads to a vast landscape of possibilities.

It would seem that even in the present day this issue remains unsolved, with research on QM implementation and best fit still being undertaken. It is important to note however, that there has been a shift in recent years away from what would be termed QM or TQM towards more focussed initiatives and tools relating to QM (Kumar & Antony, 2008), such as six sigma, business excellence frameworks and

benchmarking, though these areas will be covered in detail later, thus works included within this section pertain to broader appreciations of QM only.

In line with the views expressed by Assarlind & Gremyr (2013), who advocate the importance of context when applying the principles of QM, research has tended to focus on contextual adaptation and best fit. These often rely on geographical context, assessing QM in relation to SMEs in a particular country in an attempt to discover differences caused by level of economic development or socio-cultural elements. Such works include that of Hayati *et al.* (2014) who identify critical success factors of QM within Malaysian food processing SMEs, during which they identify process management practices as being of particular importance to QM success. Demonstrating the level of disparity in this research, Assarlind *et al.* (2013) show the importance of external support as being critical to the success of QM programmes using 12 case studies based in European SMEs. A factor that is also highlighted by Assarlind & Gremyr (2013) who through a comprehensive literature review also noted the importance of sound preparation and staged QM deployment as to not overwhelm the organisation. Assessment of QM benefits is also explored in different contexts, Herzallah *et al.* (2013) for example, assess the relationship between "hard" and "soft" QM practices and financial performance within Palestinian manufacturing firms. This study showed a significant relationship between hard factors and cost leadership, suggesting financial performance will be positively affected through cost savings, a point also raised by Fuentes *et al.* (2006) in a broader investigation of Spanish organisations including a wider array of company size. Thus showing there may indeed be similarities between big and small in some contexts. Opposing this view from an Australian viewpoint, Kober *et al.* (2012) found little evidence that QM adoption led to financial performance

increases, noting the possibility of mandated QM participation from customers may have created an environment less conducive to its success given a lack of top management commitment, being viewed more as a burden than an opportunity for improvement (Kober *et al.*, 2012). Another element seen in recent work which to some extent copies the results of studies on larger organisation is the importance of "soft" QM practices, both Claver & Tarí (2008) and Herzallah *et al.* (2013) highlight the importance of these practices to the success of "hard" elements.

A notable issue with this small selection of studies is their tendency towards manufacturing environments, a phenomenon already brought to the fore with regards to SME capabilities and QM in larger organisations, although as already noted the latter was unsurprising given that QM programs were originally designed with manufacturing environments in mind.

There are however, some examples of research where services are taken into account, such as Prajogo & Brown (2006), who again from an Australian context, assess the affect length of QM adoption has on quality outputs, namely the performance of those previously discussed QM practices, which indirectly relates to the continuous improvement principle at the core of QM methodologies. Their research shows that where a positive relationship is present it is particularly so for process management and CRM practices It is also suggested that such growths in quality may lead to increases in a firms financial performance. This strengthens the views of both Herzallah *et al.* (2013) and Fuentes *et al.* (2006) whilst also showing links between SMEs and their larger counterparts (Psomas *et al.*, 2014), although this time including a non-manufacturing paradigm. However, this research is not solely confined to service organisations, firstly the term non-manufacturing is used suggesting other contexts such as public sector may have been included.

Furthermore, manufacturing companies populated the majority of this sample, meaning that the results are skewed in favour of manufacturing environments, limiting their applicability to service sector SMEs. Conversely, Kureshi *et al.* (2010) does focus exclusively on service SMEs whilst assessing the current state of QM practices found within a Pakistani context, in doing so the authors discovered relatively low levels of adoption throughout this particular country. Moreover, whilst up-take was low, managers did seem to recognise both the philosophy and its perceived importance to firm performance if not fully understanding and implementing practices within their own organisations.

From this relatively small but timely offering of SME based QM research, it is clear that there are indeed some similarities between large and small organisations alike. However, this is perhaps not always the case, as seen by the conflicting views of Kober *et al.* (2012). The diversity and somewhat erratic nature of the above sample very much encapsulates the literature base on this topic of late. It would seem what has become of paramount importance is the need to capture all potential contexts, in an attempt to fully appreciate the full effect of QM on SMEs. However, as was discussed, there is still a visible lean toward more traditional industrial contexts, seeing manufacturing SMEs, much like their larger counterparts take the bulk of attention. A phenomenon which could prove unwise given inherent and widely accepted differences between the two sectors (Chiarini, 2014; Xue *et al.*, 2013; Ahmadi *et al.*, 2011; Forsman, 2011; Reed & Storrud-barnes, 2009; van den Bosch *et al.*, 2006; Morris & Johnston, 1987).

2.3 The Diverse Landscape of Quality Management

The evolution of QM has seen a great deal of diversity, consequently a number of forks have appeared in the road leading to a number of fundamentally similar, yet

different techniques and tools. It is worth explaining what is meant by these terminologies before moving forward as they can become quite confusing if not used in context. The taxonomy of QM can be split into three separate levels, that of frameworks, techniques and tools of which the latter directly relates to the final QM paradigm discussed in Section 2.2.2. As explained by Dahlgaard-Park *et al.* (2013) the individual stages tend to carry with them a different level of complexity and scope, with frameworks such as business excellence models (BEMs) being far more holistic, where techniques can be described as collections of tools thus still reaching several areas of the business and finally tools themselves which remain highly focussed on particular issues or processes. The latter two are often confused within a layer of ambiguity in meaning, however, collectively include elements such as six-sigma, lean management, benchmarking, Just in Time (JIT) and the balanced scorecard (Dahlgaard-Park *et al.*, 2013). This topography is for the most part an operational level consideration; hence using the right systems can have a clear effect on the level of implementation success. However, many variants of these tools/techniques exist in practice. To use a metaphor, "*there is more than one way to tie a shoe lace"*, the more important consideration is does the lace get tied appropriately and how easy is it for a person completing the task to use one method over another. In other words "best fit" is imperative, and widely put dependant on context with regards to these tools/techniques, an issue already identified previously as a key consideration when applying QM to SMEs.

Research and empirical application of these varying taxonomies has seen a number of shifts in focus over the past decade in particular. The comprehensive literature study undertaken by Dahlgaard-Park *et al.* (2013) brought this particular anomaly to the fore. The authors first noted that no single QM taxonomy had

become completely stagnant; however, more holistic representations like TQM/BE have seen a decline in popularity. In their place lies research pertaining to specific tools/techniques such as six-sigma/lean six-sigma, JIT, the balanced scorecard, lean production methodologies and benchmarking (Dahlgaard *et al.*, 2013). In terms of use, it could be argued, and indeed it has by some, that these shifts in managerial focus between different taxonomies represents in the case of western organisations, a tendency to follow the latest fad, given their focus on short term fixes. This is clearly seen when reviewing up-take of and research into lean management, where during 2008 and 2011 there was a noticeable spike brought about by organisations trying to trim the fat in the hope of surviving the economic turbulence (Dahlgaard-Park, 2011). From a research perspective, it is argued by Dahlgaard-Park *et al.* (2013), that this concentration on more explicit tools/techniques as well as specific core QM practices shows a clear level of maturity in the field. This 'coming of age' is also apparent given the level of QM application in contexts away from the traditional manufacturing view, and sees areas such as the public sector and in particular service organisations gain a great deal of attention (Sanchez & Blanco, 2014; Dahlgaard-Park *et al.*, 2013; Lo & Chai, 2012).

When attempting to understand the relationship between QM and SMEs, it would seem prudent to look at the more holistic examples in more detail, particularly those classified as excellence models. in doing so it is inevitable that more specific tools/techniques will be explored as a consequence, given that many remain methodologies employed during implementation of the former (Andersson *et al.*, 2006). There are however, boundaries to consider; consequently six sigma, JIT, and lean management will not be addressed in great detail given their strong

process-level involvement and particular applicability to areas such as manufacturing and physical distribution management.

2.3.1 Quality through Excellence

The notion of business/organisational excellence is by no means a new phenomenon within the QM umbrella, it can in fact be traced over thirty years. However, it is not intended that this section looks in depth at this history. For exploration of these historical aspects (Metaxas & Koulouriotis, 2014; Oakland, 2014; Talwar, 2011b; Kim *et al.*, 2010; Porter & Tanner, 2004; McAdam, 2000b) provide comprehensive coverage.

The excellence landscape sees a wide variety of BEMs in circulation, Talwar (2011b) shows this fact quite poignantly highlighting the existence of one hundred excellence models or national quality awards (NQAs) in a sample of eighty two countries. It could be further argued that this is perhaps still by no means representative of the total figure when considering off the shelf examples available through private consultancy firms. That is not to say they are all pushing different agendas, or particularly divergent from one another's key principles and focus. As explained by both Kim *et al.* (2010) and Talwar (2011b), all models have either a direct or partial connection to one of three key examples, these being the Deming Prize from Japan, Malcolm Baldridge National Quality Award (MBQNA) founded in the USA, and the European Excellence Award, commonly known as the European Foundation for Quality Management (EFQM) model. However, within what could be colloquially dubbed the "big three" there are again remarkable similarities in core principles or criteria. This is due mainly to the fact that all of the above contain at least some element, or were in fact based upon the TQM paradigm (Metaxas &

Koulouriotis, 2014; Oakland, 2014; Dahlgaard-Park *et al.*, 2013; Talwar, 2011b; Kim *et al.,* 2010; Porter & Tanner, 2004). Through a comparison of twenty BEMs/NQAs including the "big three", Talwar (2011a) show this commonality highlighting nine key criteria which can be found within the models, which are:

- Leadership,

- Strategic Planning,

- People,

- Supplier/Partner,

- Customer,

- Knowledge and Information Management,

- Processes,

- Society,

- Business Results.

(Talwar, 2011a)

These criteria have a direct correlation to the seven key QM practices outlined in Section 2.2 of this literature review. However, it is not as simple as saying they all follow the same core criteria, where overall most of the above are present within each model, it is not always the case. Furthermore, the importance of each criterion to a particular models success (Weighting) is different in all cases (Talwar, 2011a). There are key areas within BEMs which differentiate themselves significantly from more traditional views of TQM, these correspond directly to the strategic planning, society and business results criteria noted above. In many ways, the latter is a key reason for the growth in popularity of this particular QM breed, as it gave more focus on measurable outcomes, where in general QM stopped at quality focussed

outcomes, an issue still visible within the Deming prize methodology (Talwar, 2011a; Talwar, 2011b).

The EFQM Model

Before nuances within the BEM literature can be discussed with reference to SMEs, it is important to understand at a general level how these models work in practice. It is of course not possible to review each model individually however, given the numerous similarities noted above outlining a single example should add sufficient context. The EFQM has been chosen as a base framework as it was widely agreed to be the catalyst for the excellence movement and subsequent uptake of BEMs (Adebanjo, 2001) furthermore its wide scale use and European origins (Talwar, 2011a; Talwar, 2011b; Kim *et al.*, 2010), which make it of particular relevance given the scope of this study.

At the core of this model lies nine criteria which can be seen in Figure 2, of these nine, two further subgroups are present, that of six enabling factors and three focussed on output or results (Asif, 2015; Asif & Gouthier, 2013; EFQM, 2012; Kim *et al.*, 2010). This fundamentally targets what a company does, or its core practices, to what an organisation achieves within a number of different areas, much the same as those lenses of performance management discussed earlier in this literature review. The basic assumption of the model is that with increased competence in enabling factors there will be both explicit and implicit results gained as a consequence (Vorria & Bohoris, 2009). Of these two subgroups it is worth noting that distinct similarities to the fore mentioned generic criteria are present, with some criteria being direct emulations. This is due to the high level of imitation of this model present throughout the globe (Talwar, 2011a). A position supported by his

second paper of the same year, within which it is noted that out of 82 BEMs/NQAs

in as many countries, more than half imitated the model either fully, partially or on a

basic level, with full framework adoption being by far the most common taking over

a quarter of the total (Talwar, 2011b) .

Figure 2. The enablers and results in the EFQM model
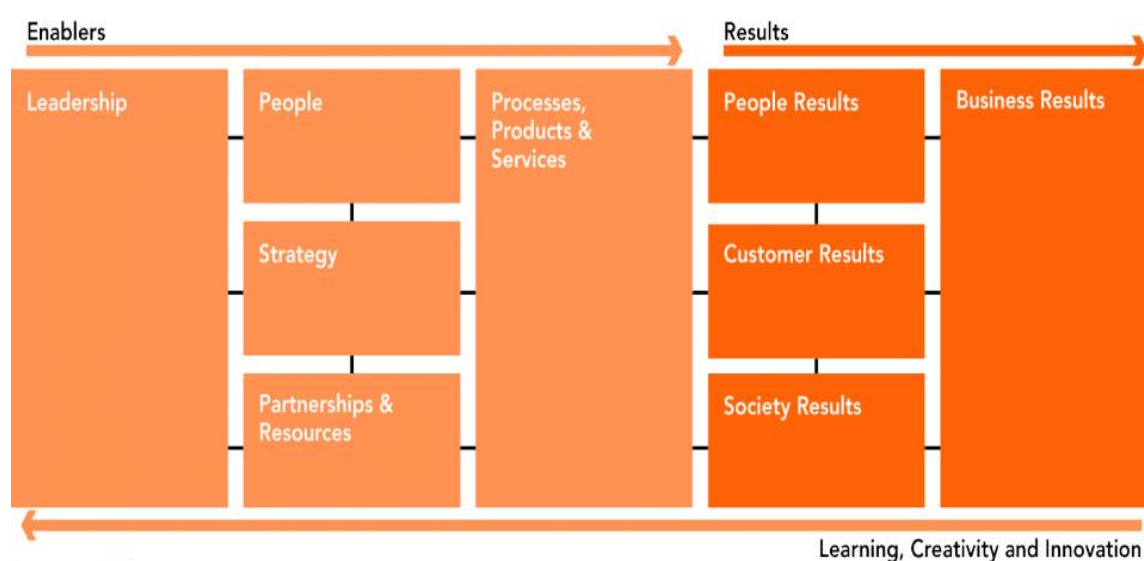
(EFQM, 2012)

The intended flow of this model is somewhat axiomatic, in its simplest form

enablers should lead to results, which feed information back to the former in the

hopes of fostering innovation and learning, creating a continuous loop of

improvement towards excellence (Asif, 2015; Asif & Gouthier, 2013; Kim *et al.*,

2010). To break this down further, leadership should foster improvements in people,

strategy and partnerships & resources, which in turn should lead to better

performing processes, products and services. The latter should then translate into

improved people, customer and society results, which finally leads to an overall

increase in key business results, representing a systematic cause and effect

relationship. (Oakland, 2014). The importance of leadership to drive this entire process forward shows strong links to the interrelationships seen between hard and soft QM factors as noted by Vecchi & Brennan (2011). The main reason for the models high level of adoption at both an organisational and national/international level is the level of structure present within the framework. At a more generalist level the EFQM model facilitates a process of assessing improvement efforts, diagnosing management systems and identifying improvement opportunities (Asif, 2015), in doing so, it is hoped that strengths and areas of improvement will be highlighted. However, a key component of this models success is also its flexibility, it is not so much a prescribed step by step function but instead allows managers to choose how best to use the framework within their respective organisations.as a consequence there are a number of primary uses noted within the literature. In their research, Kim *et al.* (2010) highlight some of the main uses as being: self-assessment, inter-organisational benchmarking initiatives which hold some similarities with the former, a structure for improvement identification and at a more conceptual level it can create a common vocabulary within an organisation or even be used as the structure for a company's management system (Kim *et al.*, 2010). However, the more common use of the EFQM model as it is with most if not all BEMs is that of self-assessment (Asif, 2015), sometimes referred to as diagnostic benchmarking, a facet which will be explored later in this chapter.

Although as it has clearly been shown that QM and the EFQM model (Or European Excellence Award) are intrinsically related, the modern award has no explicit links to quality in the criterion terms used, or indeed its name (Kim *et al.*, 2010; Adebanjo, 2001). This represents, as argued by Adebanjo (2001), a potential dissolution of the quality movement at the end of the last century. Of course this

was not the case, moreover it seems the reason for this was to make it more applicable or indeed desirable to a number of different contexts, be it large, small, service, construction, manufacturing, English, Spanish, Malaysian etc. in the hopes of creating an all inclusive excellence framework (Dommartin, 2000). However, the question remains, is it really the Lycra of excellence? Can it truly fit all? If the findings of Williams *et al.* (2006) are to be believed, then the answer is a resounding no, the basis for this opinion has already been substantiated within this section, and can be summed up with a simple statement. 'If the EFQM model is truly a one size fits all approach, then why has there been over a decade of research with innumerate BEMs, and variants being used or at least suggested within the literature which consider contextual differences'. It could be argued that the above is true, however, the level of imitation seen throughout NQAs and BEMs suggests that it may not be perfect, but the European excellence award is by far the closest thing to it.

Benchmarking for Excellence, the Role of Self-Assessment

To gain a thorough understanding of how BEMs work in practice it is important that the use of benchmarking is discussed. As was noted by Asif (2015) the most common use of excellence models like the EFQM framework is for the purposes of self assessment. Simply put, this allows an organisation to measure itself against a set of criteria, gaining insights into performance bottlenecks or critical failing areas of their operations. For further clarification the following section will provide a basic understanding of the differing forms of benchmarking, whilst outlining where benchmarking meets QM..

There still lies a level of ambiguity in defining or explaining benchmarking, with various examples or forms found throughout the literature, many of which are differences in terminology only. At a simplistic level benchmarking is the process of comparing A with B, where it is often the case that the latter will represent the "exemplar" in a particular context (Moriarty, 2011). The aim of such comparisons is to see how a particular organisation or operational process is performing compared to this best in class situation, which in most cases will aid companies in targeting improvement efforts to where they are needed most. This was articulated best by Spendolini (1992) who described benchmarking as

"a continuous, systematic process for evaluating the products, services and work processes for organisations that are recognised as representing best practices for the purpose of organisational improvement."

There are of course various forms of benchmarking possible, which as previously noted are often labelled differently, creating an unnecessary level of ambiguity when classifying typologies. It can however, be broadly split into four basic subgroups as described by Camp (1995), Longbottom (2000), Jaques & Povey (2007) and Moriarty & Smallman (2009),which include:

- Internal, this involves comparing common practices within different functional departments of an organisation. Often attempting to duplicate the success of one business function or process by applying its innovative solutions or practices to another, representing a form of organisational learning.
- Competitive, as above, however, external in focus, requiring comparisons to be made between an organisation and its direct competitors.

- Functional, this again requires external scope, however, it is not necessary that comparisons are made with direct competitors, leading to a wider net of possibilities as long as they share similar processes to the principal organisation.

- Generic/Best Practice, once more this is external in its remit, however, as Garengo *et al.* (2005) explain, the scope is once again expanded meaning there need only be basic similarities in the organisations' processes and practices. Although not always stated by authors it would seem there is also an argument that this form of benchmarking utilises best practise or quality frameworks to target any comparative analysis (Moriarty & Smallman, 2009; Jaques & Povey, 2007). The latter can be seen in action when reviewing the previously discussed Regional Competitiveness Project (Prabhu *et al.*, 2001a; 2001b) which utilised the PILOT frameworks to provide structure to its analysis of North East SME competitiveness. A simple observation can be made within the two reports, this being a deliberate lack of focus to specific industries. Instead the authors initially made only one clear distinction, that of either manufacturing, or service sectors, thus demonstrating the lack of direct likeness necessary when BEMs are used as a broad guide to common sectoral factors.

Building on this there is also an argument as to what is being benchmarked. Adebanjo *et al.* (2010) highlight this issue discussing two main facets of benchmarking, these being performance (of an organisation or function/process) and the practices which lead to said performance, of which the former is noted to be more prolific. This anomaly is highlighted by Jaques & Povey (2007) who outline three distinct forms of benchmarking pertaining to the data types targeted as being, metric (quantitative performance data), process (Qualitative data on how processes

are carried out), and diagnostic, which is the assessment of both how an organisation carries out processes and what performance is achieved as a consequence. The final form discussed is where parallels can be drawn between benchmarking and self assessment, which as noted earlier is directly linked to BEMs, this link is most evident when comparing the enablers/results to that of the practice/performance paradigm. Diagnostic benchmarking is as near as makes no difference mimetic to the definition of generic benchmarking put forward by Jaques & Povey (2007) and Moriarty & Smallman (2009) commonly making use of the fore mentioned BEMs or other frameworks to support any analysis much like self-assessment. The difference however, lies in scope, where both draw upon the criteria found within BEMs, diagnostic benchmarking is more commonly used externally against a group of organisations either directly or using verified databases of previous relevant benchmarks following the same framework (Kim *et al.*, 2010; Jaques & Povey, 2007). Conversely self assessment relies on the internal valuation of an organisation against the model itself.

The self assessment process will result in an organisational health check, showing areas of strengths and potential weaknesses compared to the model. This is achieved through assessment of each enabler/result criteria, for the EFQM framework much of these assessments are anecdotal in nature, requiring quantitative underpinning only in the case of results criteria. At the end of which it is then possible to move forward and address areas of concern or build on strengths further, this stage is often conducted utilising the "RADAR" system "*Results*", "*Approach*", "*Deployment*", "*Assess and Review*" (Oakland, 2014). This approach in itself represents a more complex version of the Plan-Do-Check-Act framework for continuous improvement.

2.3.2 Excellence in Context

The use of excellence models and NQAs has become a global phenomenon, however, in some ways this globalisation has led to its own issues. The most prolific of issues it seems is that of context and subsequent model applicability. As stated earlier there are now many BEMs/NQAs currently in use, of which some boast applicability irrespective of context, where others have been adapted to suit a particular geographical or industrial area. Concerning the latter, where it is certainly true that superficially there may be some contrast to that of other models, the underlying constructs and core criteria remain relatively derivative of one another (Lee & Lee, 2013; Talwar, 2011a; Talwar, 2011b). Adding more detail to this argument Talwar (2011a) examined the constructs of twenty BEMs/NQAs to determine their differences. In doing so the authors identified a three-tiered hierarchy of subgroups to which all model criteria could be placed. Ranked in terms of the point weightings given to each criterion the subgroups were outlined as either: core (customer, people and business results), internal environment (processes, leadership, strategic planning, knowledge and information management) or goodwill (society, supplier/partners) (Talwar, 2011a). However, differentiations were still present. In fact, this study reported only one meaningful difference between the models evaluated, which concerned the points or level of importance assigned to each component criterion. A clear example of this disparity in weightings is evident when assessing the society factor, where only four out of twenty BEMs/NQAs give a particularly high value. This broad level of commonality is also supported by Lee & Lee (2013) who conducted a similar comparative analysis on the colloquially termed "big three", within which they identified a total of eighty NQAs which represented direct adaptations of either the MBQNA, EFQM or

Deming frameworks, of which more than half embodied imitations of the previously discussed EFQM model. Another area where small changes to existing models have been seen is within the academic forum, the work of Al Tabbaa *et al.* (2013) is one such example. Whilst assessing the viability of applying the EFQM framework to non-profit organisations within the United Kingdom the authors suggest several changes to best fit this environment. Based on the findings of three case studies it was suggested that three changes be made to the existing framework, the first two being relatively superficial with rewording of the leadership and customer results criteria to "Leadership and Board of Trustees" and "Beneficiaries and Donors" respectively (Al Tabbaa *et al.*, 2013). The final alteration shows a small change to the point weighting of key criteria, which supports the findings of (Talwar, 2011a) who highlight this as a common amendment. There are examples which at face value appear to be less linked to common models. In their research Litos *et al.* (2011) propose a model for the Greek Hotel and hospitality industry derived through similar means to the above, but with twenty participants from a range of hotels in Greece. However, due to a reliance on pre-existing models when designing their questionnaire the output is still very similar to that of the EFQM framework, with two additional criteria being added.

This level of common ground between the myriad of BEM/NQAs has led to some authors, in particular Sampaio *et al.* (2012) and Lee & Lee (2013) suggesting the need for an all-encompassing global quality award framework, which would be applicable regardless of context. Allowing for greater international comparisons to be made based on a pre-determined standard. This, however, seems to go against the grain of mainstream opinion, with many of the previous research regarding the importance of context as being a key driver of their respective studies. Furthermore,

creators of models such as the EFQM framework amongst others saw fit to create a simplified version of the tool for SMEs (Tan, 2002),Within research on the topic of context there are two main areas of discussion, the first is that of national identity and cultural differences, whilst the second concerns organisation type, which can cover a range of factors such as size, industry, sector or in some cases niche business types.

The existence of these two contextual facets leads to a very broad body of work on the topic of BEMs. Some recent trends include work on the public and non profit sectors (Melão *et al.*, 2017a; Favaretti *et al.*, 2015; Mosadeghrad, 2014; Al-Tabbaa *et al.*, 2013; Al Tabbaa *et al.*, 2013; Lee *et al.*, 2012; Yang *et al.*, 2012; Stewart, 2003; Naylor, 1999), hospitality (Arasli, 2012; Litos *et al.*, 2011; Tarí, 2010; Politis *et al.*, 2009), cultural aspects (Rowland-Jones, 2013; Canet-Giner & Balbastre-Benavent, 2011; Grigg & Mann, 2008; Saunders *et al.*, 2008) with others taking a wider theoretical approach, such as Asif *et al.* (2011) who attempt to integrate corporate, social and economic sustainability factors into the EFQM and MBQNA frameworks.in doing so the authors highlight that where some evidence of these factors are already present they were under developed and needed to be more explicitly represented within each model. another generalist study be the same author, Asif *et al.* (2013) assesses the ability of quality management practices which underpin excellence models, to foster knowledge creation within an organisation. What has been noted by Lee & Lee (2013), is a decline in research surrounding traditional quality contexts such as manufacturing, which has made way for research in these more niche areas. One such area is the service sector, although early work on service quality is present (Dotchin & Oakland, 1994b; 1994c; Dotchin & Oakland, 1994a) the model in question was by no means an

excellence framework, representing a simplified appreciation of quality in services. Moving forward there starts to be more appreciation for the differences between manufacturing and service in relation to BEMs, seeing the use of bespoke models in the competitiveness studies discussed previously in this chapter (Prabhu *et al.*, 2001a; Voss *et al.*, 1997; Voss & Johnson, 1995). However, as is to be expected there has been continuing work along the lines of model development in this context, in particular Asif & Gouthier (2013) critically evaluate and compare service excellence and business excellence models concluding that all variations had some deficiencies, suggesting a hybrid model encompassing both BEM and service excellence facets. Examples of this integration of models is presented by both Asif (2015) and Gouthier *et al.* (2012), however, in each case the model remains purely conceptual, requiring further development. What seems to be the case in both offerings is the use of BEMs as a structural framework, with service quality models filling in the gaps in terms of context specific needs to maximise customer satisfaction. Another key context which has seen an increasing level of attention according to Lee & Lee (2013) is that of SMEs, however, there still lies a lack of continuity within research on this topic which will be discussed below.

Excellence and the SME

The notion of quality and the SME is by no means a contemporary one, in fact there has been a growing body of knowledge on this subject for over twenty years. Early researchers such as Ahire & Golhar (1996), Ghobadian & Gallear (1996), Parkin & Parkin (1996), Ghobadian & Gallear (1997), Hewitt (1997), and Boon & Ram (1998) begin bringing to the fore the notion that SMEs are by no means simply scaled down versions of their larger counterparts and have their own idiosyncrasies which may cause problems when attempting to apply frameworks designed for the latter.

However, the concept of excellence, whilst mentioned, is scarcely addressed fully in these early examples. Whilst slow to start, it was apparent that work on SME specific models and application was starting to gain momentum (Hewitt, 1997), There have been examples where models were designed for a specific SME context, such as hotels and hospitality (Tarí *et al.*, 2013; Litos *et al.*, 2011; Politis *et al.*, 2009). The argument made by all of these studies is relatively simple, current BEMs are not capable of meeting needs idiosyncratic to the hotel sector. Of particular significance to the research being presented in this thesis is the work of Litos *et al.* (2011) given their inclusion of both service and SME paradigms. Within this study the authors proposed a BEM specific to the Greek hotel sector, the result of twenty interviews with hotel management was a model yet again very similar to the EFQM framework or be it with changes to the criteria point weightings. This study, however, highlights a key issue with many such models, that is, it remains empirically un-tested, thus it is unclear how easy the BEM was to implement and what benefits came as a consequence of such an application; both of which are key considerations of the research being presented. A similar argument is put forward by Antony & Bhattacharyya (2010b) and Antony & Bhattacharyya (2010a) who outline a distinctive model to be used by Indian SMEs. The latter in particular is of interest as it seems to offer some decisive differences to the pre-existing norms, concentrating only on interrelationships between a set of fourteen criteria held within the subgroups "Work unit" and "Organisational", thus organisation wide, or specific to a particular process, and two outputs which are "results" and "organisational excellence". Although seemingly disparate from other models, what is actually being described within this model is a variant of the practice and performance paradigm used by the EFQM framework amongst others. A potential issue with this model follows the logic of Rönnbäck & Witell (2008) who indicate the

issue of failing to consider differences between manufacturing and service sectors when applying quality management frameworks. Given that Antony & Bhattacharyya (2010b) make no mention of sectoral applicability it would seem the intention was a catch all approach, which may cause inconsistencies in their models success (Rönnbäck & Witell, 2008). Furthermore, this too falls short in terms of empirical validation, where once again we see some inclusion of practitioners in the design stage of the model it by no means guarantees successful adoption and attainment of performance benefits. Another such model was proposed by Teixeira *et al.* (2015), the main component of this again shows parallels to the EFQM framework, containing both enablers and results criteria. Where it differs is the method of analysis, the authors propose a five-step sequence for self-assessment against the model which includes a failure modes effects analysis (FMEA) as well as a root cause analysis to identify critical quality shortcomings and associated root cause. However, much like the former example this too does not specify which sector the model is aimed at suggesting once again that it is designed for all SMEs regardless of core business sector. Unlike the first two models outlined this did include a level of empirical validation in the form of two case studies, however, the time spent remained relatively short, leading to few conclusions being drawn from interactions with either company. There are also some notable examples of model development found within the broader context of benchmarking, with Garengo *et al.* (2005), Barclay (2006) and Deros *et al.* (2006) all suggesting models of best practice benchmarking tailored to the SME context. It is important to note there was no explicit mention of QM or excellence within any of these frameworks, however, where the title may differ the underlying models still held many similarities to the latter, particularly Barclay (2006) who constructed a self-assessment model not dissimilar to that of the EFQM framework.

In reviewing the literature on BEMs, it is becoming apparent that this QM typology is one that has seen great attention over the past two decades. There also appears to be an inherent inconsistency in focus regarding application and design of these models. Where it is clear that the field is dominated by the EFQM, MBQNA and Deming frameworks, there seems little acceptance that these represent a total solution to implementing QM practices. What has been observed is a shift from traditional manufacturing contexts to broader applications of business excellence, a finding supported by Lee & Lee (2013). This emergence of diverse contextual adaptation has led to a lack of research continuity within academic works to date, simply put there are a number of proposed models for specific industrial and sectoral environments but little empirical work to validate their proposed applicability or perceived beneficial implications. With contemporary offerings concentrating solely on hotels in either Greece (Litos *et al.*, 2011; Politis *et al.*, 2009), Spain (Tarí *et al.*, 2013) or Iran (Arasli, 2012), thus strengthening the argument for further research on QM from the perspective of North East England's service SMEs.

2.3.3 Unifying Taxonomies

It is clear that the scope of possible QM taxonomies and differences is far reaching, simply through reviewing BEMs/NQAs over a hundred variants are found in practice alone (Lee & Lee, 2013). This does not take into account the many theorised and as yet untested academic variants proposed to support specific contextual circumstances, of which a small contemporary sample has been discussed above. Regardless of the apparent diversity within this QM facsimile, the underlying principles are as near as makes no difference standardised throughout. The reason for this standardisation argument is twofold, firstly, most, if not all BEMs/NQAs are

either adaptations of one, or derivatives of three models in particular, these being the EFQM, MBQNA, and Deming frameworks (big three). Secondly, the big three are in themselves very similar to each other, sharing some if not all of nine key criteria (Talwar, 2011a) which were outlined in section 2.3.1. Furthermore, these nine criteria, with the exception of "business results" and "society", correspond directly to the seven core practices of QM outlined in section 2.2.1. Similar conclusions can be drawn from other QM taxonomies which have seldom been explicitly discussed during this section. Of particular note is six-sigma, although this represents a technique, rather than an overarching QM framework, consequently, much like benchmarking, six-sigma can be used as a tool in support of a wider BE framework (Andersson *et al.*, 2006). Whilst far more prescribed than excellence frameworks there have still been attempts to apply this technique within contexts other than the original manufacturing environment from which it was born, particularly in services (Chakraborty & Leyer, 2013; Psychogios *et al.*, 2012; Nabhani & Shokri, 2009; Zu *et al.*, 2008; Jiju, 2006), without any major changes to the methods underlying principles and strategy. This is due in no small part to the guiding practices of this technique, which both Andersson *et al.* (2006) and Zu *et al.* (2008) argue, directly correlate to the key practices found within QM.

Given the wide range of similar, and yet diverse QM frameworks/techniques, it would seem unwise to restrict this research to a particular one, or few, especially given that there is no framework that has been specifically designed for SMSEs. In light of this, and given the adherence to key QM practices for which empirical evaluation is far more possible (Sousa & Voss, 2002) the research presented and remainder of this chapter will assess the implementation of QM practices and their perceived benefits within SMEs.

2.4 Quality Implementation and Implications for the SME

As was discussed in the previous section, research on QM, regardless of the taxonomy used, can be considerably broad, often lacking focus and continuity. This is due to a number of factors, but predominantly caused through the addition of context to a particular study, this issue is also a consideration within the proceeding section. The implementation and perceived benefits of QM taxonomies is an area that has yet to be fully explored within this chapter, however, both are of critical importance to this research project. Work on implementation barriers and critical success factors (CSF) pertaining to QM is an area that has seen much attention in the last two decades, likewise, has the area of perceived QM benefits. It is however, unsurprising that much like work on the BEM, research in both areas has failed to provide a definitive answer, with many conflicting and abstract views being presented (Mendes & Lourenço, 2014; Assarlind & Gremyr, 2013; Laosirihongthong *et al.*, 2013). The following will aim to make sense of the disparity found within these two areas of research, whilst highlighting where opinion falls on the topic SMEs

2.4.1 Prerequisites to Successful Implementation

The successful implementation of QM systems is by no means an easy feat, often leading to failure (Garza-Reyes *et al.*, 2014; Cândido & Santos, 2011; Dahlgaard-Park, 2011). The projects themselves tend not to be brought down by the QM practices employed, but rather fall ill of poorly developed implementation strategies (Garza-Reyes *et al.*, 2014). This has led many authors to determine prerequisite factors which appear critical to the success of a QM system implementation. These prerequisites, often termed critical success factors (CSFs) represent key inputs which may mitigate the risk of QM failure when established before adoption begins

(Hietschold *et al.*, 2014). As with many areas of discussion on QM systems there appears to be no solid agreement as to the exact number of CSFs present. This is due in part to the existence of many taxonomies as was highlighted earlier, of which each have their own subtle idiosyncrasies, however, even from a generalist perspective disparity of opinions still exists, table 1 shows a total of twelve more common examples found within contemporary literature.

Table 1. Common QM Critical Success Factors

Critical Factor	Hard/Soft	Cited by
Committed Leadership	Soft	(Garza-Reyes *et al.*, 2014; Hayati *et al.*, 2014; Hietschold *et al.*, 2014; Mendes & Lourenço, 2014)
Committed Workforce	Soft	(Garza-Reyes *et al.*, 2014; Hietschold *et al.*, 2014; Mendes & Lourenço, 2014; Nasim *et al.*, 2013; Salaheldin, 2009)
Process Focus and Management	Hard	(Garza-Reyes *et al.*, 2014; Hietschold *et al.*, 2014; Mendes & Lourenço, 2014; Zairi & Alsughayir, 2011; Salaheldin, 2009)
Supportive Organisational Culture	Soft	(Garza-Reyes *et al.*, 2014; Hietschold *et al.*, 2014; Mendes & Lourenço, 2014; Nasim *et al.*, 2013; Zairi & Alsughayir, 2011; Salaheldin, 2009)
Strong Communication	Hard	(Garza-Reyes *et al.*, 2014; Hietschold *et al.*, 2014; Mendes & Lourenço, 2014; Nasim *et al.*, 2013; Cândido &

		Santos, 2011; Zairi & Alsughayir, 2011; Salaheldin, 2009)
Customer Focus	Soft	(Hayati *et al.*, 2014; Hietschold *et al.*, 2014; Mendes & Lourenço, 2014; Cândido & Santos, 2011; Zairi & Alsughayir, 2011; Salaheldin, 2009)
Education and Training	Soft	(Hayati *et al.*, 2014; Hietschold *et al.*, 2014; Mendes & Lourenço, 2014; Cândido & Santos, 2011; Zairi & Alsughayir, 2011; Salaheldin, 2009)
Strong Leadership	Soft	(Hayati *et al.*, 2014; Hietschold *et al.*, 2014; Mendes & Lourenço, 2014; Nasim *et al.*, 2013; Cândido & Santos, 2011; Zairi & Alsughayir, 2011; Salaheldin, 2009)
Sufficient Resource Availability	Hard	(Mendes & Lourenço, 2014; Nasim *et al.*, 2013; Cândido & Santos, 2011; Zairi & Alsughayir, 2011; Salaheldin, 2009)
Clear Strategy and Vision	Soft	(Hayati *et al.*, 2014; Hietschold *et al.*, 2014; Mendes & Lourenço, 2014; Nasim *et al.*, 2013; Zairi & Alsughayir, 2011; Salaheldin, 2009)
Strong Supplier Relationships	Soft	(Hietschold *et al.*, 2014; Mendes & Lourenço, 2014; Zairi & Alsughayir, 2011; Salaheldin, 2009)
Benchmarking Capabilities and Quality Data	Hard	(Hietschold *et al.*, 2014; Mendes & Lourenço, 2014; Zairi & Alsughayir, 2011; Salaheldin, 2009)

Although by no means exhaustive, the CSFs highlighted in table 1 offer a relatively comprehensive list of more prolific examples. In reality the terminology of each differs slightly but remains mimetic in terms of meaning between the sources used. Where there are differences between each author offering there are certainly clear similarities, this may well be due to the way in which all factors were collated, which in all cases was dependant on a review of previous works in this topic. That is not to say they all hold the same level of value, there are some examples which employed a level of analysis before determining which factors could be considered both worthwhile and more importantly critical. Zairi & Alsughayir (2011) is one such example, in their study each factors worth was assessed through evaluating the amount of qualitative, quantitative, and secondary data-based studies showing evidence in their favour. Another study which showed a greater level of factor validation was Salaheldin (2009), within which the author employed structural equation modelling (SEM) as a means to assess twenty-four CSFs and their influence on a number of performance criteria, showing strong support of the above in terms of importance.

The SME sector has not been excluded in the debate on QM CSFs, in fact early work can be found on the topic through authors such as Ahire & Golhar (1996), however, this example pulls a lot of its factors directly from large organisations, relying on manufacturing organisations in the auto parts industry. Yusof & Aspinwall (1999) describe this as problematic, mainly due to some of their proposed CSFs being too specific, such as the need for statistical process control and prescribed error prevention techniques, which could possibly limit the adoption rates by SMEs given their resource and knowledge constraints (Yusof & Aspinwall, 1999). In their study to ascertain what CSFs are relevant to SMEs, and to resolve the above issue

Yusof & Aspinwall (1999) applied a more generalist approach highlighting ten broad factors, of which all are represented in the above with the exception of continuous improvement. Later examples of studies include (Hayati *et al.*, 2014; Mendes & Lourenço, 2014; Salaheldin, 2009), all of which are included within table 1, it is perhaps notable that on the surface there seems to be little difference between SMEs and their larger counterparts when outlining QM CSFs. However, the dynamics found within each factor are less similar, with different levels of priority being attributed depending on company size. For example, the areas involving management and workforce dynamics such as leadership commitment, workforce commitment, and leadership competence, as well as organisational culture factors represent potential low hanging fruit for many SMEs, often a stark contrast to larger organisations. The above seems to be a widely accepted norm, with many authors suggesting that due to the proximity of management to frontline operations, as well as a relatively flat organisational structure with fewer management layers, gaining commitment and disseminating information about the process and results becomes easier to achieve (Mendes & Lourenço, 2014; Yusof & Aspinwall, 2000). This is supported by Soltani & Wilkinson (2010)who highlight an increased likelihood of conflict emerging between senior and middle management which can hinder the progress of a QM initiative. Furthermore, an increase in management can also lead to so called horizontal conflict between leaders at the same level but across departments (Soltani & Wilkinson, 2010). A potential issue with the above is brought to the fore by Ghobadian & Gallear (1996), who suggested that whilst benefits may be possible the knowledge and level of education held by management to understand and properly disseminate QM concepts plays a much more pivotal role. This leads to some SMEs being disadvantaged through the previously discussed knowledge capabilities held by management, where often

decisions are led by understanding gained through past experiences, which creates

barriers to the acquisition of external knowledge as it is deemed unimportant or

unnecessary (Ates *et al.*, 2013; Thorpe *et al.*, 2005; Morrison & Bergin-Seers,

2002). Another interesting argument is put forward by Mendes & Lourenço (2014),

who outline a risk with current advocates of the above, this being the inherent

disparity in size found within the SME umbrella which was discussed at the

beginning of this chapter. Their research on differences between small and medium

organisations pertaining to QM CSF importance in the Portuguese context shows a

level of dissimilarity between small and medium which was not previously foreseen.

In essence, what the study showed was that where small organisations did indeed

benefit from the unique management and organisation characteristics, as they

became medium in size, those benefits come to be less prominent, as

organisational structure increases in complexity (Mendes & Lourenço, 2014).

Another relatively accepted issue with SMEs is the sparse availability of resources

to support implementation, however, this goes further than a need of capital, but

also includes time and employee scarcity (Mendes & Lourenço, 2014; Assarlind *et

al.*, 2013; Assarlind & Gremyr, 2013; Taylor & Taylor, 2013; Abdullah, 2010). This

dearth of resources causes concerns and often creates an immediate barrier for top

management support, which in the case of SMEs can often be related to the

previously discussed aversion to change and pessimistic nature of many

owner/managers (Wolff & Pett, 2006). However, there are other less obvious

barriers created as a consequence. One such obstacle is the effect a lack of time

and capital can have on training requirements in support of the system (Assarlind &

Gremyr, 2013), it is suggested by Thomas & Webb (2003) that in order to mitigate

this issue, careful selection of simpler supportive QM tools should be undertaken,

this in turn would allow for reduced levels of internal training and subsequent costs.

Medium sized organisations also suffer from this issue to further detrimental effect, as Mendes & Lourenço (2014) noted in their study of Portuguese SMEs, the increase in complexity and associated complications noted above, does not lead to a 'like for like' increase in the level of resource availability. Thus, medium firms can potentially find themselves at particular risk, losing those benefits attributed to small organisations without gaining the resource advantages seen by many large companies (Mendes & Lourenço, 2014).

Taking a broader view once again, numerous studies have also grouped factors in conflicting ways, whether it be as strategic, tactical, and operational (Salaheldin, 2009), structural or foundation (Zairi & Alsughayir, 2011) or more commonly as hard and soft (Nasim *et al.*, 2013). For the most part these groupings are of little use outside a particular project; however, the latter is one which will be adopted by this study, as it sees a much greater level of usage across QM literature. Another key reason the hard and soft differentiation is seemingly more appropriate in this context is the distinct similarities that can be drawn between those CSFs in table 1, and the key QM practices outlined by (Ebrahimi & Sadeghi, 2013; Laosirihongthong *et al.*, 2013; Zu *et al.*, 2008; Kaynak, 2003; Sousa & Voss, 2002) discussed during section 2.2.1.

Concerning those soft and hard factors, one interesting observation is that whilst hard CSFs tend to be more specific to QM typologies, soft elements fall into a more general change management forum, being similar to those found in a number of management disciplines (Cândido & Santos, 2011). For example elements such as strong leadership, committed leadership, committed workforce, education and training, and resource availability can be seen in areas such as information system implementation (Soja, 2006), and business process reengineering (BPR)

(Abdolvand *et al.*, 2008). Given the more common place of such factors, it is unsurprising that soft elements feature heavily in the above table, as well as QM literature in general. This concentration on soft is also supported by McAdam *et al.* (2014) who argues that when considering CSFs, soft factors remain fundamental to a projects success, often enabling the improvement or increased positive relationship with hard factors such as quality data and benchmarking. Yang (2006) makes similar observations; during this study the author noted an increased level of success within QM systems when employing strong human resource management strategies, particularly hard QM elements such as statistical process control. These interrelationships are similar to those found between hard and soft QM practices (Vecchi & Brennan, 2011; Anwar & Jabnoun, 2006), of which many CSFs are representative. To put it simply, there is strong agreement that regardless of the tools employed within a QM system, it is of paramount importance that the right environment is created through positive relationships with soft factors. Failing to do this may indeed limit the effectiveness of said tools and the project as a whole. Of these soft factors, leadership commitment is noted as being the most critical regardless of context, this, as explained by Dahlgaard & Dahlgaard‐Park (2006) has a domino effect within an organisation, filtering down from top managers to base level employees, creating a clear change culture. Achieving the above can also depend on management style, Soltani & Wilkinson (2010) and Bolboli & Reiche (2014) both outline this risk, with the former concluding issues of management conflict as discussed above. The latter showed a detrimental impact of autocratic management styles on the success of EFQM implementation. A final element is national culture, where corporate culture is seen to directly influence QM system success, both Kull & Wacker (2010) and Anwar & Jabnoun (2006) argue that this is often affected by national cultural idiosyncrasies. However, this may well

be mitigated through collaborative efforts and joint ventures (Anwar & Jabnoun, 2006).

What is abundantly clear within this offering of QM CSFs is a lack of contextual focus, as has been a common theme throughout QM literature in general; many of the studies discussed thus far apply to a particular industrial, and/or geographical subsect. Where work pertaining to SMEs can be found, it is often dispersed in a similarly unfocussed way. There is however, a general acceptance that QM systems can be implemented within SMEs, although there are key issues, not least of which is the availability of resources. Concerning small to medium sized service organisations directly, there is a strong lack of research put forward, thus it is relatively unknown if any unique CSFs are present in this context. As is the same with UK SMEs in general, this may too be problematic given the issues surrounding differences in national culture (Kull & Wacker, 2010; Anwar & Jabnoun, 2006), strengthening the central argument of this thesis, that more work on service SMEs in north east England is necessary. There is also a clear lack of studies which fully account for length of QM system adoption, an area of critical importance as noted by Assarlind *et al.* (2013) and (Tarí, 2010) who both argue the need for continued uptake with multiple stages of reassessment in order to attain substantial QM improvements.

2.4.2 Benefits of QM: From Practice to Performance

The implementation of QM systems as discussed in the previous section requires a number of prerequisites in order to be successful, with this often comes a major commitment in terms of time, human resources and capital expenditure (Kaynak, 2003). This as was outlined previously places particular barriers and risk on

implementation for SMEs, consequently a key question is what are the performance impacts of such an adoption of QM practices, whichever taxonomy or group of tools is chosen. In order to understand the potential impacts implementation can have on firm performance the following will seek to outline where research falls on this subject, especially in the context of SMEs.

In line with other areas of QM research, studies regarding system performance can be seen to go back a number of years; also, following a consistent theme, work on this topic is applied to a myriad of contexts. Nearer to its original conception as a management philosophy there were a number of criticisms of QM (Hendricks & Singhal, 1997), at the heart of this was the bold statements being made by QM system supporters which lacked empirical underpinning (Boulter *et al.*, 2013). Given the lack of empirics, and in an attempt to give a clear answer concerning the efficacy of QM as a performance enhancing system, a number of studies targeting this issue began to appear. Early works of particular note include Hendricks & Singhal (1997), Terziovski & Samson (1999) and Hendricks & Singhal (2001), with the first and last representing work carried out in the United States (US), whilst the second represents organisations of both Australia and New Zealand. These early examples begin to show what will become a common problem, that is, consistency of measures, notably what is meant by performance. The results of the above are also disparate, with Hendricks & Singhal (1997) and Hendricks & Singhal (2001) finding a positive effect on long term performance in quality award winning organisations, with the former relying on operating income based measures, where the latter assessed stock price performance. Conversely Terziovski & Samson (1999) concluded that overall QM system implementation did not show a conclusive

positive relationship to fourteen performance measures, including a mixture of growth, operations and quality factors.

As research continued to emerge, a wider disparity of performance metrics started to appear, some of which remained financial, where others concerned human elements, Table 2 lists a number of recent studies and the measures of performance used.

Table 2, Performance Metrics used in the Appraisal of QM Systems

Study	Performance Measures	Study	Performance Measures
(Kaynak, 2003)	Inventory, financial, quality performance	(Karia & Asaari, 2006)	Employee Attitude to work
(Jyoti *et al.*, 2017)	Financial, Customer Satisfaction	(Herzallah *et al.*, 2013)	Financial Performance
(Moges Belay *et al.*, 2014)	Labour Productivity	(Fuentes *et al.*, 2006)	Financial/Employee/ Operational Performance
(Spasojevic Brkic *et al.*, 2012)	Financial/Operative/ Employee/Developm ent Performance	(Khan & Naeem, 2016)	Operating Performance, Service Innovation
(Tutuncu & Kucukusta, 2010)	Job Satisfaction	(Gadenne & Sharma, 2009)	Organisational Performance (Non Specific)
(Heras-Saizarbitoria *et al.*, 2012)	19 Variables including financial and market share	(Psomas *et al.*, 2014)	Business Performance, Customer

			Satisfaction, Quality, Employee Benefits
(Kumar *et al.*, 2009b)	Financial/Operating Performance, Customer Satisfaction and Employee Relations.	(Parvadavardi ni *et al.*, 2016)	Financial Performance, Quality Performance
(Laosirihongth ong *et al.*, 2013)	Product Quality, Financial Performance	(Calvo-Mora *et al.*, 2013)	Economic/Non-economic, Financial/Non-financial

The selection of studies in table 2 represents a large proportion of recent work addressing QM system performance. An issue with these studies is that to some extent they set out to achieve the same thing, however, differ across the board in terms of measures used, thus making comparison and unification of theory more challenging. Nevertheless, there are similarities to be found in the above, most notably financial, and employee related performance metrics. There are however, two unique examples which do not postulate the existence of financial gains, both Tutuncu & Kucukusta (2010) and Moges Belay *et al.* (2014), explore the human consequences of adoption in more detail.

Although not exclusively so, the most common route to analysis is seen to be assessing the relationship between those QM practices discussed during section 2.2.1 and whichever performance metrics have been chosen. This follows the assertion that out of the three levels to QM (Principles/Practices/Techniques), practices provide a stable platform for analysis, as techniques remain too varied and almost insurmountable in number, whilst principles are too vague, lacking

necessary focus (Sousa & Voss, 2002). As a consequence, Singh *et al.* (2009) and Spasojevic Brkic *et al.* (2012) will be excluded from the following discussion as they both focus on a number of techniques, and thus, are deemed incompatible.

There are a number of examples which address the connection between practices and performance outcomes, one such study is that of Nair (2006), in this study the author conducted a meta-analysis, using the results of twenty-three previous studies. The core findings of this were mainly positive, with correlations being found between management support, CRM, workforce management, process management, supplier management and quality data & reporting practices and aggregate performance based on operational, financial, customer service and product quality measures, with only product/service design showing little relationship with increased performance. Although mostly positive in its results, the work by Nair (2006) only considers direct connections between practices and performance measures, failing to study indirect relationships between practices which may lead to such positive direct correlations. In contrast, an earlier project by Kaynak (2003) who evaluated over three hundred organisations consisting mainly of manufacturing but also the inclusion of a small number of service sector companies, did consider such relationships. During which, the author also concluded an overall positive relationship between QM practices and financial performance.

A more contemporary example of this practice-performance research is offered by Laosirihongthong *et al.* (2013), who explore the South-east Asian context for evidence of this link between QM practices and organisational benefits. The study, which included 123 organisations, all of which operate in the automotive industry, showed findings which challenged generally accepted theory that management

commitment positively affects workforce management (Carter *et al.*, 2010; Kaynak, 2003). As explained by the authors, in this context it seems management focus is predominantly external, thus links were made between said commitment and supplier quality. Overall it is reported that irrespective of these differences QM is still said to produce benefits in product quality, however, the contrasting views of this study remain unsupported, which is not surprising given the unique role culture can play during QM implementation (Kull & Wacker, 2010; Anwar & Jabnoun, 2006).

Adding another level of analysis to the practice leading to performance argument described above, several authors have also explicitly distinguished between hard, and soft QM practices in their research, all of which support the notion that QM practices positively influence firm performance (Psomas *et al.*, 2014; Calvo-Mora *et al.*, 2013; Abdullah *et al.*, 2009; Gadenne & Sharma, 2009). However, Abdullah *et al.* (2009) only consider soft elements of QM, without fully considering those previously discussed interrelationships. In contrast, Gadenne & Sharma (2009), Calvo-Mora *et al.* (2013) and Psomas *et al.* (2014), all support the presence of key interrelationships between soft and hard practices. Building on this further, Psomas *et al.* (2014) also find the roles of soft and hard elements to be that of the leader and follower. Thus, soft elements are found to have direct links to performance benefits, whilst hard practices have only an indirect relationship. This again goes against the propositions of Bayazit (2003) and Kaynak (2003) that soft supports the success of hard in some cases, which then leads to performance results, once again suggesting contextual disparities, however, all studies agree that soft practices are of critical importance in achieving performance improvements.

Although not explicitly defined, the SME sector is also included in the work by Psomas *et al.* (2014), however, no attempt to differentiate between large and small leading to questionable results. Where conversely SMEs do remain a key focus in the work of Gadenne & Sharma (2009), their study sampled a total of one hundred and nineteen Australian SMEs, including manufacturing, service and construction organisations. During which, a positive effect on performance was once again observed, contingent on a mixture of both hard and soft practices. Another SME centric study is presented by Salaheldin (2009) who adopted a slightly different approach by assessing performance against the CSFs noted earlier, however, these, as was previously discussed are relatively mimetic to that of QM practices, thus there is still common ground. Importantly, this research also highlighted interrelationships whilst similarly championing the critical importance of some soft factors such as supplier relationships and employee support, enveloped under technical factors within his model. One final notable project focussing on SMEs is presented by Herzallah *et al.* (2013), which examined over two hundred Palestinian SMEs of varying industry profiles, once again including manufacturing, construction and some service organisations. The findings once again support interrelationships between hard and soft, however, they include a final construct within their model. This is the link between hard factors (Supported by soft elements) which link to the competitive strategies of cost leadership and differentiation. In essence this research suggests that QM practices lead to differentiation strategies, which themselves result in financial performance benefits, however, this final relationship, whilst positive, was weak, potentially requiring further validation. Although sparse, there is at least some contemporary validation for the proposition that hard and soft QM practices can indeed lead to performance improvements in SMEs.

As has been the case throughout this chapter, the level to which QM has been explored in relation to SMEs is limited when compared to that of large organisations. Where the SME paradigm is considered when addressing QM performance benefits, it appears in one of two ways. The first is that of the above, which explicitly targets smaller organisations, whilst the second makes no distinction between large and small. However, applying a catch all selection process such as this can unduly affect results, especially when using quantitative analysis techniques, and in consideration of the differences between large and small to medium organisations outlined throughout this chapter. During the former studies which explicitly target SMEs, there is another mix of context, in this case it is industry type, with research concentrating on a number of types, ignoring differences between services, and manufacturing organisations, with the remainder concentrating only on manufacturing companies. This represents a clear gap in current QM research which addresses the issue of performance benefits, not least of which for SMSEs, where there has been no work to date. There are however, larger issues with research of this type, the most prolific of which is highlighted by both Sousa & Voss (2002) and Williams *et al.* (2006), and concerns the existence of other external and internal variables, and their relationship to performance. In simple terms what is expressed by both of these authors is the potential of factors outside the QM umbrella which may have had an impact on business performance, or more specifically financial benefits. This is especially relevant in the case of SMSEs which can be particularly vulnerable to environmental variables (Young *et al.*, 2016)**.** Furthermore, it is also outlined by Williams *et al.* (2006) that QM initiatives are often adopted during a period of change within an organisation, making it difficult to ascertain the true level of impact QM had on firm performance. This is particularly damning to some studies, such as Hendricks & Singhal (1997)

and Kober *et al.* (2012), both of whom remain overly comparative between organisations which have adopted QM and those who have not.

To summarise, there appears to be an acceptance of what can be achieved through adoption of QM practices for larger organisations, with some evidence also being presented for SMEs which also shows a positive influence on key performance metrics. There are, however, some issues, not least of which is a clear lack of research for small to medium sized social enterprises. Furthermore, where social impact has been considered by authors such as Calvo-Mora *et al.* (2017), it is viewed more of an extension of corporate social responsibility linked to process control, rather than the view taken by social enterprises, which is far more explicit in its definition. Finally, within the links between practice and performance, there is a clear underlying logic which prevails, in that certain management practices can hold significant weight over an organisations ability to perform well. Although, there are clearly mixed opinions as to the efficacy of harder management elements, which are seen bot as a supportive, and driving element of management practice within QM literature.

2.5 Chapter Summary: From Management Practices to Social Impact

This chapter has aimed to give a clear review of literature concerning quality management, whilst also introducing the concept of social enterprise, and the issues surrounding the notion of social impact as a performance measure within small to medium sized social enterprises,

Before proceeding to review literature on QM, it was necessary to explore the context within which this research is set. Through reviewing government, and academic publications on social enterprise, it is apparent that there are some inconsistencies relating to definition of the concept. Rather, social enterprises are considered hybrid forms of other organisational classifications, in particular, for profit, and NPOs. However, where agreement lies is in the purpose and central mission of this organisational sub group, that is, to pursue social goals through various funding mechanisms including commercial trade, grant funding, and public sector contracts (Santos *et al.*, 2015). Furthermore, the notion of social impact, which represents key driver of such organisations is particularly difficult to adequately define, especially at the organisational level, where measuring the success of a SMSE is often attributed strongly to the notion of social value creation. Leading such a concept up to contextual divergence, where the organisational mission quite often defines what impact will be, and subsequently, how easy it is to measure (Ebrahim & Rangan, 2014).

During this chapter it has become clear that the topic of QM itself is by no means simple to address. The key reason for this is that QM is very much an umbrella term for a number of similar yet divergent management phenomena, being categorised as either a framework, technique or tool (Dahlgaard-Park *et al.*, 2013), with the latter two being somewhat open to interpretation. This confusing array of

taxonomies does however, share some predominant themes, these are explained by Sousa & Voss (2002) as being overarching principles, and facilitating practices. It is at the practice level however, where analysis can take place, as principles remain too broad in focus. These practices, which include management support, customer relationship management, supplier management, workforce management, quality data and reporting, product/Service design, and process management, play the role of either a facilitator or a tool in many respects. At the heart of QM philosophies, is an underlying assumption that through implementing a range of management practices, it is possible to improve the performance of processes within an organisation, and subsequently increase overall organisational effectiveness (by means of a number of performance outcomes) (Jyoti *et al.*, 2017; Tarí & Abdullah, 2017; Parvadavardini *et al.*, 2016; Calvo-Mora *et al.*, 2014a; Moges Belay *et al.*, 2014; Ebrahimi & Sadeghi, 2013; Herzallah *et al.*, 2013; Kumar *et al.*, 2009b; Sousa & Voss, 2002). The logic put forward by QM researchers is often expressed as a causal matrix, linking what are considered key areas of management practice to various performance metrics. Whilst it was apparent that there is no standard acceptance as to what practices are key within QM typologies, and which hold more importance for the generation of favourable results, it was noted that both hard and soft elements of management play a critical role. However, the question as to how these groups of practices interact was less certain, with authors considering soft practices merely as facilitators of hard (Salaheldin, 2009). Whilst others noted soft practices as having direct impacts upon organisational performance (Khan & Naeem, 2016), as well as indirect links through harder elements. Given the inconsistencies found between authors and the importance placed upon various practices, or groups of practices, as well as the differences in performance metrics, it is difficult to draw a holistic representation of

the causal relationships at play. However, there are none the less commonalities between different research conclusions which can be aggregated to create a broader representation of practice to performance links which can be seen in Figure 3.

Figure 3. Generic Practice to Performance Roadmap
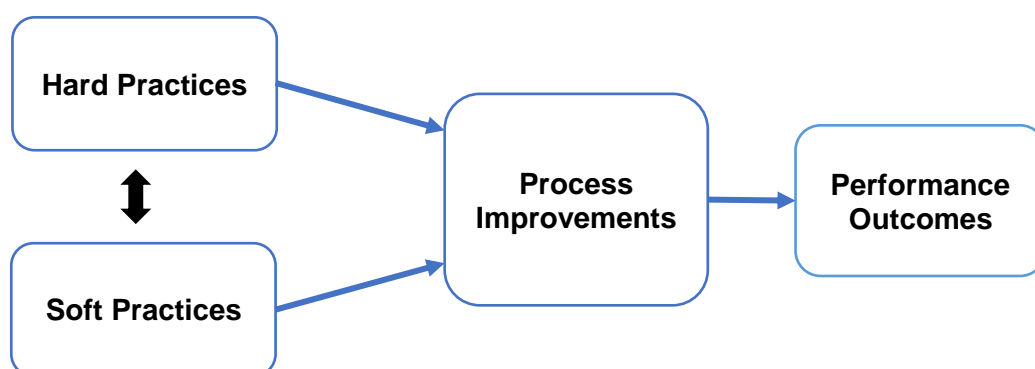
This generic practice to performance roadmap encapsulates key themes put forward by numerous QM research projects, all of which consider the impact of various management practices on performance outcomes (Jyoti *et al.*, 2017; Tarí & Abdullah, 2017; Khan & Naeem, 2016; Parvadavardini *et al.*, 2016; Psomas & Jaca, 2016; Chaudary *et al.*, 2015; Jaca & Psomas, 2015; Psomas *et al.*, 2014; Laosirihongthong *et al.*, 2013; Carter *et al.*, 2010; Kaynak, 2003). Showing that through the effective use of (and potential interplay between) hard and soft management practices, organisations are able to make process level improvements which lead to performance benefits.

Notably, QM research has explored such links between practice to performance within a range of organisational contexts, including manufacturing, service, large, and small (Tarí & Abdullah, 2017). As well as some appreciation of the use of QM

within NPO environments (Melão *et al.*, 2017a; Melão *et al.*, 2017b; Melão & Guia, 2015; Al-Tabbaa *et al.*, 2013; White *et al.*, 2009). However, one context which has yet to be explored is that of social enterprises, or the SMSE, which represent a hybrid of both NPOs and for profit businesses , whilst still being unique in their own right (Young *et al.*, 2016). Furthermore, the topic of social impact as a critical performance indicator has also seldom been investigated in any great detail, with social results often being considered as an ancillary consequence of good practice (Calvo-Mora *et al.*, 2017; Tarí, 2011). Rather than being seen as a key source of legitimacy, and accountability, as is the case within SMSEs (Ebrahim *et al.*, 2014), often directly related to their products and services, which are aimed at servicing social issues (Defourny & Nyssens, 2017; Young *et al.*, 2016; Agafonow, 2015; Teasdale, 2012; Bagnoli & Megali, 2009). Consequently, there is room for exploration in the area of SMSEs, and a chance to build understanding as to how management practices lead to social impact.

Finally, where social enterprise research has addressed a number of concerns, in particular, elements such as organisational tensions related to their dual purpose and multiple stakeholders (Christopher, 2014; Smith *et al.*, 2013; Matthew & John, 2012), and the importance of entrepreneurial leadership (Ridley-Duff & Bull, 2016; Smith *et al.*, 2012), elements of internal management practices have seldom been explored in any great detail (Sarpong & Davies, 2014). Furthermore, in relation to social impact and quality, there is only one notable example, in the work of Åslund & Bäckström (2015), which attempted to identify a roadmap for the creation of social enterprises, taking what they consider to be a process view, loosely linked to the causal matrices highlighted by QM research discussed previously. However, to their own admission, the authors did not consider management practices within

their research, leaving a clear gap for future exploration as to the importance of such elements to social impact generation.

The lack of research relating to management practice and social impact generation in the context of SMSEs creates an opportunity for exploration. Consequently, this study aims to build on current understanding by critically evaluating the importance of management practices to the creation of social impact. To do this, the research aims to assess perceived links between practice and performance similar to those seen in the causal matrices previously discussed. As can be seen in Figure 4, the research intends to focus on two key areas of management practice, these being workforce management and customer relationship management, both of which represent soft elements within QM paradigms.

Figure 4. Soft Management Practices and Social Impact Creation
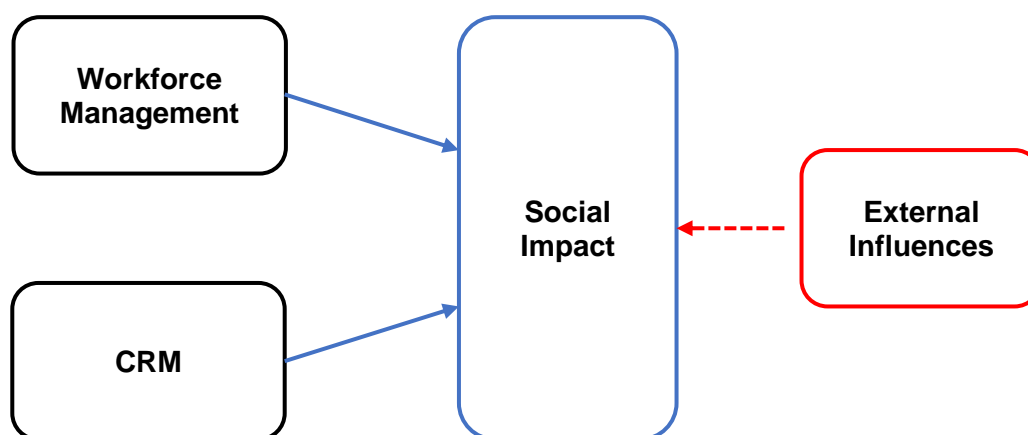
Whilst both hard and soft practices are considered important to improving performance outcomes (Psomas & Jaca, 2016; Jaca & Psomas, 2015; Oakland, 2014; Psomas *et al.*, 2014; Carter *et al.*, 2010; Psomas & Fotopoulos, 2010; Kaynak, 2003), it was decided to focus on soft elements to increase focus within the

study. Furthermore, the decision to concentrate on WM and CRM in particular, is due to the importance placed upon both of these practices in relation to organisational, and operational performance (Jaca & Psomas, 2015; Oakland, 2014; Laosirihongthong *et al.*, 2013; Talwar, 2011a; Abdullah *et al.*, 2008). In particular, the work of Abdullah *et al.* (2009) and Abdullah *et al.* (2008) specifically focuses on soft practices within Malaysian manufacturing organisations, and their impact on firm performance. During the research represented by these two papers, the authors showed not only that soft factors are a meaningful area of exploration in their own right. But moreover, that doing so can show strong relationships between elements such as WM and CRM, to an organisations ability to meet performance outcomes. Along with the importance placed upon WM and CRM by previous research, it is also worth noting that the relationships between these practices and SI have yet to be explored within the context of SMSEs.

A second element to be considered, which can also be seen in Figure 4, is the potential impact of external factors on the creation of SI. As was noted by Carter *et al.* (2010) in their assessment of QM in hospitals, where environmental uncertainty was seen to have a negative impact upon performance. Thus, external elements linked to context and operating environment were highlighted as being potentially damning to performance benefits achieved through management practices. This is of particular importance within SMSE contexts where external variables can be varied, given the wide range of organisation types and social missions (Ebrahim *et al.*, 2014). Consequently, by evaluating external influences on social impact performance, it is possible to build a more holistic appreciation of the role played by management practices and their limitations.

Through an investigation of the above framework, this research aims to build upon the current understanding of practice to performance links by including key elements which can better relate to the SMSE context and social impact generation. To aid in this endeavour, the following research question is proposed:

RQ. How impactful are soft management practices to the creation of social value within small to medium size social enterprises?

To accomplish this goal, the four research objectives that follow have been created, notably, by completing the first three of these objectives, the researcher will have collated enough relevant information to meet the final goal, thus answering the question set out above:

R.O.1. Develop a critical assessment of the role played by social impact as a key operational performance criterion within small to medium sized organisations.

R.O.2. Develop a critical evaluation of the workforce management practices present within small to medium sized social enterprises.

R.O.3. Develop a critical evaluation of the customer relationship management practices present within small to medium sized social enterprises.

R.O.4. Critically evaluate the importance of WM and CRM to social impact performance within small to medium sized social enterprises, whilst also considering the mitigating role of key external factors.

Chapter 3. Research Philosophy, Methodology and Methods

3.1 Introduction

The previous chapter provided a critical discussion on the topic of quality management (QM), as well as a review of literature relating to social impact performance within Small to Medium Sized Social Enterprises (SMSEs)s. As a result of this discussion, it has become clear that a great deal of research has been conducted within contexts such as small to medium sized enterprises (SMEs), non-profit organisations (NPOs), as well as larger firms. However, there has been no attempt to link the quality management practices, and their influence on social impact within the context of SMSEs. The following chapter will endeavour to explain how this research will go about bridging this gap in knowledge by answering the question stated below. To do this, three key elements will be discussed, these include, the philosophical position, methodology, and research design. The first of which aims to explain, and defend the researchers positions on ontology, and epistemology, following this, the methodology will be discussed, including the research strategy, and method of participant selection. The remainder of this chapter will discuss practical elements of the study, in particular, data collection and analysis techniques, within which, it will be necessary to highlight issues concerning validity, limitations and ethics pertinent to the chosen method. Before this begins however, the following section will go back to the research question and assess what is possible in terms of overall design, whilst also reasserting the focus and proposed outcomes of this PhD.

3.2 Research Focus

Before an in-depth discussion on methodological considerations can take place, it will be necessary to revisit the research question being addressed within this thesis. The research presented aims to ascertain how key management practices often considered critical to organisational performance within QM paradigms (namely workforce management and customer relationship management practices) impact upon the creation of social value within SMSEs, whilst also considering any external factors which may have likewise influenced this social impact generation. This complex investigation has been simplified in the following research question:

RQ. How impactful are soft management practices to the creation of social value within small to medium size social enterprises?

To accomplish this goal, the following research objectives have been created:

R.O.1. Develop a critical assessment of the role played by social impact as a key operational performance criterion within small to medium sized organisations.

R.O.2. Develop a critical evaluation of the workforce management practices present within small to medium sized social enterprises.

R.O.3. Develop a critical evaluation of the customer relationship management practices present within small to medium sized social enterprises.

R.O.4. Critically evaluate the importance of WM and CRM to social impact performance within small to medium sized social enterprises, whilst also considering the mitigating role of key external factors.

By meeting each of the objectives listed above, the research will be able to build an understanding as to how management practices influence the social impact performance of small to medium sized social enterprises.

3.2.1 The Importance of Why

Given the research question outlined above, a key area which must be discussed is what knowledge can be gained from such a study. Although not entirely mimetic of previous research on QM practices and performance, the work presented does remain similar in one key respect. This similarity relates to the use of and relationships between QM practices in driving performance, although in this case specifically investigating performance in relation to social impact rather than financial and growth metrics. As was noted in the literature review of this thesis, a number of studies have attempted to ascertain the effectiveness of QM through identifying causal relationships between practices and performance (Psomas *et al.*, 2014; Laosirihongthong *et al.*, 2013; Abdullah *et al.*, 2009; Gadenne & Sharma, 2009; Nair, 2006; Kaynak, 2003). However, in all cases the methods employed lean towards the scientific, using quantitative data as a way of mapping cause and effect. Such studies, whilst quite capable of identifying instances where A leads to B which leads to C using probabilistic statements (Hammersley, 2013), lack the ability to empirically explain why such relationships exist, and more importantly, what else, outside of their rigid hypotheses may have also led to C. This form of causal exploration seeks to find consistent relationships between inputs and outputs, however considers the idea of cause as a 'black box', understanding the outcomes, but lacking knowledge of the processes from which they were derived (Maxwell, 2012). Furthermore, as noted by Boulter *et al.* (2013), the foundations on which these hypotheses are built have been under contention from the beginning, and

remain so to this day. In consideration of this potential weakness within the field of quantitative inquiry, and given the need to examine not only *what*, but *why*, the study presented employs a qualitative approach to data collection and analysis. This would appear potentially problematic to some, not least of which are positivists, who would argue the inability to generalise any theory derived as a consequence of this study (Bryman & Bell, 2011). However, this criticism is based on the assumption that replicability and generalisability are always the goal, thus will be immediately dismissed within this thesis as no such broad claim of generalizable conclusions is being made. Crotty (1998) infers a sound logic on this matter, where epistemology or the way in which knowledge is viewed needs clearly identified, the use of data, either qualitative or quantitative should suit the study and its proposed outputs. Another common criticism is that such qualitative explorations into causality rely on inferior narratives concerning the nature of cause and effect that the previously outlined quantitative "black box" approach avoids through models of regularity and statistical methods (Sayer, 1992). Of even greater consequence is the argument brought forward by qualitative researchers themselves. This is described by Hammersley (2013) as the incompatibility of causality within epistemologies common to qualitative inquiry such as constructionism, an issue which will be explored in the following section.

3.3 Knowledge and Reality

The following section will discuss philosophical assumptions made during this study, showing how the research focus outlined above fits within these suppositions.

Two key areas will be addressed below, the first, is the epistemological stance taken, thus what knowledge is possible (Crotty, 1998) or indeed acceptable

(Bryman & Bell, 2011) within this area of study. Secondly the notion of ontology or the nature and structure of reality (Crotty, 1998) will be discussed, describing and rationalising the ontological position adopted within this research.

3.3.1 Moderate Constructionism

There is much variety in the areas of epistemology and ontology, with variants of traditional views on knowledge and reality commonplace, whilst constantly evolving, this, as highlighted by Crotty (1998) creates great confusion for researchers, and even established academics. Given this myriad of possibilities and the uncertainty they can generate, it would not be prudent to discuss them all at length during this section, rather, the aim here is to discuss the core philosophical assumptions made during this research and discuss their consequences.

The epistemological position taken in this research is that of moderate constructionism (Järvensivu & Törnroos, 2010), which holds many of the same views of conventional constructionism, which argues that knowledge, and meaning are constructed by people through their interaction with the world in which they inhabit, both physical and social (Easterby-Smith *et al.*, 2012; Crotty, 1998). Thus, through interacting and engaging with objects and social structures, people are able to assign meaning through interpretation to phenomena they come into contact with. However, moderate constructivism has a slight ontological divergence which will be discussed in due course. This constructionist viewpoint is far removed from the positivist perspective, where reality exists independent of our perceptions of it, thus, meaning and knowledge can be gained through objective observation, without values or meanings being placed upon them (Easterby-Smith *et al.*, 2012; Bryman & Bell, 2011). Consequently, constructionism shares many similarities to that of interpretivism, in that any understanding of the world is constructed through

interpretation, which in itself, is shaped by cultural and historical factors

(Hammersley, 2013), which could create divergent "understanding" of a particular

phenomenon through different contextual lenses. Thus, people or groups with

different experiences and cultural underpinnings may create distinct meaning

relating to an object or social structure. This has consequences not only for

knowledge, but also the nature of reality, constructionism is often linked to a

relativist ontology, where reality is subject to ones understanding of it, therefore,

taking this view, it is quite possible that people can inhabit different versions of the

world, created through their interpretation of it, informed by peoples cultural

underpinnings and their social interactions (Burr, 2015; Hammersley, 2013;

Easterby-Smith *et al.*, 2012; Crotty, 1998). It is however important to note that

where realities are considered to be constructs, Crotty (1998) argues that where

relativism prevails, there is still an element of realism to be found within the social

constructionism paradigm, thus, simply stating something is constructed, does not

mean it is not real, and in some cases, such as in sports, the rules of the game are

certainly considered real, whilst remaining malleable, open to change through

further processes of construction. Thus, there are elements where truth is possible

within community groups, through the understandings and rules put forward, this is

where moderate constructivism diverts from the more purist interpretation of the

philosophy, essentially arguing an element of realist ontology coupled with a more

holistic relativist perspective (Järvensivu & Törnroos, 2010).

The focus on interpretation and construction has significant consequences on what

is meant when we use terms such as knowledge, thus, it is possible to determine

local truths through the understanding of community held knowledge of a particular

phenomenon, which is formed subjectively within a particular group (Järvensivu &

Törnroos, 2010; Nightingale & Cromby, 2002; Schwandt, 2000). To take the example of this research, knowledge put forward by participants will describe their perceptions of the importance workforce management and CRM practices hold to social impact generation. However, these perceptions are constructed in conjunction with an array of stimuli including context, culture, past experience and historical factors. Thus, the knowledge gained remains subjective, potentially leading to a difference of opinion of the importance of practices, and why any importance exists. However, there may be elements of this knowledge held collectively by SMSEs as a community group, in which case, this understanding can represent a local truth if observed empirically. This also creates a problem relating to cause, which was briefly discussed in the previous section of this chapter, the construction of realities through processes involving culture, social conditioning, historical influences and so on, make it difficult, under a constructionist lens to attribute firm causal links between inputs and outcomes (Hammersley, 2013). If knowledge is subjective, then how can clear statements of causality be made through accounts given by participants? Instead, it is necessary in this research to look explicitly for perceptions of importance and the subjective understanding as to why, rather than direct links of practices to performance (Easterby-Smith *et al.*, 2012). Thus, the notion of firm causation will be rejected, rather, the subjective sense placed on this phenomenon will be explored.

3.4 Methodology

The methodology section aims to discuss a number of practical elements concerning how this research will be conducted; this will form an explanation as to why certain methods and techniques have been chosen. The methodology of a research project is very much contingent on the theoretical perspective taken, thus the way in which reality and knowledge are viewed to some extent dictates how data can be collected and analysed (Denzin & Lincoln, 2013). Crotty (1998) defines this succinctly, saying "*Different ways of viewing the world shape different ways of researching the world*" p.66. The argument over quantitative and qualitative forms of inquiry is said to be the most fundamental concern for researchers, in many cases outlaying what is possible in terms of method, and the practical elements of research design (Bryman, 2008). This is by no means a constraint, given the need to pick appropriate or more useful techniques, in fact this choice, and the underlying conditions on what methods are available support the aim of this research and its philosophical position.

The emphasis placed on subjective meaning, and context driven understanding of realities by moderate constructionism support the use of qualitative enquiry, in that meaning is sought, although there are differences which have already been discussed. This search for the perceived reality requires a method which facilitates deeper understanding and acceptance of the complex social phenomena which exist within organisations. For this reason, the case study has been chosen as an overall design framework.

3.4.1 Case Study: The Social Enterprise "Zoo" in North East England

The case study method is one which has been used for a number of years, however, as Yin (2014) notes, the strategy has often been overlooked, although has begun to see more use and acceptance within more recent research. The purpose of a case study design is to understand (in depth) the inner workings of a particular environment or setting (Bryman, 2008; Eisenhardt, 1989), which as Yin (2014) states is no easy task, claiming it to be one of the most difficult strategies to employ, with risks concerning access to appropriate data and validity. A particularly important element of case research is the context dependency often found (Yin, 2014; Flyvbjerg, 2006), this form of contextual knowledge gathered within cases is or particular value to those following a moderate constructionist perspective of knowledge, thus is very much suited to the research being presented. Within this complex strategy, lies an ability to be flexible in design, with many types of case available, such as longitudinal, critical, representative, extreme, and revelatory (Bryman, 2008). There is often confusion within case study research regarding what a 'case' is, in fact there are many situations which can qualify for this form of investigation, including organisations, people, social groups, geographical areas, and events (such as the 2017 general election in the UK) (Yin, 2014; Bryman, 2008). There are even instances where case studies are made up of particular processes, one such example is the work of Rotaru *et al.* (2014), which considers the internal supply processes of a hospitals surgical services department as their case.

An important deliberation when designing case research is the decision to adopt a single or multiple case strategy (Yin, 2014; Maxwell, 2012; Bryman, 2008). The choice to be made here cannot be taken lightly, the single case format for example,

may be required as a result of theoretical presuppositions made by the researcher, or when a solely unique phenomenon is investigated (Yin, 2014). The risk with single cases is the constraint of having only one opportunity to investigate a situation, this begs the question, "*what if the case is not appropriate*?", a concern that may not become apparent until later stages of the research (Yin, 2014), leading to a poor answer to questions posed, or at least a need to search for a new object if at all possible, which comes at a cost of time and resources. Another potential drawback regards validity, although in many instances the single case method will indeed be necessary, in those situations where more than one case is available, creating a comparison between cases can increase the acceptance of any conclusions drawn from the study (Yin, 2014; Bryman, 2008).

The multiple case design is one that has seen a great deal of use within organisation studies (Bryman, 2008). The focus of such strategies where multiple cases are used is on replication. Yin (2014) is a strong proponent of this rationale, he asserts that whilst single cases may well find knowledge of value, replication of the research within multiple cases will ascertain if such finding are present in other contexts or fixed solely on the individual case.

The single case method will be called upon within this research, the 'case' aims to represent the social enterprise zoo discussed in the previous chapter evident within North East England. The complex world of social enterprise definitions makes the question of research boundaries quite significant, there are indeed a multitude of potential organisations which could fit such a classification (Teasdale, 2012). The zoo metaphor put forward by Young & Lecy (2014) stresses the differences found between social enterprises, highlighting that they are not one distinct set of organisations. Rather, they constitute a myriad of organisational typologies which

share a commitment to generating social impact. Furthermore, whilst there are certainly larger organisations which classify themselves as social enterprises, within the UK, most fall under the SME classification (Villeneuve-Smith & Temple, UK, S. E., 2015). As a consequence, The decision here was to take a single, rather than multiple case design due to the accessibility and size of those organisations, it was anticipated that gaining a comparable level of data from each organisation for the purposes of cross case analysis would prove difficult given their high degree of variation, leading to a lack of data in some cases and an abundance in others.

Another consideration was the structure of the case study itself, there are two prominent forms of case study design, these being either holistic or embedded (Yin, 2014; Eisenhardt, 1989). The latter of the two involves analysing multiple levels within a case. An example of this could be an organisation being defined as the case under investigation, within which are a number of departments or sub-units such as human resources, logistics, production, and marketing. The individual analysis of sub-units will give a more comprehensive view of the phenomena under investigation, however, as Yin (2014) makes clear, there are inherent pitfalls to avoid. These potential causes for concern relate to the selection of sub-units and the lack of holistic elements which connect each separate unit into a thorough representation of the case subject (Yin, 2014). The former issue is relatively straightforward, in an organisation focussed study, the units of analysis within each case should be pertinent to the research question posed. With this in mind, there will be some departments, or units which may not intervene or hold any meaningful relationship with the object being studied. An extreme example of this would be to gain insights from the maintenance department of a production company during a study on the impact of that firms' credit policies on long term strategic goals. One

simply has no significant connection to the other, however there are instances where the links, or lack thereof are far less obvious, consequently, decisions regarding which sub-units to target can often occur in direct response to knowledge gained during the process, requiring adaptability from the researcher (Yin, 2014; Simons, 2009). The second potential problem lies in maintaining holistic elements within the case, there is a risk that when analysing sub-units a researcher may lose track of the overall objective, failing to tie any insights gained into the larger global case (Yin, 2014). If this occurs, there is potential for a loss in focus, where the original element under analysis (for example North East social enterprises) becomes the context, instead of the main object of study (Yin, 2014).

The method used in this research is that of an embedded case, this decision was taken due once again to the nature of SMSEs as a concept. With a wide variety of potential types of SMSE possible within the zoo metaphor (Young & Lecy, 2014), the clearest way of evaluating the phenomenon in question was to take each organisation as a sub unit worthy of analysis, allowing for the perspectives of participating organisation to be brought together forming a community based understanding of the importance practices have on social impact. As Young & Lecy (2014) stress, it is also important to identify the boundaries of what can be classified as social enterprise, to this end, the distinctions brought forward by Teasdale (2012) are used as a basis for the identification of SMSE sub-units. Along with participants from organisations, a final unit of analysis was chosen to offer an external perspective of the phenomenon, this represented the perceptions of key persons who work closely with social enterprises throughout North East England.

Figure 5: *a priori* Embedded Case Design
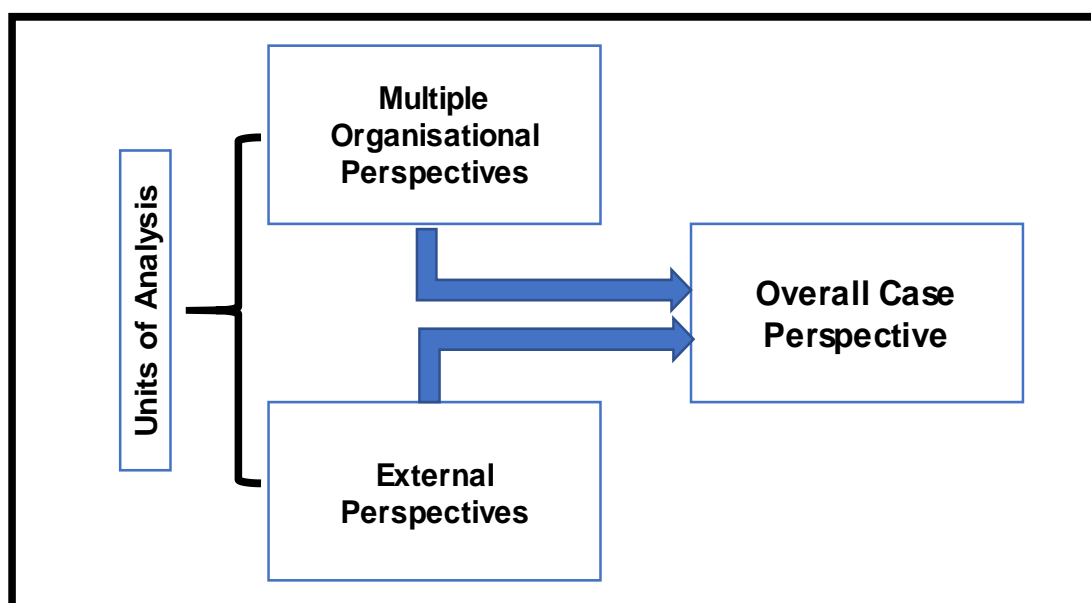
Although seemingly rigid, this initial outline merely acts as an *a priori* guide, adding initial focus to the study (Eisenhardt, 1989). There are those who hold a misconception that case studies should be completely open ended. However, Simons (2009) considers this to be a risky strategy. Instead, an emergent design is suggested, and was followed within this research, thus, a number of additional units of analysis were considered, mainly in the form of other stakeholders, however, upon investigation it was decided that such components would prove unnecessary given the concentration on internal business practices.

One final element of case study research which must be discussed is data collection, this is sometimes a contemptuous issue amongst case researchers, and represents a key reason case studies are found lacking. The strategy for collecting and documenting data which will inform each case directly influences what Yin (2014) calls construct validity, which concerns the rigour of collection practices. One

of the ways in which the issue of construct validity is laid to rest is through the use

of appropriate data collection methods. For case research, there are a number of

ways evidence (in the form of data) can be collected, common methods, along with

their advantages and disadvantages as described by Yin (2014) can be seen in

Table 3.

Table 3: Six Sources of Case Study Evidence

Source of Evidence	Strengths	Weaknesses
Documentation	• Stable - can be reviewed repeatedly • Unobtrusive – not created as a result of the case study. • Broad coverage – long span of time, many events and many settings.	• Retrievable – can be low • Biased selectively if collection is incomplete. • Reporting bias – reflects (unknown) bias of author • Access – may be deliberately blocked
Archival Records	• Same as above for documentation • Precise and quantitative	• Same as above for documentation • Accessibility due to privacy reasons
Interviews	• Targeted – focussed directly on case study topic • Insightful – provides perceived causal inferences	• Bias due to poorly constructed questions • Response bias Inaccuracies due to poor recall • Reflexivity – interviewee gives what interviewer wants to hear
Direct Observations	• Reality – covers events in real time • Contextual – covers context of event	• Time consuming Selectivity – unless broad coverage • Reflexivity – event may proceed

		differently because it is being observed
		• Cost – hours needed by
		• human observers
Participant Observation	• Same as above for direct observations • Insightful into interpersonal behaviour and motives	• Same as above for direct observations • Bias due to investigator's manipulation of events
Physical Artefacts	• Insightful into cultural features • Insightful to tech ops	• Selectivity • Availability

Taken from (Yin, 2014) (Format changed)

The reliance on only one of these forms of evidence is however insufficient, this is where Jonsen & Jehn (2009), and Yin (2014) argue the importance of triangulation. Through triangulation, it is possible to mitigate potential biases found in single methods (Jonsen & Jehn, 2009), increasing the level of construct validity (Yin, 2014). The use of multiple data types proved problematic during this research, the limited access available to organisations, and their inconsistencies in reporting and available secondary data left it difficult to consider documentation as a source. Furthermore, field notes were also considered, however, with some participants choosing to be interviewed at Newcastle Business School, and the lack of relevant data during site visits, this form was also dismissed for relevancy and availability reasons. This left the researcher to pursue interviews as the sole data source. However, validity was still possible through means consistent with the moderate constructionist perspective taken and will be discussed in depth later in this chapter.

One of the main criticisms of this form of research is its apparent inability to generalise findings given the context dependent nature of the study (Flyvbjerg, 2006). However, where it is true that given a lack of probabilistic analysis the ability

to create statistical generalisations is negligible, Yin (2014) suggests it is still possible to create wide reaching conclusions by using what he calls analytic generalisations, which compares case results to an already existing theory, whilst considering the effect of context.

3.4.2 Participant Selection

An important element which must be discussed within this chapter is the strategy employed in participant selection. It has already been decided that a single embedded case study method will be employed, what has not been considered is just how many embedded sub units of analysis are required. As has been discussed at the beginning of this chapter, it is not intended that cause will be derived from probabilistic statements common in quantitative studies, for this reason the number of participants (sample size), needs not be particularly large. It does however, need to be sufficient to support whatever theory is brought to the fore, and in the case of this work, represent as many typologies of social enterprise as possible, in order to consider the perceptions described by differing participants' contextual perspectives.

When selecting participants, the sampling technique used should fit the nature of the research, and type of outcome required from it, often regarding the extent of a researchers desire to generalise from conclusions (Bryman, 2008). A plethora of sampling techniques exist within the realm of social research, the choice as to which has significant implications for what Yin (2014) describes as external validity. There are two main groups of sample techniques, these being either probability, or non-probability sampling (Bryman, 2008). Of which, both have subtypes, however, at this stage, it is possible to remove probability sampling from contention, as techniques found within this group are best suited to situations where probabilistic relationships are sought using much higher participant numbers and statistical methods of inquiry. Non probabilistic techniques according to Bryman & Bell (2011) include convenience, snowball, purposive, quota, and self-selection. Within this study, the decision was made to employ a purposive sampling technique, however,

there were elements which could have been described as being convenient given difficulties in sourcing participants which will be discussed below. The purposive or selective/judgemental sampling procedure involves, as the name suggests, judgements to be made by the researcher regarding a number of criteria which are pertinent to the research project (Fossey *et al.*, 2002). The most basic constraint placed upon this study was the need to investigate social enterprises within the North East of England. However, this still leaves a number of potential participants, in order to address this, other constraints or characteristics were considered. The first consideration was the size of the organisation, although not explicitly categorised as such, social enterprises often fit size criteria representative of the small to medium sized enterprise (Villeneuve-Smith & Temple, UK, S. E., 2015). Within the EU, the term SME is widely defined; in reality it encompasses an array of business types with varying size and scope, falling within three more focussed categories, which are outlined in Table 4.

Table 4 SME Categories

Company Category	Employees	Turnover (Euro)	Or	Balance Sheet Total (Euro)
Micro	0-9	< 2 million	<>	< 2 million
Small	10-49	< 10 million	<>	< 10 million
Medium	50-249	< 50 Million	<>	< 43 Million

(European Commission, 2014)

This led the researcher to use such brackets as a way of representing different sized organisations in the North East England social enterprise zoo. Thus, including those that are micro (0-9 employees), small (10-49 employees), and medium (50-249 employees) within the study. The organisations themselves were chosen to represent a variety of enterprise types in fitting with the categorisations put forward by Defourny & Nyssens (2017) these included, entrepreneurial non-profits, social

cooperatives, social businesses, and public sector social enterprises, this method is often termed maximum variation sampling (Tracy, 2013). This strategy allowed for the researcher to assess practice importance in a range of differing social enterprise contexts, taking the same phenomenon and looking at it from contrasting, but similar angles, allowing the different community entities to build a picture of collectively held meaning. Whilst the definition of social enterprises varies greatly, there are few qualitative studies within SMSE research which consider this broad view during data collection, often focussing on one organisational type. However, there are notable exceptions such as the works of Mitchell *et al.* (2015) and Bull (2007), both of whom were able to gain a more holistic perspective on a broad collection of organisational types. As to who within the organisations should be interviewed, there was a need to source people who had a well-rounded understanding of the organisational context they represented (Bryman, 2008). Including both knowledge of internal practices, as well as the external environment in which their SMSE operated, thus, allowing for a comprehensive account of the perceived benefits of internal practices on social impact generation. For this reason, it was decided to pursue interviews with senior management, often in the form of managing directors.

Many research projects carry the weight of trying to gain access to primary data, this is especially true of those attempting to gain access to smaller organisations (Curran & Blackburn, 2001). This study was no different, often hindered by the lack of gatekeepers, which are described by Bryman & Bell (2011) as being people of influence within organisations or communities who often act as a broker and point of access. In light of this issue, and the lack of direct contacts, a number of strategies for finding and recruiting participants were initiated in parallel. Most of

these hinged contacts within the researchers social and professional networks at Northumbria University, with the exception of two, one of which used a contact external to the researchers place of study, whilst the other relied on the FAME database (Dijk, 2015). The use of the FAME database however, proved relatively fruitless, the issue being a lack of contact information provided for the organisations retrieved by Boolean search, leading to internet searching for such information and a zero response rate for organisations contacted. The second involved the researcher attending a number of social enterprise events in Gateshead and Newcastle, and proved to be the most useful, not for participants, but for gatekeepers. With the help of a local government representative, acting as gatekeeper, participants were sourced across Tyne and Wear, as well as Middlesbrough, and Durham, this also led to a second gatekeeper engaging and opening access to organisations in Northumberland, allowing for good geographical coverage of North East England. This also led to a small amount of snowball sampling (Bryman & Bell, 2011), where following the interview, participants were asked to suggest other organisations which may be of relevance to the research, leading to two further social enterprises being identified. Upon selection of suitable social enterprises and acquisition of appropriate contact information an initial letter of intent and request for access (Tracy, 2013; Simons, 2009) was distributed. If an organisation reacted favourably to the proposition of participation, a second document outlining the research in more detail was sent, and an initial meeting arranged to discuss in detail what was needed, including who within the organisation would be interviewed, and to devise a strategy for moving forward.

The final sub unit to consider was that of the external perspective, for this, the main consideration was no only knowledge of North Eastern social enterprises, but also

an understanding as to their inner workings, and common practices, including the nature and complexity of social impact. For this, two participants were selected who met the criteria, both of whom were local government representatives who had worked with social enterprise, as well as some third sector organisations for over two decades, and represented a wealth of knowledge on the phenomenon under investigation. Sourcing these participants proved far simpler, as both were used as gatekeepers to the organisation sub units, thus, an existing relationship had been created before participation was sought.

The selection process resulted in a total of eighteen participants, however, of those, two organisations were discounted after the pilot study, and thus, are not represented within this research. The remaining sixteen participants represented fourteen social enterprises, and two external perspectives, these are displayed within Table 5. Along with the code given to each organisation and external participant, Table 2 includes information regarding size based on employee number, core services or outputs, the role of each participant within their corresponding organisation, as well as a categorisation in line with the social enterprise typologies outlined by (Teasdale, 2012). Finally, it is important to note, there are some organisations with a high degree of dependency on volunteer staff, both as an ad hoc tool, and permanent fixture within the organisation, thus, these have been taken into consideration when identifying organisation size and have been included within the table.

Table 5: Participating Organisations and Interviewee Details

Organisation	(Organisation Category) Core Services	Size (Employee Number)	Participant Code	Participant Role
A	**(Entrepreneurial Non-profit)** Theatre Arts Education and Projects Venue Hire	42	P.1.	Executive Director
B	**(Social Business)** Counselling Provider	54 (Including Volunteers)	P.2.	Executive Director
C	**(Entrepreneurial Non-profit)** Counselling and Mental Health Services	46 (Including 70-150 Volunteers)	P.3.	Chief Executive Officer
D	**(Entrepreneurial Non-profit)** Community Advice Services (Various) Employment Advice	80 (Including an average of 150 volunteers)	P.4.	Business Development Manager
E	**(Entrepreneurial Non-profit)** Youth and Young Adult Education Venue Hire	3 (Including an average of 50 volunteers)	P.5.	Chief Executive Officer
F	**(Entrepreneurial Non-profit)** Security Company Social Enterprise and Third Sector Business Support	47 (including volunteers)	P.6.	Chief Executive Officer
G	**(Entrepreneurial Non-profit)** Social Landlord Library Services	7 (including volunteers)	P.7.	Chief Executive Officer

	Youth Hostel Economic Development			
H	**(Social Business)** Business and Third Sector Development and Support	10 (Including Volunteers)	P.8.	Chief Executive Officer
I	**(Public Sector Social Enterprise)** Local Infrastructure Development, Employment Support, Economic Development	4 (Including volunteers)	P.9.	Director
J	**(Public Sector Social Enterprise)** Economic Development	1 Answerable to a board of trustees (Including 10-20 volunteers)	P.10.	Trust Manager
K	**(Social Business)** Youth Training Social Landlord	60 (Including Volunteers)	P.11.	Chief Executive Officer
L	**(Entrepreneurial Non-profit)** Youth Support Services (Various)	31 (including Volunteers)	P.12.	Chief Executive Officer
M	**(Social Business)** Employment Provider, Confectionaries Manufacturing Bespoke Textile Manufacturing	24	P.13.	Manager
N	**(Social Cooperative)** Business Development and Support Services to Co-Operatives, Small Business and Social Enterprise	8	P.14.	Director
Independent	Over twenty years of experience as a previous owner of,	N/A	P.15.	N/A

	and consultant to social enterprise and third sector organisations.			
Independent	Over thirty years' experience within local government working with and supporting small business, third sector and social enterprise	N/A	P.16.	N/A

3.5 Research Design

The choices made during research design, and the subsequent methods employed have consequences for the research project. These consequences add a level of jeopardy into the research process, there are many strategies contested in both qualitative and quantitative studies, the choice, especially for the former, is not as simple as purchasing a kettle, as there are no transactional guarantees. If a person were to buy such an item from a shop it is expected (and almost certainly will be the case) that it can be taken, plugged into a power source, filled with water and switched on, resulting in boiling water. The same can not be guaranteed with prescribed linear research strategies (Maxwell, 2013), as the outcome and context of projects is inherently different. To continue the kettle metaphor, what if instead of water, the buyer tried to boil soup, chocolate, or egg whites, or what if the kettle was to be used at high altitude, where the boiling point of water changes due to pressure variations? In these cases, the kettle is insufficient, but what is the person to do? Give people the results of the kettles efforts in the hopes it will be acceptable? Or return to the shop and source another instrument which may help? Both alternatives may be possible, however will result in either complaints from people who expected boiling hot fluids, financial expense, wasted time and resources, or all of the above. The argument presented here regarding research design follows the same logic. It is highly unlikely that an off the shelf design will suffice in qualitative research, given the high variability in context and objects under investigation. Thus, a carefully constructed design is required, which accounts for elements unique to the research project undertaken (Maxwell, 2013). The remainder of this chapter will be dedicated to the discussion of data collection and analysis techniques used within the research, whilst also including elements relating to validity, ethics, and study limitations.

3.5.1 Data Collection

As has been discussed so far in this chapter, the research presented takes the form of a single embedded case strategy, underpinned by a moderate constructionist theoretical perspective. The use of data in this study will be to provide observations of the perceived importance workforce management and CRM practices hold for social impact generation as well as how any other external variables may be seen to positively or negatively impact upon social impact, to do this it will be necessary to identify:

- The understanding of social impact and its measurability.

- The perceived importance of customer relationship management practices to social impact generation, as well as the dynamics of relationships at play within the participants organisations.

- The perceived importance of workforce management practices to social impact generation, as well as an insight into the ways in which staff are managed within the participants organisations.

- Key external factors influencing the generation of social impact.

The four central themes under investigation aim to build a picture highlighting how participants representing the social enterprise zoo of North Eastern England view the importance of practices which implicitly relate to quality management (QM) programmes, on social impact generation, thus, the amount of impact they are able to generate for a particular community or community group. A visual representation of this investigation can be seen in Figure 6.

Figure 6: *A priori* QM Practice – Performance Roadmap
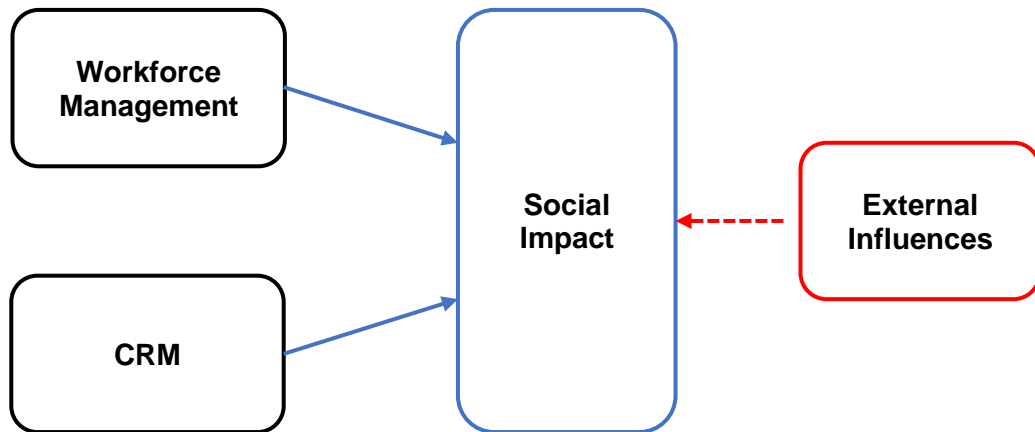
To accomplish this, the researcher used semi-structured interviews to collect relevant qualitative data.

3.5.2 Pilot Study

The method of data collection outlined in the following section is not above reproach, in fact, it is recommended that such elements be tested in practice by means of a pilot study (Yin, 2014). This represents a test run of the proposed research strategy, in doing so the aim is to identify flaws within the initial research design (Yin, 2014; Kim, 2011; Beebe, 2007). In consideration of these views, a pilot study of three organisations or potential sub units of analysis was conducted in order to test and validate the interview guide, whilst also examining the boundaries of the social enterprise phenomenon, the consequences of this initial study are discussed below

In piloting the interview guide, the researcher aimed for two main outcomes, firstly, the questions asked can be tested and adapted to improve on any clarity issues which may arise (Kim, 2011). The second benefit of such a study is the ability of the

researcher to gain confidence in conducting the interviews (Bryman, 2008), this is particularly important for early career researchers with little interview experience Thus, in completing a pilot study, the author will be better equipped and more comfortable with the process, enabling more precise and well conducted evidence gathering (Kim, 2011).

Through completion of the pilot study it was a number of potential issues with the data collection procedure were identified, and addressed leading in to the main study, these included:

1. The interview guide received a number of changes relating both to structure, as well as the wording and overall complexity of questions asked. This is explained in more detail during section 3.5.2, however, overall the changes made increased participant engagement and improved responses by simplifying the interview guide and wording of some questions.

2. The importance of a gatekeeper was made abundantly clear during the pilot study and initial participant selection. At this point, gaining support of organisations was proving difficult, however, discussions with one of the pilot respondents on this issue led to a shift in strategy regarding participant selection, leading the researcher to seek support from networking organisations and local government. This in turn led to the development of important relationships with key gatekeeper, vastly improving the level of success this research had in recruiting SMSEs to take part in data collection activities.

3. The pilot identified a key issue in the way the research was being explained to participants, both in terms of the nature of questions to be asked, as well

as the time required. This was made clear during one interview where the expectations of the interviewee were for a thirty-minute session, when in reality, the time needed was close to double this. To avoid the issue moving onto the main study, participants were given clear information over email, and telephone call prior to the meeting as required.

4. The researchers interview style was also improved as a consequence of the pilot process. In particular, the importance of impartiality and remaining on topic became an issue during the interview with Org A. This was due in part to the prior communication and familiarity which had grown between the two individuals, leading to an interview which was over twice as long as was expected, with over an hour over unnecessary discussion. Reflecting upon this after the event allowed the researcher to better compose himself during interviews in the main study, creating far more pertinent conversations which addressed the necessary themes within the interview guide in a timely manner.

5. A final benefit of the pilot study dealt with the identification of appropriate interviewees within each organisation. This was more relevant to larger SMSEs which had an increased level of hierarchical structure, for example, the first organisation approached initially arranged an interview with a member of the board of governors. However, upon an initial meeting, it was clear that the person selected would not be able to provide relevant data which would address the questions appropriately. Having went through this issue, it was possible to prevent further mis matches by discussing the needs of the study with each organisational contact prior to interviewee selection, ensuring appropriate persons could be made available.

The insights gained throughout the pilot process proved invaluable to the main study by highlighting weaknesses in the researcher's data collection skills. This in turn led to an improved data collection process, increasing the validity of this research by providing a needed phase of quality assurance and testing.

A secondary purpose of this pilot study was to examine potential boundaries of organisation type, as discussed during their zoo metaphor, Young & Lecy (2014) argue that there is no firm description or legal definition to categorise social enterprises as such. Given this issue, it proved necessary to test the data collection method on three distinct types of organisation, one of which represented a more typical example, an organisation with both third sector and traditional enterprise traits, the other two were chosen as they were far more similar to traditional SMEs, potentially having social impact, but not as evident upon initial evaluation prior to interview. By doing this, the researcher was able to determine a clear issue with the two wild card options, it became apparent during the interview that their consideration of social impact was limited at best, leading to a lack of relevant data being generated. Upon this discovery a boundary on the type of organisation was set, thus, focus on social impact was considered to be an important factor when selecting organisations for the case studies embedded sub units.

The purpose of a pilot study is formative, rather than relating to data collection, for this reason it is quite common that data collected does not end up in the final study (Kim, 2011). However, this is by no means impossible, when reviewing the data gathered, one out of the three interviews (namely the interview with a clearer understanding of their organisations social impact) generated data deemed sufficient to include in the main study and was subsequently used.

Overall the pilot study proved invaluable for testing the interview guide, and creating suitable boundaries for the main studies participant selection, allowing for a far more productive data collection strategy.

3.5.3 Interview Guide

Participant interviews are one of the most prevalent forms of qualitative data capture available (King, 2004a). Given the need to the understand participants perceptions of the world in which they inhabit, specifically relating to social impact and the importance of workforce and CRM practices, this form of enquiry is aptly suited, thus it represents the main form of data collection in this research. There are a number of different types of interview possible, however these can be grouped into two main clusters, these being either structured, or unstructured (Bryman, 2008). As Bryman (2008) explains, the former of the two is far more suited to quantitative studies, where limits are placed on the possible responses from participant, so it is to the latter where this researcher focussed his attention. However, the unstructured interview can itself present problems, where the interviewee is given potential free reign to digress into less useful areas of discourse, preventing the researcher from reaching any relevant conclusions, or missing specific issues (Bryman, 2008). Thus, the most useful form of interview for this research, which needs to retain some structure to aid in analysis, is somewhere in between these two extreme typologies. Thus the semi-structured interview was chosen, this method accepts that there needs to be flexibility from both interviewee and interviewer, whilst also resigning itself to a certain amount of predetermined structure (Bryman, 2008). This structure often takes the form of a research guide (King & Horrocks, 2010; Bryman, 2008; King, 2004a), which is not to be confused with a strict set of questions to be answered by the participants. Instead, the

interview guide represents a list of key topic areas to be covered during the course of the discussion, as well as some follow up questions where apposite (King, 2004a). The constructionist perspective on the use of guides is very much in favour of the method (King, 2004a), however, it is important that this guide not be too rigid, allowing for new insights to be generated during the nitration between interviewer and interviewee. The guide also helps to mitigate the likelihood of the researcher asking leading questions, manipulating the outcome of a response, whether it be deliberate or not, can negatively affect the interpretations of reality generated (King & Horrocks, 2010). The themes which are noted in the guide outlined below were formed through the use of literature pertinent to the research question being posed, as well as knowledge gained by attending social enterprise events, there are a total of four key themes highlighted, of these, two represent QM practices and one representing the understanding and nature of social impact, with the remaining element concerning potential internal/external issues which may also be perceived as important to social impact generation. During the following outline, the key areas of investigation are highlighted, with proposed template questions, after each question lies a reflection of how the pilot study had influenced specific changes, the main change the pilot study brought about however, was the removal of other business practices from the study, namely data use, and service design, as was discussed in the previous section.

The order of the questions is also deliberate, starting with social impact and measurement, moving to practices, and finally the issue of external influences. This is for two reasons, the first is that dealing with softer discussions around a topic the interviewee will be familiar discussing will serve as a "warm up" for the participant, aiming to build a receptive relationship between interviewer and interviewee (King &

Horrocks, 2010). Secondly, outlining the social impact(s) the participants organisation creates will provide context from which the interviewee can refer to during discussions on the perceived importance of practices.

Social Impact

The first questions, as stated above, relate to social impact, specifically, how SI is both understood, and measured by organisations within the SMSE zoo. This is of critical importance given the confusion surrounding social impact as a concept, and the potential disconnect between theoretical, and operational perspectives on this performance measure (Ebrahim *et al.*, 2014; Ebrahim & Rangan, 2014; Clark *et al.*, 2004). When discussing performance in such abstract terms, it was deemed important to outline what a SMSEs impact was, and the ways in which this was measured. Furthermore, it was necessary to identify any perceived issues which the interviewee felt may arise during measurement, given the complexities outlined concerning measurement and the issue of outcomes versus outputs (Lynch-Cerullo & Cooney, 2011). In addressing this issue, it is hoped that social impact can be defined by the participant as relating to their organisation or more generally for the external participants, whilst also gaining perspectives surrounding the ways impact is measured.

1. Could you tell me about your organisations social impact, what do you think it is?
    a. Are there any other social impacts your organisation generates?
2. Are these impacts measured in any way?
    a. How?

Pilot Study Impact

During the pilot study, this question was the last to be asked, and was discussed in a more direct way concerning social impact performance, this proved to be a miscalculation and it was decided that questions on social impact should take a more prominent position. The main reason for this was due to flow, and detail of answers, the pilot interviews became disjointed and cluttered due to the interviewee having to continuously explain social impacts when trying to link practices or highlight an issue. In making this change, the length of interviews was reduced, and clarity was improved through having already defined phenomena which the participant refer back to. Moving the question also improved openness and the relationship between participant and researcher, proving far more effective than the workforce management section which was originally chosen for the role of warm up questions.

Quality Management Practices

This is by far the largest section of the interview guideline; The following questions will address two QM practices explicitly, these being, workforce management, and CRM, (Ebrahimi & Sadeghi, 2013; Laosirihongthong *et al.*, 2013; Zu *et al.*, 2008; Kaynak, 2003; Sousa & Voss, 2002). The key aim here, is not to discuss all practices relating to these two functional areas, rather, gain an understanding as to how these areas are managed, and bring to the fore those practices or issues which are perceived as being more important to the generation of social impact, whilst also gaining an understanding as to why they are deemed so by participants. Finally, there will also be some attempt to assess how participants think practices influence each other.

Workforce Management

The importance of workforce management to the overall success of other practices is one which can seldom be overlooked (Vouzas & Psychogios, 2007). There are a number of important practices which could be explored in this section, such as motivation, empowerment, progression, training, teamwork, and supportive data collection/use. All of these components are considered to be key areas of employee management practice (Ebrahimi & Sadeghi, 2013). However, the aim is to let the participant highlight which areas are most important when considering perceived influences on social impact. First gaining an understanding of how the interviewee thinks employees are managed, then asking how this influences social impact, with use of examples

3. Can you tell me a little about how you try and manage staff?
    a. Is there much of a need to actively motivate your workforce?
        i. In what way/why?
    b. Is there much of a need to performance manage your staff?
4. Do you think how employees are managed helps your social impact?
    a. How?
    b. Is there anything particular you find important?

CRM

This section aims to address the ways in which SMSEs interact with their various customers. In essence, the complexity of customer relationships and how information from customers is used by an organisation are both key considerations (Ebrahimi & Sadeghi, 2013; Mahour *et al.*, 2006). It was important once again to understand how relationships were managed, but critically, what the importance of relationships with customers was, in relation to social impact. Furthermore, why

such importance was placed on any perceived connection highlighted by participants. Once again, the focus was not on specific practices, which are too wide ranging, instead, allowing the freedom for participants to bring to the fore areas of particular importance.

5. How do you try and build relationships with customers?
    a. Are there any difficulties you have to overcome?
        i. How do you try and do this?
6. Is there any data collected from customer interactions and feedback?
    a. Why is it collected?
7. Are relationships important to social impact?
    a. How?

Pilot Study Impact

For both practices, there was a need to simplify questions, and remove more explicit statements, the concepts themselves were easily understood, but assessing perceived links was handled at various points, never the less, this structure was chosen as an initial outlay, as the depth of the answers often needed context dependent follow up questions. This represented a slight change, with the exception of the movement of social impact as discussed preciously.

Non-QM influences on performance

This final section is somewhat of a "wild card", the issue, as put forward by Sousa & Voss (2002) and Williams *et al.* (2006) is that there could potentially have been other variables which could have contributed to the increase or otherwise of performance. The issue here is the potential for a variety of unknown factors, especially given the potential variations in context found within SMSEs, the

identification of elements which may offset management practice will be particularly
enlightening

8. Can you tell me about anything else which may have had an effect on the
   social impact you generate?
   a. How impactful is this on your value creation?

Pilot Study Impact

There was no change needed here, the question was understood and brought with
it fluent answers, often highlighting areas already drawn upon during the
conversation and reasserting their importance.

External Sub Unit

The external sub unit discussed earlier represented participants who did not belong
to a social enterprise, in the interviews with those individuals it was decided that
outside of organisational context, there was no reason to change the questions.
Thus, in stead of asking about a particular organisation, the questions were
expanded, referring to social enterprises in NE England, and a more general
discussion of the phenomenon under investigation. This proved to be the correct
decision, in both cases the participants had no trouble understanding and
answering the questions, drawing on experiences and examples to highlight their
points.

Structure and Flexibility

In the above guide, the numbered questions represent key areas of investigation,
whilst the remainder (those which are alphabetised) are suggested probing
questions should there be a need for further investigation However probing
questions proved to be a reactive element which as was expected given they are

often thought of and used during the interviews themselves (King & Horrocks, 2010)

It is also worth re-stating that what has been displayed represents an aid-memoire

for the researcher in keeping sufficient focus on the topic area during the interview.

As such, it is more than possible that some questions may be missed, or others

added during the interview process, showing a level of flexibility as to not stifle the

investigation with too many presuppositions (Bryman, 2008). The only area of

standard practise took place prior to each interview, regardless of location,

introductions were made, and the purpose of the research including areas the

interview would cover was discussed once again, at which point, ethical approval

forms were given to and signed by participants (Examples of which can be seen in

Appendix 8.2 and 8.3), with any concerns being addressed by the researcher.

3.5.4 Reflexivity

The role of the researcher in qualitative research cannot be overlooked, it is quite

readily accepted that where in quantitative research the researcher has

instruments, in qualitative studies, the researcher *is* the instrument (Maxwell, 2012).

In essence, this means that much like the participants being studied, the

investigator too has political, social and theoretical views which have consequences

upon the collection, interpretation and analysis of data (Maxwell, 2012; King &

Horrocks, 2010; Simons, 2009). The main reason for this consequential relationship

between object and researcher as outlined by Simons (2009) is that within

qualitative enquiry, the researcher is the one who is interacting with objects under

study and interpreting meaning from data collected.

Maxwell (2012) highlights two areas concerning reflexivity which are of key

importance; these are subjectivity, and research relationships. Subjectivity is often

considered to be bias caused by the researchers own world view, which needs to

be mitigated against as much as possible, with the aim of creating a completely objective study. The constructionist position however, is not as damning of subjectivity compared to the stance taken by positivists (Maxwell, 2012; Hammersley & Atkinson, 2007), thus, having both positive and negative effects. As Maxwell (2012) suggests, it is possible to control where possible the negative, whilst making full use of the positive. To do this it is often suggested that researchers write down their thoughts, feelings, experiences, and theoretical assumptions which have resonance or links to the topic under investigation (Maxwell, 2012; Simons, 2009). This is often accomplished by producing a "memo", which outlines the researchers' feelings and presuppositions on a topic, however this should be a continuous process throughout a study. Thus, it is suggested that feelings, thoughts and or assumptions which become evident to the investigator should be written down at all times, in an attempt to monitor and control potential negative influences (Maxwell, 2012; King, 2004a). It is intended during this research that the above will be documented and seized upon when possible. However, having gone through an initial assessment, the researcher has only three critical presuppositions, which are:

- The links between social impact and practices will be implicit in nature, with no firm connections between the two.
- Engaging with case organisations will be difficult, with many managers not seeing the beneficial implications of the study, leading to difficult interview situations.
- The researcher will be viewed as inexperienced which will negatively affect the answers given by participants.

Of this list, the first is a theoretical assumption, whilst the latter two are quite emotive, and practical, given the emotive elements are harder to control, consequently, they stand the chance of creating the more onerous outcomes (Simons, 2009).

The second reflexivity issue to consider is the nature of relationships held between researcher and participants/objects (Hammersley & Atkinson, 2007). As Lawrence-Lightfoot & Davis (1997) argue, the relationships built during qualitative enquiry are far more than just a means of gaining access to data (through the use of gatekeepers discussed earlier). In fact, the relationships formed during the course of an investigation are under continuous flux, with trust, familiarity and mutual exchange being reassessed by both observer and observed during the course of the study, (Lawrence-Lightfoot & Davis, 1997). Furthermore, the amount to which this change occurs is susceptible to the length and frequency of interactions between researcher and participant (Lawrence-Lightfoot & Davis, 1997). To understand the impact relationships may have on the research outcomes and data collection, Maxwell (2012) highlights four elements of the problem which must be considered through the use of memos, similar to that discussed for subjectivity, these include:

- The nature of relationships formed, their consequences, and potential alternatives.
- How the researcher will be perceived by the participants, and how this may affect the relationships formed.
- The nature of any explicit agreements made between the researcher and subject regarding reporting of results.
- Ethical issues caused by the above.

By keeping a written record concerning of the considerations listed above, the researcher is once again able to manage any negative consequences they may cause.

Given the importance of reflection highlighted above, the memo process was conducted throughout this research, with notes on potential biases being documented in notes after each interview, being reviewed before the next. It was clear after the first five interviews that some opinions were being formed, however, knowing about those biases enabled the researcher to control their impact. This was less of an issue with relationships, however was still monitored, with potential issues arising with one gatekeeper who would later become a participant, in this instance, a level of distance was maintained as to not compromise the data collection process. However, this relationship did aid in the acquisition of participants in the earlier stages, and created an openness during the interview which created a rich data source, thus, while managed, it was not wise to create too much distance.

Both subjectivity and research relationships have the potential to positively or negatively influence the outcome of a research project. However, by identification, the researcher was able to manage these issues, bringing to the fore positive attributes of the two phenomena whilst mitigating the effects of the negative. In doing so, the validity of this study will be strengthened.

3.5.5 Data Analysis

The final element of the research design to be discussed is analysis of the data.

However, before this begins it is important to reiterate what this data means to the

constructionist investigator. As was discussed during section 3.3 of this chapter,

data collected represents a participant's construction of reality within the confines of

the social enterprise community group. Consequentially, the analysis, aided through

triangulation between embedded sub units, should create a representative picture

of this perception of social reality.

To properly identify and more importantly, understand the importance of practices

to social impact, it was necessary to thematically analyse interview data to find

patterns of meaning brought to the fore by participants. This calls on the work of

King (2004b) and template analysis, which the author notes as being particularly

useful in constructionist research.

Computer-Assisted Qualitative Data Analysis

The analysis of research and construction of the research template was conducted

using Computer-Assisted Qualitative Data Analysis Software (CAQDAS), while

there are many such software packages available, it was decided that Nvivo would

be used, primarily due to its ease of use, and the availability of the program to the

researcher. Where there are both opponents and proponents to its use (Atherton &

Elsmore, 2007), CAQDAS is noted as being particularly useful when performing

template analysis by King & Brooks (2017). The benefit of using such software is

that it can ease and help organise the coding of large texts, providing a repository

for the data, held both externally, and within the template itself (King & Brooks,

2017; Atherton & Elsmore, 2007). This proved most useful to the researcher,

allowing for in his view, what is a simplified and less cluttered way of coding and

interpreting textual data. It is however, not without its risks, of particular note is that whilst using such software, a researcher can lose focus and begin to consider the coding itself the main purpose of the study, rather than the picture that emerges through the coding process (Atherton & Elsmore, 2007). This issue was clear to the researcher from the start of data collection and analysis, thus, it was made explicitly clear at several points through reflection that the aim was to answer the research question, not code for the sake of coding. Overall this led to a less messy and far easier to manipulate and update template, greatly benefiting the analysis process.

Template Analysis

As stated previously, the first stage of data analysis will use template analysis, this can be loosely defined as a method of categorising and analysing textual data (King & Brooks, 2017; King, 2004b). This is done through a process of coding or the identifying of relative themes found within interview transcripts, which are then structured into a template (King, 2004b). A key aspect of this tool is the ability to set hierarchal values to the codes, thus, some are of primary importance, whilst others can be sub-codes of these higher level themes, this allows the researcher to add detail to broad concepts, often leading to each higher order code having a number of levels (King, 2004b). Another key strength of this method is the ability to code in parallel, thus, text can be assigned to a number of codes at the same time, this is of most use in constructionist research such as that presented here, as it allows for the text to be interpreted, showing multiple meanings for the same statement (King & Brooks, 2017). The process of coding is considered to be iterative in nature, the initial template is usually created, as it was in this research, from the interview guide used during data collection (King, 2004b), this gives a level of structure and can aid the researcher at the early stages of the process. Moving forward in the research,

when coding concurrent interview transcripts, the template should begin to change, with initial codes potentially falling away, and new higher order codes being added as the topic develops (King, 2004b). At the end of this process of coding, reordering, deleting, and augmenting themes discovered within interview transcripts, the researcher will be left with a final template (King, 2004b). For this research the template signifies a collective representation of the perceptions put forward by each participant, creating a holistic explanation to the research question. The remainder of this section will discuss the protocol this research went through during the analysis phase.

Transcription of Interview Recordings

Each interview was recorded via voice recorder, or a mobile phone recording application, following this it was necessary to transcribe the data to ease the analysis process, all transcriptions were done by the researcher himself, rather than paying a professional service for this task, the main reason for this choice was the advantage of staying close to the data (Bryman, 2008). The transcriptions began with an initial play through of the audio to familiarise the researcher with its contents, following this, transcription began using an audio playback program (Windows Media Player), with text being placed onto a Microsoft Word file, this was chosen due to the speed in which it could be accomplished and the researchers dislike of the Nvivo transcription package. It was decided that only partial transcriptions would be done of the audio recordings, thus, during the initial play through, attention was paid to areas of discussion which held no relevancy to the research, in such cases, this was discounted during transcription. Furthermore, there were elements where participants had explicitly asked for sections to be omitted after sensitive information had been discussed, which was felt to be

unsuitable for use or dissemination by the researcher, in such cases, transcription of sections was not permitted.

Initial template and Revision

The second stage of the analysis procedure was to create the initial template, this involved raw coding of transcripts into as many relevant themes as possible, allowing for further collation and development under review at later stages (King & Brooks, 2017). This raw analysis was conducted during the data collection phase, with five transcripts being coded prior to the end of data collection, and the results of which representing the initial template. In analysing a sample during the collection phase, it was possible to judge the efficacy of the interviews conducted, and if needed make changes to subsequent interviews. The analysis began with predetermined *a priori* codes, these represented the four key areas of the interview guide discussed in section 3.5.3, including:

- Social impact.

- Customer relationship management practices.

- Workforce management practices.

- External influences on social impact.

Although not finite, these four codes offered a solid starting point for the process, and gave structure, maintaining focus on key areas pertinent to the research question (King & Brooks, 2017; King, 2004b). The raw template created through this process included a total of seven primary codes of which four were the previously mentioned *a priori* codes, 46 secondary, and eleven tertiary codes, at which point it was possible to begin refining the template and reassessing the codes chosen. Following the completion of data collection, the revision process

began, first, by coding the remaining eleven interviews, then by recoding the original five transcripts, with one final run through of all transcripts occurring thereafter. During this process, a number of changes were made to the template, removing obsolete codes, and moving others to better positions, there were also a number of new codes created, however, on balance, after this stage, the template created was noticeably smaller with only six primary, thirty secondary, and twenty four tertiary codes.

Creating the Final Template

After the initial template had been revised, the process of evaluation and analysis was repeated one final time. Although, as King & Brooks (2017) notes, there can be no final template, there must however be a reasonable cut off point where the subsequent review of data does not produce any noticeable improvement. The final run through represented this point for the researcher, during which a number of codes were collated, and the *a priori* codes were changed where appropriate. This created a far superior and succinct template to the previous iterations, where again smaller, with five primary, fifteen secondary, and thirty nine tertiary codes, but also clearer and able to address the research question with far more precision. Given the size of the finished template, it is somewhat impractical to consider it in the main text of this thesis, consequently, it can be found within Appendix 8.1.

3.5.6 Ethical Considerations

The nature of this study and its need for primary data collection creates certain ethical considerations; however, this study required no participation from vulnerable parties or inclusion of particularly sensitive information. Consequently, was classed as a mid level ethical risk according to the guidelines set out by the Northumbria University ethical guidelines (Northumbria University, 2013). The research has been designed in a way that will meet the ethical guidelines set by Northumbria University, and was subsequently approved on the 28th of May 2014. A key issue when considering ethical implications is the issue of informed consent; this has been dealt with at two levels. Firstly, at the individual participant level, the use of informed consent forms (Appendix 8.3), combined with a precursor discussion outlining the research prior to each interview ensured interviewees had a firm grasp on what was expected of them and what the research concerned Secondly, at the organisation level, the researcher provided an organisation consent form (Appendix 8.2), which in this case was combined with a longer preliminary meeting during which time the gatekeepers were able to probe for more information satisfying any concerns or unknowns which may have been present. Furthermore, all organisations will be anonymised, this was done for any written work compiled on the research, with the inclusion of this thesis, as well as both electronic/physical copies of any raw data, and subsequent working papers during the analysis procedure (Silverman, 2010). The issue of data security is also an ethical concern within this research, to mitigate this risk, any files containing raw data, including voice recordings, were password protected, and stored on a secure server within Northumbria University. Once the research is completed, the option to have all data destroyed will be given to each participant, however, permission will be sought to publish findings in academic journals, to do this the participating organisations will

be asked if data can be kept for a maximum of three years after completion of the study. Finally, if the participants have no concerns regarding the indefinite retention of raw data, then this will be kept using the security measures outlined above.

3.5.7 Limitations of Research Design

There are always limitations present within any research project, where some of these are a consequence of resource and time constraints shaping the design of the project, others are linked to the design chosen, and available data on the phenomena under investigation. It is these to which this short section will be focussed. However, it seems fitting at this point to also restate the key strengths of this work, which have been discussed throughout this chapter. The method employed has sought to minimize potential limitations whenever possible, maintaining validity of the findings. There were a number of strategies employed within this research to this aim, these included:

- The inclusion of all organisation types relevant to the social enterprise zoo defined through categories outlined by Teasdale (2012) as case sub-units, allowing for contextual triangulation which impacted the external validity of this study (Yin, 2014).

- The use of an external perspective on the social enterprise zoo outlined, through the perceptions of industry experts, giving a second level of external validity (Yin, 2014).

- Collection of reflexive thoughts during the data collection process which allowed for the identification of any biases as they appeared, mitigating their influence on the interview process.

- A pilot study which allowed for changes to the interview guide, as well as the identification of boundary elements to the social enterprise zoo under

investigation, strengthening the validity of both the unit of analysis, and data gathered.

Whilst there are a number of strengths, there were of course limitations, the first of these is the proposed sample size, where it is true that there was no need for a large number of participants, there are some variations in social enterprise which may have been missed. Thus, whilst a maximum variation selection strategy was employed, the reach of potential variations is limited, this was considered during the selection process, ensuring as many unique variants were catered for under the sample size available. Another limitation which is often stated by positivist researchers is the argument of generalisability. The rationale for such argument's centres on a lack of representative sampling measures, this has been discussed in a number of areas of this study, during which, two main counterclaims have been made. The first, is that at no point does the research question suggest a need for statistical generalisation, more important to this study is the understanding of why any relationships are present, as was outlined during section 3.2.1 of this chapter. Secondly, where it is not possible to make claims on the basis of statistical rigour, it is argued by Yin (2014) that generalisations are still possible through analytic means.

3.6. Chapter Summary

The aim of this chapter was to outline both the theoretical perspective taken in this research, as well as the way in which the study would be conducted to answer the research question. The theoretical perspective taken within this project is that of moderate constructionism, within which there are elements of both relativist and realist ontologies. This means that knowledge and meaning are the consequence of a person or groups interaction and perception of the world, this in turn leads to the possibility of multiple constructed views of the same phenomenon or reality, however, in some cases, at the community or group level there may be universally accepted truths. Given the research question and the need to ascertain not only what, but why perceived relationships exist between QM practices and social impact generation, a qualitative methodology was chosen for this research. This study was conducted through the use of a single embedded case study which held social enterprise in NE England as the main unit of study, or 'case', for which the data was collected through sixteen semi-structured interviews from fifteen embedded sub units. As data were collected, the iterative process of analysis began, this was split into two stages:

1. Thematic coding of transcripts into a template of key themes.
2. Construction of a narrative account based on the final template.

The analysis process outlined above is iterative in nature, thus ran in parallel to the collection phase, in this way, it was possible to mitigate the effects of data overload often felt by qualitative researchers.

Throughout the process of designing this research method, the researcher has kept in mind the issue of validity, in doing so, it has been possible to build in a number of mitigating techniques which will help strengthen the researches position and

credibility. These included a pilot study which enabled for quality assurance, and subsequent changes to be made to the interview guide, the understanding that perceptions, feelings, theories and relationships pertaining to the research project, in particular, data collection and analysis, and the inclusion of an external perspective on the phenomena under investigation, allowing for triangulation of sub units within the embedded case study. With the inclusion of these techniques any criticism brought before this researcher can be defended. The following chapters will outline key finding and begin the discussion of implications and theory generated during this study.

Chapter 4: Findings

4.1. Introduction

The following chapter will present the primary research findings, representing answers given by the sixteen participants (Outlined in Table 2 of Chapter 3), during semi-structured interviews based on the interview guide set out in chapter 3. The data, and its analysis highlighted in this chapter, will provide evidence of the perceived benefit of workforce management and customer relationship management (CRM) practices on the social impact participating SMSEs are able to deliver. This will be done by identifying evidence of the following from the analysis procedure undertaken:

1. The understanding of social impact and its measurability.
2. The perceived importance of customer relationship management practices to social impact generation, as well as the dynamics of relationships at play within the participants organisations.
3. The perceived importance of workforce management practices to social impact generation, as well as an insight into the ways in which staff are managed within the participants' organisations.
4. Key external factors influencing the generation of social impact.

The analysis of data collected from the interview transcripts was conducted with the use of template analysis, this was a highly iterative process, starting with *a priori* themes, developed through a review of relevant literature, which formed the structure of the interview guide discussed in Chapter 3. These were:

- Social impact.

- Customer relationship management practices.

- Workforce management practices.

- External influences on social impact.

These four *a priori* themes created an initial structure for the template, representing higher order codes (HOCs) with which to base the initial template development. However, these were by no means finite, and were themselves open to change during the analysis process. This is in line with King & Brooks (2017) who highlight the need to be critical when working with predetermined themes, potentially requiring their removal or change depending on the usefulness or relevance they hold to the research question. The use of template analysis in this research allowed for the identification and simplification of complex narratives present in the interview transcripts, allowing them to be codified and collated. This led to the creation of further HOCs as well as subsequent secondary and tertiary codes, representing a finer level of detail, focussing in on far more specific points of reference identified by the participants. As was discussed in the previous chapter, the analysis procedure required the systematic evaluation of interview transcripts. This was followed by a number or re-reads, resulting in multiple iterations of the template, finally resulting in what was deemed a clear and concise final template. It is also worth noting at this stage, there lies an inability to truly assert the template is complete, as King & Brooks (2017) argue, there may always be the possibility of making improvements to any template. The issue here however, is that where small refinements may be possible, there lies an element of diminishing return, thus, the time and resource necessary to enact further refinement outweighs any benefits which may be gained. This was the view taken during the analysis procedure, after a number of iterations, it was clear that the template created was able to address the research question

with significant rigour, which, in line with King & Brooks (2017) suggested any further work would result in limited beneficial return on invested time.

Once this point of data saturation had been achieved, the final template was generated by structuring themes into HOCs, secondary and tertiary codes. This template, which can be seen in Appendix 8.1, forms the structure of the remainder of this chapter, discussing the themes which emerged, whilst offering key quotes and utterances which offer insight and provide evidence in support of each themes' existence. Although the full template would prove cumbersome if displayed in its entirety, at the introduction of each HOC, a diagram will be provided, giving a visual representation to the theme and its secondary and tertiary codes. During the use of quotes, participants will be represented by displaying their corresponding number (P 1-16), and their organisation (Org A-N), the non-affiliated contributors who offer an external viewpoint on the issues under investigation will be labelled independent (Ind), upholding anonymity which was agreed upon during the selection process.

4.2. Social Impact Measurement

The first HOC identified was "Social Impact Measurement", this represents an updated version of the a priori code "Social Impact" and relates to the initial question in the interview guide. This HOC was broken down into three subsequent second order codes as can be seen in Figure 7, the purpose of the HOC was to first gauge the participants understanding their respective businesses social impact, before gaining insight into the ability and readiness of participating organisations to measure this impact.

Figure 7: HOC Social Impact Measurement and Related Sub Codes

```
                                    ┌──────────────────────────────────┐
                                    │ Identifying and Understanding     │
                                    │ Social Impact                     │
                                    └──────────────────────────────────┘
┌────────────────────────────┐     ┌──────────────────────────────────┐
│ Social Impact Measurement  │─────│ Measuring social impact           │
└────────────────────────────┘     └──────────────────────────────────┘
                                    ┌──────────────────────────────────┐
                                    │ Soft outcomes of social initiatives│
                                    └──────────────────────────────────┘
```
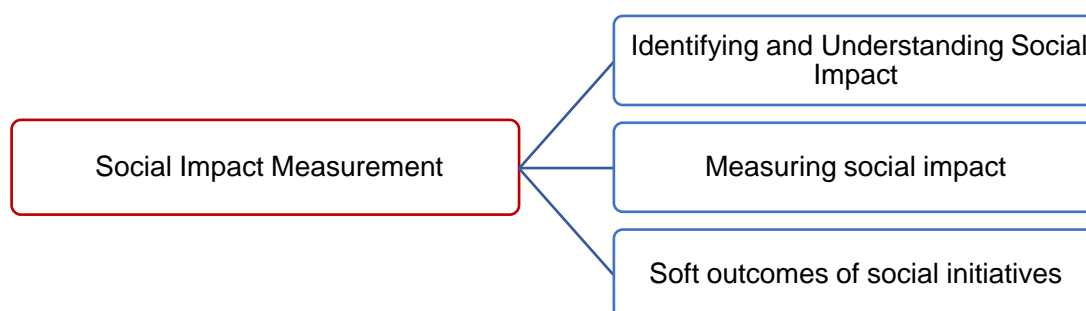
4.2.1 Identifying and Understanding Social Impact

The participants understanding of their firms' social impact represented the first of three secondary themes. Regarding those participants who represented a specific SMSE (P. 1-14), there existed a significant understanding as to what their social impact was, this is most evident in the participants ability to describe what the SMSE they were representing did, and the impact it had, an example of such a statement can be seen below:

P.9. Org. I. *"well our remit is to regenerate the town, add to infrastructure, community development, beautifying the town by whatever means is at our disposal. The social impact is, I think, taking an overview is, the town has been regenerated, it has been beautified, It's always had an industrial background, so really the town was an industrial grade, coal dusty mining town, and fishing grew from that, and with the decline of the mines, and to some extent the decline of fishing the town really needed to find a new identity. But the social impact is the town is far better, perceptions are far better, housing prices have gone up, you actually get people wanting to come".*

There were also a number of succinct descriptions of social impact, describing specific services their respective SMSEs provided to individuals and/or organisations, such as the following:

P.4. Org. D. *"we do financial impact, so there's two types of financial impact, so there's income gained, for individuals, so things like welfare benefits, grants, food parcels, things like that. Then there's, debt written off, so, that could be people going on to, or debt managed, people going on to IVAs, things like that".*

It can be seen from this quote that the understanding of social impact is linked very much to the core activities of the organisations themselves, thus, what they do, is a direct impact on a particular individual or group. This way of defining or understanding social impact is in line with the views expressed by the external perspective provided by both P15 and P16, who assert the understanding of a firm's social impact is often directly linked to what they do as an organisation, leaving it to be particularly context driven:

P.15. Ind. *"whatever it may be, they've spotted that bit that's not working so they've come out of charitable organisations and set up a SMSE to meet that need, and they have a couple of objectives that are related to what they do, and that's their social impact".*

P.16. Ind. *"I think social impact can mean a lot of things to a lot of people, it depends on the situation you're in, coming from a council point of view social impacts obviously about the impact on our community but also how much money it saves us to do things that are statutory. But from a SMSEs point of view, their social impact is generally skewed to whatever reason they're a SMSE for. Then I think it gets skewed again if you start connecting social impact to social value, and then you've got the social value act and then it starts to be a bit prescriptive as to what impact and social value can be".*

In short, the understanding of social impact is likely to be high within SMSEs as this is the reason for their existence, and a key goal of the services or products they offer.

The link between activities or services provided and social impact extends to the multiplicity of such endeavours, with a number of participants highlighting a range of social impacts, often linked to particular projects or areas of interest, this formed the basis of a tertiary code 'Multiple Impacts'. The idea of multiple impacts was present in a large proportion of the participants interviewed (P, 4, 5, 8, 9, 10, 11, 13, and 14), with some being very specific, for example:

P.14. Org. N. *"Well, to start that, we've invested massively in measuring social impact, so in terms of our social impact, there's two areas, one is the work we do with traditional start up's, and the other side is the development and creation of SMSEs".*

In contrast, other examples emerged from the interviews which were vaguer in their description, whilst still being in no doubt as to the range of social impacts present:

P. 13. Org. M. *"So there's lots going on but realistically the main bulk of our work is around the chocolate and textiles manufacturing which helps us remain sustainable and employing people which like I said is our main reason for existence".*

Once again, both of these quotes present an understanding as to what the respondents' SMSEs do as their core business, rather than what the social impact is, perhaps suggesting they are very much one and the same. There were some exceptions to this line of thought however, a small number of participants expressed difficulty linking their organisation directly to social impacts, alluding to a more implicit relationship between the services provided, and the impact derived.

P. 10. Org. J. *"It's a bit difficult because I don't work directly with clients, the aims of the trust are far more strategic than working with specific community groups, so the sorts of things we do is put on events, consultations, we brought a partnership together to develop an economic plan, so I guess for social impact it's not an obvious one because we don't work with a particular client, so it's much more difficult to quantify the impact of what we do".*

Where it was clear to all respondents that social impact was being achieved, it is worth noting the wide disparity as to the type of impact generated. Of the organisations represented through the interviews, there are a multitude of impacts discussed, including advice to individuals, counselling, support for businesses and other SMSEs, housing, and employment to name but a few, once again highlighting the contextual nature of this phenomenon. A clear example of this is P.13, the nature of Org M's social impact is directly linked to its location, the organisation exists solely to provide employment as stated in the previous quote, and has had to innovate and create jobs through developing products which can be sold on the common market. In this case, the products sold are not the impact, rather the driver for sustained employment to people in the local area, with the latter being the core aim of this SMSE, and consequently its social impact.

4.2.2. Measuring Social Impact

The measurement of social impact varies considerably depending on the organisation. However, a key theme which emerged from the data (Measuring Social Impact) highlighted a concentration on the measurement of outputs from services offered by a participating SMSE. Of those questioned, several interviewees (P. 1, 2, 3, 4 ,5, 7, 11, 12, and 14) gave inferences to the concentration on measuring specific outputs related to their organisation to assess social impact, for example:

P. 7. Org. G. *"the only data we really collect is probably project specific, and related to a grant, so for example when we developed the additional office space in the building we had to demonstrate it would create so many jobs and we needed information on people's turnover of the business and this sort of thing. We talked about remote learning, so courses there, we will be measuring how many people attend and what sort of courses that sort of thing, and the festival we measure how many people turn up to take part, so that sort of thing, but it's not something that dominates".*

What this quote shows is similar to the views of other participants, the assertion is that measurement is done very much on a needs basis within the organisation, and often purposive in its approach, meeting the requirements of funders or other stakeholders, and is further supported by the independent interviewees:

P. 16. Ind. *"Yeah, take someone like XXXX, when they get a commission or funding its always around numbers and those hard outputs, so that's where they tend to focus measurement on".*

This once again links the idea expressed earlier regarding the nature of social impact understanding, by measuring outputs, organisations can gauge how beneficial they are being to the community they serve. Measuring numbers through the door or people using a service are not the only means by which social impact is

being assessed. Whilst still targeted and relating to outputs, Org. K, engages directly with its clients and service users to get their viewpoint on how the outputs of the organisation have impacted their lives, and which activity was most influential, as can be seen in the following quote:

P.11. Org. K. *"Each year we do a questionnaire with tenants and we ask them what service we deliver that helps the most, and its sense of community that comes out on top, and housing only comes in third. So its sense of community, its money and welfare benefits, making sure what money they are getting is flowing, and housing third".*

Another way of assessing the impact of outputs alluded to by a small number of interviewees (P, 2, and 14) was social return on investment, this method allows organisations to quantify the impact of services provided in monetary terms, giving a ratio between the money invested and the amount saved to local authorities and people:

P. 14. Org N. *"how we measure that is we have embraced social accounting, we're one of the regional leads for social accounting, and more recently we've started using social return on investment within our social accounting procedures. In terms of the importance of those accounts, when you've got an audited report signed off by a third party its significant, so it's great when we're applying for funding of bidding for contracts and giving presentations, we use that information to say this is the social impact".*

It is worth noting however, that whilst both P, 2, and P, 14 have made reference to using this measurement tool, in the case of P,2, this is far more limited and has only been conducted once during Org, B's existence. Thus, where it has been used, the SMSEs still rely on other methods of assessment in line with output and outcome measurements discussed previously.

Although the methods of measurement differ, there is still a strong consensus as to its purpose, this being to evidence what has been achieved. A sentiment which was

also put forward by P.15, as the participant suggests, without measurement of the outputs or outcomes, it is difficult to gain a full understanding as to what the benefit to a community or target group has been, which holds weight both internally and externally for tan organisation.

4.2.3. Soft Outcomes of Social Initiatives

Moving from output focussed measurement, a significant proportion of the respondents (P, 2, 3, 4, 5, 6, 9, 10, 11, 13, and 14) also highlighted the importance of softer, implicit social impacts. This provides an assessment on the ability to impact on communities or individuals in a number of indirect ways beyond the immediate focus of a particular service. A good example of this is Org. I, the remit of this SMSE is to improve infrastructure and economic sustainability of the town in which it is based, where there are measurable outputs associated with this, there are several secondary, less tangible outcomes as seen in the following:

P. 9. Org. I. *"another social impact is actually improved confidence in where you live, if you are living somewhere down trodden and dirty, it doesn't really raise your own aspirations and you just say well this is my life. If you can raise the profile of the town, there is a level of community confidence that rises with it, the infrastructure has had a social impact, but then there's the indirect, and by speaking to people on a level that they understand, it gives them the confidence to come through the door and ask a bit more and then hopefully direct them a bit that way".*

Although considered just as important to the SMSEs interviewed, the onus on measuring such softer or implicit elements is less so, due predominantly to necessity, P. 4, likens this to a box ticking exercise, stating that where many

impacts may be present, they do not all necessarily fit the criteria the organisation is being assessed against, so there is little reason to record them:

P.4. Org. D. *"there's lots of stuff that will never tick a box, ever, and I don't think we'll ever get a box for it on any CRM, I think that's probable something across all third sector organisations".*

A key issue with the measurement of these softer outcomes is their intangible or implicit nature, this makes quantifying the instances of social impact through such a lens troubling to impossible. Many respondents (P, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 14) highlighted a desire to capture such data, but stressed difficulty in doing so, this is expressed succinctly by P. 8, where the impact to communities is done by other SMSEs who are supported and nurtured by Org. H. However the ability of translating that support to quantifiable impact proves difficult:

P. 8. Org. H. *"What we find that's really hard is how do we measure that impact, and if we can find a tool to measure that impact it would be really, really interesting".*

This issue is expressed as a common setback across the SMSE sector by the independent respondents, who suggest where social impact will be clear to organisations, the ability to take implicit knowledge of such impacts and transform them into quantifiable evidence is sparse, often stemming from a lack of ability:

P. 16. Ind. "*Every funder and commissioner will ask you about what impact to the community you will have, and there's two things that SMSEs always struggle with, one is the evidence of need, they know the need is out there because they talk to people, but they've never done a questionnaire or surveyed people, but they know its there just because they're there and they talk to people, and the other side of the coin is the impact measurement, they know what impact they've got, but its translating that into something that has value".*

This creates a dilemma for many SMSEs, limiting the understanding of their social impact performance to a gut feeling or personal experience, outside explicit measurement of outcomes, which may fail to tell the full story as to the impact being achieved.

4.2.4. Section Summary

During this section, a number of key findings have been discussed relating to the understanding and nature of social impact, including issues concerning measurement of social value creation, these can be seen in Table 6.

Table 6: Social Impact Measurement Key Findings

Second Order Code	Key Findings	Departures from Agreement
1.1. Identifying and Understanding Social Impact	• Social impact is understood readily through the core activities of SMSEs. • Participants alluding to multiple types of impact. • Social value directly linked to core activities, leading to a myriad of impact types between participating organisations.	• Ability to identify impact difficult for organisations involved economic and infrastructure projects.
1.2. Targeted output measurement	• Most social impact measured through direct outputs of core activities. • Measurement most commonly done to satisfy	• Some use of SROI as a measurement tool by limited number of participants.

	conditions of grants and contract work.	
	• How tangible outputs are measured depends on the nature of the project or service and data needed for reporting purposes.	
1.3. Soft outcomes of social initiatives	• Many important social impact measures are considered indirect or implicit. • Implicit impacts are difficult to quantify.	• None

It is clear from the interview responses that social impact can be understood by all participants, who show no problem in outlining what their respective SMSEs deliver to various communities and individual clients or service users. There are situations where this is less tangible, however, these cases are reserved for SMSEs who work on infrastructure and economic development, when outputs may take years to realise. In all cases, there was a distinct link between social impact, and the core activities within the organisation, as well as indirect links to less tangible social impacts which occurred as a consequence of any original social value. When it came to measuring social impact, there was a consensus around the need to measure outputs, often to fulfil the requirements of a contract, or funding grant, this led many SMSEs to concentrate only on the measures they were being assessed against. This can be seen in the lack of attention attention given to less tangible outcomes of the services and projects delivered, which is made worse by the complexities surrounding quantifying and measuring soft data such as comments and case studies on communities and individuals. Overall it is clear that social

impact is a wide term with many potential meanings depending on context, often difficult to measure outside of specific outputs.

4.3. Stakeholder Relationship Management

The next HOC derived from data analysis is "Stakeholder Relationship Management", this code began as the a priori theme "Customer Relationship Management", however, was subsequently modified due to the responses during interviews with participants. The HOC is broken down into four secondary codes, as can be seen in Figure 8, representing the dynamics at play between responding organisations and their customers or key stakeholders, highlighting the perceived importance of managing relationships to social impact generation.

Figure 8: HOC Stakeholder Relationship Management and Related Sub Codes
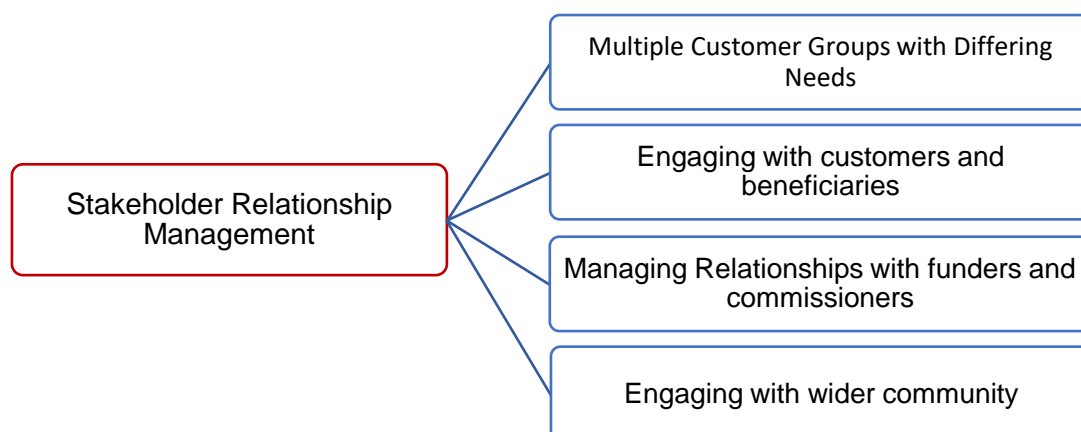
4.3.1. Multiple Customer Groups with Differing Needs

The first second order code is "Multiple Customer Groups with Differing Needs". A common issue expressed by some interviewees (P, 1, 2, 3, 4, 5, 7, 10, 11, and 13) was the complexity of relationships at play between multiple stakeholder groups, many of whom also represented differing forms of customer from institutions, to individuals and even community groups. A good example of this is the response

articulated from Org. G, which operates a number of activities including social housing, commercial property, office space, library services, economic development and youth accommodation, with a wider remit of improving the economic sustainability of its local area:

P. 7. Org. G. *"I suppose we have a broad range of customers again, we've got a broad range of social activities, and a broad range of customers. The XXXX centre, we've got lots of different groups and individuals who use the place, and some of them have their own customers. So in the XXXX centre we kind of acted as an enabler, so the royal voluntary service choose to have their base here, and they run a day-care service from here, so I guess their customers are our customers too because they walk through the door and they expect a good service from the place. We have 18 housing properties that we let, so therefore we have 18 tenants, and we are a registered provider of social housing so there are standards that we have to maintain".*

Another prominent way of looking at this issue relates to funders and commissioners of tendered contracts who provide capital for services to individuals and community groups. In this scenario, both the funders and the beneficiaries of services can be classed as customers. However, the ways in which they are managed, and the dynamics of each relationship can prove difficult to manage:

P. 16. Ind. "*I think they're forgetting who their customer is, take counselling, they have two customers, the one that pays for it, then you have the customer, being the person getting counselling, because the mind-set of SMSEs, they care more about the person who is getting the counselling but the person they have to keep the relationship with is the counsel or school or whoever is paying the bill, and that doesn't always happen, because they are more concerned with the person who needs support and the impact, which is great, but the middle person gets missed".*

Org. C, is but one example of a SMSE which is working in this type of customer environment, the firm runs a number of services based around the improvement of mental health. Whilst some of these services are part funded by donations, most of

the needed capital comes through contracts with local authority, as well as grants

from a number of support organisations and interest groups:

P. 3. Org. C. *"I suppose its comes in two camps, one would be our clients and service users, and the others would be commissioners and funders, because we're delivering, well we deliver a service on behalf of them, they've given us money to do something, so that's the two aspects to that".*

The nature of customer in this sense is very context driven as can be seen in the

differences in types expressed in the above quotes. Depending on the remit a

particular SMSE has, identifying customers can be particularly problematic.

P. 10. Org. J. *"It's a bit difficult because I don't work directly with clients, the aims of the trust are far more strategic than working with specific community groups".*

Whilst discussing social impact, and the ability to evidence this, P. 10, was quite

clear as to this issue, for Org. J, the remit of this organisation is large scale

economic development, in this situation, all residents and business could be

described as customers, or beneficiaries of the outcomes produced.

4.3.2. Engaging with Customers and Beneficiaries

Given the range of potential customers or combination of customers highlighted by

the participants, it is necessary to consider the relationship dynamics by splitting

them into three distinct secondary codes. The first of these is "Engaging with

Customers and Beneficiaries". This will discuss relationships with those who use

services provided by the SMSEs interviewed, either through payment or free of

charge.

In review of the interview data, the ways in which customer relationships are

managed is again deeply dependent on the services being offered by the individual

SMSEs. This can range from business to customer/beneficiary, and business to business/public sector, with the former relying quite often on either walk-ins or referrals as the primary method of first contact. Org. E, is a good example of this. The clients who take part in their NVQ programs are sourced in a number of ways, although, regardless of the methods employed, they all rely on word of mouth and legitimacy, including strong relationships built with other institutions who refer potential candidates:

P. 5. Org. E. *"we do our own marketing, we've got our Facebook page, we advertise around things, yeah we get people walking off the street, or people who know us, volunteers, quite often we get you know grandchildren from our volunteers turn up to the project and things like that, who are struggling and so, we do get walk ins, and, personal referrals as well, but you know the majority does come through the institutions".*

This range of contact and customer sourcing methods was also highlighted by a number of other respondents (P, 1, 2, 3, 4, 7, 8, 14), who similarly used websites, social media, networks and reputation to ensure the services were made known to and used by those who needed them. The business to business environment bore some resemblance to this, but there was more of a focus on negotiation in such circumstances, with those involved eluding to needing multiple visits and consultations to gain custom, relying on building relationships to better understand customer requirements.

The collection of customer data was another element identified as important by some interviewees (P, 1, 2, 3, 4, 5, 6, 7, 8, 10. and 12). This ranged from simple demographic data such as location, age, and gender, to specific things such as number of visits or times using the service, and even more comprehensive data concerning issues a customer is having, which relate directly to the services

provided by the SMSE. An exemplar of this deeper level of data capture and use was provided by P. 12, with the organisation collecting questionnaire responses from beneficiaries of the services provided at several points to track the progression of each service user:

P. 12. Org. L. *"we say to the young people we're working with, what do you want to achieve, what do you want to change, and they'll normally come up with about 3 things. It's a five-point star and it works really well as a tool because the young people can see progress, and again we've got big percentage things like that and its great".*

Whilst typically uncommon amongst the research respondents, there was a small number of participants who purported to use or be in development of similarly complex ways of gathering data on clients in the hope of improving the services offered, and building stronger relationships (P, 3, 4, 7, and 8). The key reason for this is an expressed need to better understand trends and issues to be targeted by services and report accurate data to interest groups when requested:

P. 3. Org. C. *"What's happened until now, because of our fairly rapid growth, we've collected the data we need to for funders, and that's different from funder to funder, project to project or grant or whatever, so there's been, we've been a bit crap on getting that overarching data on trends and things, and part of that is cultural, because when we were small based in this building only, you kind of knew if there was an emerging trend in the clients, because you heard them talk about it, but now as we are across a large area with four different bases, exactly. So, we're just implementing a CRM program now which is going live next month, and hopefully, should we encourage everyone to use it properly, we can start to record things like all the telephone enquiries we get, where they're coming from, what the nature of the enquiry was, the kind of emerging trends in needs, because sometimes XXX calls and they say how many clients have you got who have been sanctioned on their benefits, and I say oh I don't know, I cant pull that figure down from anywhere, because no one asks us to measure that. I can tell you how many people in the counselling service were clinically recovered when they left it, because that's one of the things that that commissioner wants. So we're not as good at collecting that general data as we could be but we're working on it".*

It is also worth noting that whilst this is expressed by only a handful of respondents, it is not coming from one type or size of organisation in particular, with micro, small and medium SMSEs of different types represented within this theme.

There was evidence given by several participants supporting a reliance and onus being placed on building strong relationships with customers and service users (P, 1, 2, 4, 5, 7, 8, 11, 12, and 13). This often took the form of highly personalised services being provided to fit each client's specific needs. In such cases, the relationship was supported by a range of practices to facilitate the needs of each customer. A good example of such personalised relationships is given by P. 5. Within this participant's organisation, which aims to provide engineering skills and qualifications to young adults with limited education backgrounds and employment possibilities, there is a strong focus on the individual. Thus, whilst the NVQ courses provided are very prescribed, efforts are made to support the students as much as possible along their journey, especially given the potential lack of confidence and education level:

P. 5. Org. E. *"its quite a its difficult so its individual so everyone gets one to ones every day, they're talked to, they get coaching for their future jobs, everybody is an individual, so, where we take them".*

This takes the form of consistent pastoral support, provided to each student. However, is extreme in terms of the level of support given to build and maintain a strong client/customer relationship. Other examples which are not quite as intensive are provided by a number of respondents, ranging from the proper identification of the appropriate case worker, ensuring staff are capable of dealing with sensitive

situations, to managing feedback in an efficient manner, improving services where necessary, as illustrated in the interview response below:

P 1. Org. A. *"X is very keen on getting feedback, and making people feel like they had something to do with whatever the offer is, so yes we get feedback from the punters, and we try to make sure we use it were we can, and they feel like they are listened to which is a big thing for us".*

The focus on strong, personalised, relationships is not without purpose, the respondents identified two key benefits to engaging with customers and service users in such a way. The first, although less represented (P, 2, 5, 11, and 14) assert the impact having strong relationships with customers can help win favour with funders and commissioners. The argument put forward for this in all cases is that by working closely with customers and building strong relationships they are able to better understand their needs, gaining a greater insight into the issues present within a particular demographic or community group. This in turn, allows the organisations to be far more targeted and informed when bidding for work or grant funding:

P. 2. Org. B. *"we had a lottery grant five years ago, and that was successful, it was working with children, and it showed some startling results, so we've used that to get funding again from the big lottery, of half a million, which has been a big boost over four years. And what that's done is, it was based on the previous project, so working with children initially, so what 75 percent of the children said was its not them that needs help it's the whole family that needs help. So this next project is around the whole family, so the parents are carers and the little uns. So that's helped, so, you just need something like that and a change in people recognising that".*

Furthermore, dynamics between the SMSEs and clients could be observed during site visits by funders and commissioners, in this way, strong relationships exhibited

themselves, allowing those visitors to gain a greater level of perspective on what the organisations provided to their clients.

The second benefit highlighted by interviewees asserted that strong relationships with end users was essential for generating and building upon social impact. This was put forward by the majority of respondents (P, 1, 3, 4, 5, 7, 8, 10, 11, 14, and 16), and is succinctly argued in the following response by one of the non-affiliated participants:

P. 16. Ind. *"I think, managing the relationship with the end user, that's where you get your social impact, and that's where the focus goes".*

The reason for this perceived link between building strong relationships and social impact once again focusses on understanding issues and connecting with individuals and groups in a way which helps mould the design of services offered. Although this was more evident in those services which required a level of pastoral intervention during counselling or teaching NVQ qualifications, this also manifested in other contexts such as in Org. E, in one case, this SMSE was able to build strong relationships with a number of corporate customers, the result of which was the creation of a secondary revenue stream, offering corporate event services which would help fund the core activity of building skills and increasing employability of local residents:

P. 5. Org. E. *"in the end you get somebody who says oh we'll give you ten grand a year for the next five years you know, it's fantastic you know, and that money like I was saying to you earlier creates a revenue stream that we think is extremely important, we need to diversify and find new ways of creating cash to support everything we have going on. So, relationships there are really important".*

Although this example shows an indirect link, it is still perceived by P. 5, to be important to the actualisation of Org. E's, social impact. However, regardless of the means by which this link between social impact and relationships exists, all of the interviewees stress the importance of gaining knowledge and data on individuals, community groups and organisations to better understand their needs, and tailor services and approaches to them.

4.3.3. Managing Relationships with Funders and Commissioners

The second key customer type identified by participants was that of funders and commissioners, with many of those interviewed holding at least some contracts with various partners to provide services to a particular demographic or geographical area. The majority of respondents describe relationships with these groups as being transactional in nature, with an onus being placed on results and outputs for the moneys received in earnest (P, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, and 16). For example, Org, C, who offers counselling and mental health support through a variety of services, has to meet and report on the targets set, and benefits derived through the projects it embarks on, which, as P, 3, explains, is to satisfy the conditions placed on funding and payments. This is highlighted as being important for both grant funding and tendered contracts, however, the prevailing opinion suggests this as being more evident for the latter:

P. 16. Ind. *"if you start talking to a councillor or a commissioner they're more bothered about pounds and pence, if you're talking to a grant funder, they're more interested in the impact on a person".*

Of note is the difference between tangible outputs and soft outcomes expressed by participants, the relationship with commissioners is focussed mainly on the "harder"

numbers. These predominantly include the amount of usage a particular intervention has seen, and, more importantly in most cases, how impactful such services and projects have been in creating social value. Thus, it is not always a case of usage, rather, the success of interventions is a key performance indicator. An example of this was outlined by P.8, where an employability project was based on success rather than engagement, in this case, payment would only be paid once users gained employment, proving difficult to manage given the resources which have to be exhausted regardless:

P. 8. Org. H. *"It's interesting how that's changed over the last 5 years, but I think that's been down to austerity measures it's been down to payment by results, and because it's more difficult to get long term unemployed back into work, you weren't getting paid even though there was a lot of work going on behind the scenes to move those people in to employment".*

In such cases, the "softer" outcomes of interventions would not be included, where often engagement led to unexpected results. When discussing grant funding, participants expressed similar views, but often the relationship was built on the receipt of softer data, for example, P. 11, explains that where many of the relationships are transactional and output driven, there are instances where grant funders engage directly and take interest in end users through case studies and site visits. However, this represents one of many assessment methods used, with significance still being placed on other data.

During data collection, respondents also expressed difficulties in being able to build lasting relationships with commissioners and funders (P, 3, 5, 10, 11, and 16). The reason for this difficulty was highlighted as being a direct consequence of the transactional nature of these relationships. Respondent P. 16, describes this as a

typical tender process, thus, contracts have to be bid on, and the only consideration for commissioners is the adherence to output criteria. This is supported by other participants who express frustration in their inability to build relationships of this kind:

P. 3. Org. C. *"I put a lot of energy in to trying to engage with the public sector a few years ago and it just seemed to get us nowhere".*

P, 10, Org, J. *"what is of value to one organisation isn't to another, we can say we've had this impact and you will have 10 councils say well who cares, for me, there's a big emphasis and funders are included in this, in outputs rather than outcomes, and there's a lack of understanding between the difference between outputs and outcomes".*

In contrast to this, there are participants who propose the opposite, suggesting that it is possible to build relationships with funders and commissioners (P, 8, 11, 13, and 15). In these cases, the prevailing factor seems to be length of engagement, but this also seems tied to the organisations willingness to pursue relationships:

P. 13. Org, M. *"we have done a lot of work with the council to get them to buy in to the process and they're pretty amenable, so the idea is that we see if there's any proceeds from these other buildings to invest in expanding across the road, and we've had a range of talks with a load of investors and they seem really keen so".*

As seen in the above interview response, where relationships were formed, they took resources in the form of time to build, representing a capital cost to the organisation. This is similar to the views of other participants who identified the necessity of forming personal relationships with key gatekeepers within local authorities and funding organisations.

Although the ability to build strong relationships with funders and commissioners is contested, there was some agreement on the perceived impact managing

relationships effectively can have on successful bids and grant applications (P, 1, 2, 3, 5, 9, 11, 12, 13, 15, and 16). There were two main reasons given for this, the first was strong interpersonal relationships increased the engagement of funders, in doing so, it became possible to give greater explanation and examples as to the benefits of the work being done by the SMSEs:

P. 5. Org. E. *"they get invited to open days and things like that. So, managing the funders is, it works on two scales, you have to give them, you have to over deliver or at least deliver what you said you were going to do, and give them really good feedback about that, so that they know you are a delivering organisation, but you know a little bit further down the line than that you know, because you've got tall ship, so doing the tall ship regatta we've got one of our events early on we set aside for non-paying guests and all our stakeholders, so we had loads of people on the boat and things like that. So, um, it's about getting them to know us beyond a bit of paper, we've got some of the heritage lottery fund now, we know them they come and visit, they really, we invite them to things so the relationship building there is quite often, is more about getting the first amount of money then building the relationship from there, they do it on a blank, they don't want to feel pressured by knowing you, but once they know you and they think oh that's cool they get involved".*

The second reason for this link between relationships and funding was expressed as the ability to gain a better understanding of the application process and requirements for success. A good example of this is given by P. 3. The respondent's organisation had recently been unsuccessful with a grant application, however, given the existing relationship between both the SMSE, and the National Lottery Fund, the funder offered support for a following application, highlighting areas of improvement and subsequently leading to success.

Where there are opportunities to build relationships between funders and SMSEs, several respondents (P, 2, 3, 5, 6, 8, 12, 13, and 15) identified the key driver of such relationships as being their organisations social impact, specifically the ability

to generate benefits to communities. In this sense, social impact is seen as a stamp of quality, showing a level of dependability and ability to deliver on contracts:

P. 15. Ind. *"fundamentally with building relationships, they do suffer, the ones who are good at it can get in and get a name for themselves and start delivering, it's about delivery, what I often say is they need to deliver something, it doesn't matter about the big money and contracts at the start, you need to start small and build a reputation, the same as any other business".*

This ability, or perceived ability to deliver services, creates a level of trustworthiness. With this perception of competence in a SMSEs ability to deliver impact, funders are more likely to invest in relationships. Without reputation forged from past social impact generation, the ability to create and manage relationships with funders and commissioners is far more difficult to achieve:

P. 2. Org. B. *"what's happened is we've always battled, banging on doors and asking people, but what's happening now is people are coming to us without me banging on the door, so that's a bit of a difference, and we were successful, we had a lottery grant five years ago, and that was successful, it was working with children, and it showed some startling results, so we've used that to get funding again from the big lottery, of half a million, which has been a big boost over four years".*

This response shows a shift in ease of access to funders from initial start-up, to a position where Org. B, has begun to build a record of successful intervention leading to social impact creation. This in turn leads on to consecutive funding opportunities and deeper levels of collaboration, with Org. B, working with the funder to create a project specific to the needs of end users in the North East, working to benefit families with special needs and mental health issues. This in turn shows signs of a much stronger relationship being formed through concurrent generation of impact.

4.3.4. Engaging with Wider Community

The final second order code identified during the data analysis captures

relationships with the wider community. In particular, the importance of managing

relationships, especially where community groups are the beneficiaries of services

provided by SMSEs represented in this research.

Where the consideration of community groups as customers was less pervasive

than individual clients, commissioners and funders, there were utterances by some

respondents who highlighted a need to engage with the community they serve (P.

2, 3, 5, 9, 10, 11, and 12). The reason for this often came from the nature of these

organisations, and the service they were trying to provide. Taking Org. I, as an

example, their core function is to improve infrastructure, economic sustainability,

and welfare of local residents. Thus, the residents of the town where this SMSE is

located are a key customer, given that all of the larger scale interventions are

designed to improve their status quo. Given this, P. 9, highlights the importance of

involving this customer group:

P. 9. Org. I. *"Now every step of the way the development trust has involved the community as much as you can cos there's some people who really want to be involved and then there's others who don't".*

The key driver for the need to build relationships with community groups put

forward by respondents is the transfer of information between parties, specifically,

informing communities as to what interventions are being pursued, and their

progress, as well as collecting feedback from local people to best tailor outputs to

the needs of each community. This is done both implicitly and explicitly, with a

number of methods being used, from focus groups, community forums, printed

publications, social media, websites, and other events such as market fairs, with some participants outlining the use of only one or two methods, where others are far more active in their efforts to communicate and build relationships, for example:

P.8. Org. H. *"Social media, Twitter more than Facebook, leaflets, posters, and we have an e bulletin that we send out every fortnight as well, so that goes to 900 contacts, but a lot of those forward it on to their networks as well, so we reckon it's got a reach of around three thousand either individuals or voluntary and community groups around Northumberland".*

The proactive approach taken by this organisation also led to the creation of a forum for local elderly residents where they could express issues faced, making it possible to engage with them, and create solutions to the various problems highlighted.

Whilst there were many ways of communicating and engaging with community groups highlighted, the ability to effectively create and manage lasting relationships and dialogues was inconclusive. Respondents provided utterances both in support of, and against the ease of relationship building in this context, with the main issue relating to the willingness of community groups in engaging:

P. 9. Org. I. *"Well I think if we're not reaching everybody, I don't really think it's our fault, and we have the application, and I write a column which lets people know what we've been up to. I mean people squabble over the Ambler, so they like getting a hard copy of information. And we have Facebook, twitter and stuff, so we can give them the information and whether they choose to read it, it's up to them, they have the option, but that opportunity is there for them".*

Another element put forward by P. 4, indicates an issue engaging with insular communities, the respondent stresses the importance of finding gatekeepers, especially within ethnic communities which may not want to engage with services and projects, or potentially not be aware, through their collectivist nature, of

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potential helpful services to begin with. However, in both cases, the onus was placed on the individuals within community groups seeing value in working with the SMSEs, with participants expressing a need to ensure practices were in place which would facilitate and promote engagement when interest was shown.

There were some interviewees who expressed a number of perceived benefits in engaging, and building relationships with the local community in general, as well as specific community groups. These can be put into one of two boxes, either, increasing the likelihood of winning contracts and funding bids, or improving the ability to deliver social impact. Starting with the former, various interviewees expressed a need to build an understanding of issues within communities. In doing so they are able to bring concerns to funders, whilst using the information gathered to strengthen tender applications. In some cases the link to contracts and relationships with community groups is even more explicit, with commissioners requiring evidence of community representation and engagement:

P. 4. Org. D. *"if you look at a lot of funders now, have you consulted with your community, what's your community representation, you need to know".*

This link between community relationships and funding was also evidenced through trade, where Org. M, consulted community groups and organisations across the region to identify potential business opportunities. In doing so, products were created meeting local needs, whilst also providing revenue to support other social initiatives.

P. 13. Org. M. *"we looked to see what else we could do with our staff within the resource that we had, so I just went up and down all the tourist places along the coast and said if we*

were to make something food wise locally what have you got demand for, and the overwhelming response was fudge, that nobody in Northumberland was making fudge of any kind. So we developed some products and sold them up and down the coast".

The key driver in both these scenarios however, was the need to leverage relationships, gaining information and understanding of particular needs, be they economic, or social, which allows for a tailored response. Even though the purpose of relationships was different, the end result, either directly through services and projects, or indirectly by providing capital, was the creation of social value..

The second perceived benefit indicated by a number of those interviewed (P. 1, 2, 3, 4, 5, 8, 9, 10, and 11), cantered on building successful relationships with communities and community members enabled an improved ability to deliver social impact. Similar to the impact on funding, a key reason put forward was the ability to better understand the needs of communities through open dialogue and data collected through interactions, allowing organisations to tailor interventions appropriately. Another reason for this link expressed was the ability to foster engagement which allowed access to communities:

P. 10. Org. J. *"there's always how you want your organisation projected, and building that reputation has been very important, you can't build anything and deliver that impact if the community isn't on board so its building those communication links and developing those relationships which is even more important so that you can influence change".*

There were also opinions expressed across a majority of the interviewees, which highlighted the importance of building relationships with other organisations in the community (P. 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, and 16). Those who expressed this, emphasised the benefits gained through collaboration with these organisations:

P. 11. Org. K. *"Absolutely yes, what we're good at as a mature organisation is we have lots of networks so we don't provide all those services ourselves, we know we can link in others, so we build that network, because that brings more services to the young people".*

P. 13. Org. M. *"across the road is a community organisation, the day centre across the road is the biggest in the county now and that's a SMSE, so we're thinking is it the highest concentration of SMSEs per square yard for a parish, but that again not only gives it a sense of identity but also gives it a community based identity. Running along side that is working on getting all those different organisations and putting them on one site, and the impressive thing about the whole thing is everyone wants to do what's best for the village, nobody is saying we want to hold onto our building. Everybody's genuinely kind of cards on the table having four or five building running alongside each other isn't going to work long term and is there any way we can bring them all together".*

P. 4. Org. D. *"we're not the experts at everything. If we think a client will get a better service somewhere else we'll send them on, we do have a referral network in Gateshead set up through the Gateshead partnership, so, a client would get what would be classed I suppose as a hot referral".*

In the first and final example above, collaboration allows both SMSEs to best meet the needs of end users by referring them to other organisations, a process also expressed by P. 5, however. In the case of the latter, the reverse also occurs, thus, collaboration is used to source end users for the NVQ program. In either situation the onus is on building networks which can be relied upon for a number of reasons, increasing the scope of potential social impact delivered to individuals and community groups.

4.2.5. Section Summary

This section presented a number of key findings relating to stakeholder relationship management which can be seen in Table 7. The prevailing consensus shows that participants perceive stakeholder relationships as being critically important, either directly or indirectly to social value creation within SMSEs.

Table 7: Stakeholder Relationship Management Key Findings

Second Order Code	Key Findings	Departures from Consensus
2.1. Multiple Customer Groups with Differing Needs	• Customers can be split between funders, contractors, beneficiaries, regular consumers, and community groups • Contracts and grant funding creates a duality between end user, and supplier of capital as customers. • Customer type is context driven, with no singular universal norm present.	• None
2.2. Engaging with customers and beneficiaries	• Sourcing participants varies depending on services provided. • Business to business relationships required an increased level of complexity and time to gain custom. • Data on customers was collected by most organisations, however, the process remained simplistic. • A clear need for building strong relationships with clients and beneficiaries was expressed. • Relationships were often personalised to fit the needs of clients on an individual basis.	• Customer data was collected and used with a high degree of competence, utilising information systems.

	• Strong relationships proved beneficial to funding applications. • Through building strong relationships and understanding the needs of beneficiaries, social impact could be improved through more appropriate services.	
2.3. Managing Relationships with funders and commissioners	• Relationships with commissioners and funders was deemed transactional, with requirements being placed on funding, and an expectation of key performance indicators being met periodically. • Funders and commissioners favour hard outputs over soft outcomes when assessing the success of interventions by SMSEs. • Transactional nature makes building lasting relationships difficult. • Managing and building relationships can to be beneficial to bidding success, • Previous social value creation can increase trustworthiness of SMSEs, improving success rate of funding and contract bids.	• Grant funders engage at a level past the examination of key performance indicators. • Potential to build lasting relationships with some funders.
2.4. Relationship with wider community	• Community groups deemed as individual customers by SMSEs	• Community groups were accessible, and engagement was possible.

	involved in community and economic development. • Managing relationships with community allowed for an increase in social impact and success of funding applications through better need identification. • Building relationships with other organisations allowed SMSEs to better meet the needs of their target client or community group.	• Some community groups proved difficult to engage with, showing little interest in working alongside SMSEs. • Funding applications were improved by showing engagement representative of a community groups demographic. • Relationships with organisations helped source customers and users for services offered by some SMSEs.

Where there are clear perceived links between effective management of relationships and social value, they do not always adhere to all of the stakeholder groups with equal weight. Depending on the type of organisation, its core purpose, and targeted beneficiaries, the importance placed on relationships often focussed on one or two of the three key stakeholder groups identified. This is evident when looking at the representation of participants within certain secondary and tertiary codes. For example, SMSEs which worked on large scale economic and infrastructure development seldom discussed customers and beneficiaries, in favour of highlighting relationships with community groups and funders. This was also true for the in reverse, with the remaining SMSEs discussing beneficiary and customer relationships in more detail, showing a clear link between key stakeholder relationships, and contextual dynamics apparent in each organisation. The ability to build relationships also proved divisive, regardless of the stakeholder in question,

with some SMSEs expressing difficulty, whilst others expressed little issue in

forming relationships. Regardless of potential differences in perception on matters

concerning who to engage with and how easy that engagement is, there was

consensus in that through building relationships, social impact could benefit through

both the identification of social issues as well as indirectly by winning contracts and

funding bids.

4.4. Workforce Management

The third HOC identified during analysis was "Workforce Management", unlike the previous HOC's discussed, this remained true to the a priori theme outlined in Chapter 3. The HOC contains five secondary codes as can be seen in Figure 9, of which, four contain supporting tertiary nodes, highlighting more specific interpretations put forward by participants. Within this HOC, elements regarding the perceived impact of workforce management practices as well as the dynamics of workforce management related to SMSEs are discussed.

Figure 9: HOC Workforce Management and Related Sub Codes
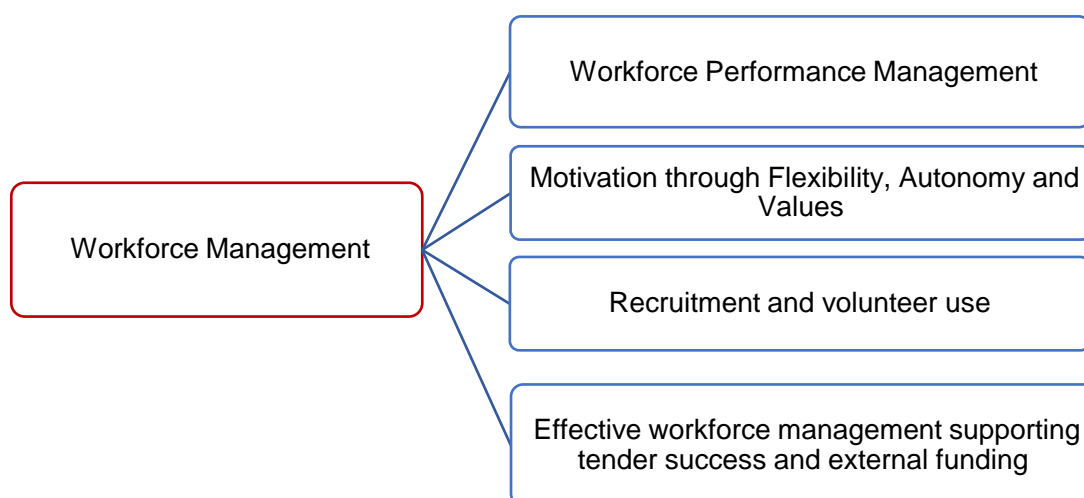
4.4.1. Workforce Performance Management

The secondary code "Workforce Performance Management" contains a number of specific elements relating to the management of employees, particularly around performance appraisals, and the measurement of employee performance.

Several respondents (P 1. 4, 5, 6, 7, 8, 9, 10, 11, 13, 15, and 16) alluded to a lack of structure regarding the overall approach to employee management, this is evidenced through the lack of practices such as staff appraisals. P. 8, highlights this, explaining that Org, H are currently removing appraisals from their management approach, seeing little benefit for the time and effort required by both staff and management. Supervision was also said to be lacking in many of the participating organisations, with some relying on a high level of autonomy such as Org, E. This particular SMSE allows project teams to self-manage, only asking for progress reports during meetings to ensure progression is being maintained:

P. 5. Org. E. *"each of them really bids into the friends, I need some help for you know we've got a big open day we want to serve drinks on the boat could friends turn up. Or, the workshop, we need all hands-on deck to do a bit of caulking this week, but we've got people in there regularly, the archives run by the archive lady, so, yes, it's meant that we've got these key strands of the project, I see it like a bit of a matrix, I think that we run like a matrix organisation. I've got a downwards structure with me at the top of it running, a series of programs, but across it, runs the volunteers, and the programs bid for the volunteers and they find the people that they want, but the volunteers, you know you've got the insurance aspect of it, you've got, they're a little club you know, all in their own right, they manage themselves you know, they keep themselves happy because they have parties and things. so I don't have to worry too much about it, all I need to know is as long as all my strands of the project are running then there's volunteers in each of them".*

This interview response implies an emphasis on trust, which is mimicked by other organisations, and supported by P.15, who stresses a common issue amongst SMSEs he has worked with in the past, this being a laissez-faire attitude to

management. With many organisations making an assumption that since social outputs are being met, there is little need to improve management practices or manage performance proactively. P. 15, also stresses how this common reliance on trust and lack of clear management can be a key risk to smaller SMSEs in particular.

This lack of structure and emphasis on trust can also be seen in the reluctance by many SMSEs to performance manage employees (P. 1, 4, 5, 6, 7, 8, 10, 15, and 16). In many cases, this represents a burden to organisations rather than being in any way beneficial, the assertion being that excessive measurement of performance would take resources from other activities viewed as more important, as seen in the following interview response:

P. 1. Org. A. *"I'm not very good at target setting, really, I'm more about survival, I once, a few years ago I read about how we spend more time monitoring things than we should perhaps, and I think, I think it's, people will argue with me, and they're right to but if you don't know where to go, where you're going you'll never get there, so, an element of target setting I'm sure must be important, and to some extent, give an overall target, which might be, we must survive, which might be, we've got to bring staffing costs down, and it might be I want to drive this up by twenty percent, this being the Green Room behind us, but I don't really, and it's wrong, I don't think it's right, but I don't personally, I understand the principal, but I do not personally do that".*

This dearth of measurement and evaluation was also highlighted by the independent participants, both of whom expressed experiences of working with SMSEs with similar practices in this area. Furthermore, P, 15, stressed how this phenomenon was even more prevalent in micro SMSEs, which may rely on volunteers for the majority of their workforce such as organisations E, and J within this study, who have very few employed staff compared to volunteers.

There were elements of "stricter", or formal measurement of performance by some of the participating SMSEs. However, this was often situational, where there was a statutory requirement, such as organisations B, C, and L, who all participate in some form of counselling service. Or where the nature of the work itself left employees disconnected from many of the motivational gains seen by other elements of an organisation. One such example is put forward by P. 7, who explains the need to manage youth hostel employees closely compared with those who worked on socially driven projects. This increase in formality was also seen as a strategic imperative by other respondents who made reference to greater elements of structure regarding management procedures, highlighting the use of targets, appraisals and monitoring of specific performance measures such as complaints, time keeping, and operational outputs linked to a worker's job role. That is not to say this represents a complete divergence from the views of other SMSEs within the zoo, rather, there are examples where participants adopted what they consider good practice in strategically critical areas of their organisation:

P. 14. Org. N. *"We introduced targets about 15 years ago, because we needed to get a mechanism to improve the management of our staff, and we needed to move to a position where our staff management was not just about time keeping, its about based on meeting their targets, and giving them the flexibility to do that. Because the nature of what we do and the people we try and recruit, its all about self motivation and self determination, independent working, and the worst way of dealing with that is a clock, so we introduce targets, and what we do every year we do staff appraisal meetings, we go through their performance for the year, mainly around business starts, intervention and business plans created. We also look at their own CPD, and also try to allow staff to pursue their interests, cos if we get staff to do work around their interests that's where you get more productivity out of them, and we also set new targets, mainly around business starts".*

P. 6. Org. F. *"We also monitor their performance in terms of customer complaints which should be the last, last thing that you rely upon, but we've also dot things called clocking sticks, imagine a Jedi knight's lightsabre without the bit coming out the end. Basically we have clocking points around the site, which are like metal plates, you would put it against it and then it would go ding, or not. And then these are listed on a report, so we would*

download the data stick into the computer, and produce a clocking report that we then send to the customer. So if they're supposed to do ten patrols a night and they've don't two, then that's not good".

It is worth noting that outside of contextual differences relating to the services provided, thus, their main operating function, there is little else connecting organisations and their preferred management style or set of practices. Elements such as governance type had little relevance to the practices employed, however, there was a slight skew in favour of larger organisations regarding the use of structured techniques. Although this could also be explained by the operating context as mentioned previously, especially given the presence of far smaller SMSEs within this sub theme.

Another key form of structure alluded to by participants concerned the performance management of projects or specific outcomes, rather than individual employees or volunteers within their SMSE (P. 3, 4, 5, 7, 12, 13, and 14). This once again shows a focus on outputs and social impact, and a mind-set that assumes the performance is good as long as the remit of a project is being met, often leading back to the need to produce predetermined results for funders. P. 12, discusses this, highlighting the use of multiple performance criteria to present progress to various stakeholders, including project specific statistics:

P. 12. Org. L. *"we've done something like a performance dashboard kind of thing which little bits have worked but hasn't wholly worked, so we talk about that and talk about some of the outcomes in terms of care, and its ok, we talk about how we support the staff with supervisions and there's a financial measure in there. In terms of performance we have supervision and things like that, and I will get figures and statistics on work which I use to report to X, Y and Z, but on the whole I know that we're punching above our weight massively, so we know we've got numbers coming out of our ears really".*

There are also instances where the measurement of project performance is only done on a needs basis, with regards to a particular peak in volume required for specific outputs. In such cases, emphasis is given to planning and maintaining the capacity required to satisfy end users and consumers.

It is also noted by those who purported to manage employees in a more structured way, that performance indicators were skewed in favour of customer focussed outputs. Thus, were a key element in their ability to meet the expectations of both beneficiaries and other stakeholders such as funders, and entities with which they held service contracts, such as local government.

4.4.2. Motivation through Flexibility, Autonomy and Values

One of the key issues surrounding workforce management practices highlighted by a majority of the interview participants (P. 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, and 16) was the link between the management practices employed, and the creation of a positive working environment. The way this is achieved differs depending on the organisation. However, they broadly include elements such as nurturing staff development, creating strong communication links, flexible working hours, placing a high emphasis on staff welfare, as well as the emphasis on trust over strict measurement practices noted in the previous section. Although it is worth noting that this list does not represent the consensus within all organisations, rather, participants expressed the existence of one or more of these practices, for example, P. 7, describes giving employees the freedom to follow passions and interests within the confines of Org, G's remit, enabling the development of its workforce:

P. 7. Org. G. *"We have an assistant administrator, and I can see that she likes to develop projects, and so ok when we took you on we just wanted you to do this but actually why not because her personal development is important and you can see she gets a buzz out of putting together a project plan and application and ultimately delivering a project then it's gonna be good for her and it's gonna be good for us. So a lot of its about harnessing peoples energy and enthusiasm".*

In addition to this, P. 11, puts forward the importance Org. K, places on flexible working conditions and strong flows of information which allows for collaboration and feedback between the workforce and management team:

P. 11. Org. K. *"we have a good set of flexible working policies, we try to keep communication between staff and managers, to keep the information flowing and we have worked harder this year at getting messages across, because if you're not getting those messages across there's a vacuum that fills within the staff. So last year we've gone back to our basics in terms of having a huge staff meeting with all 50, 60 staff talking away about what we're trying to do and what we want, and then we get the staff together in clusters so we get the support workers together for instance".*

Where the means by which a positive environment is nurtured by individual SMSEs may differ, one strong area of commonality is that the social focus organisations have complements the management practices implemented. This is highlighted by several participants (P. 2, 3, 6, 7, 11, 12, 14, and 16), with the prevailing opinion being that employees and volunteers buy into, and enjoy being able to work for an organisation that improves the lives of others either directly or indirectly, a sentiment which is succinctly expressed in the following quotes:

P. 7. Org. G. *"I think everybody who works for the organisation buys into the whole ethos that it's a charitable trust, and it isn't a private profit company, and that helps".*

P. 11. Org. K. *"with more social impact we have better motivation, its keeping that upward spiral, one feeds the other, and its feeling like you're part of something".*

P. 16. Ind. *"they rely a lot on good will, and having passionate employees and volunteers who want to help, and really get what the goals of the organisation are about is a big part of that".*

Another way the link between social impact and working environment manifested is through sharing space with other SMSEs, this was outlined as important by P. 6, who explain whilst the trading arm of Org. F, is itself a traditional business, through cohabitating with socially focussed organisations, the employees were able to see what their work was allowing to happen, even if only indirectly, which in turn improved employee job satisfaction.

Although this concentration on positive environment creation may on its surface seem wholly altruistic, a key benefit in setting up workforce practices which enable such a situation was identified by interviewees (P. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 16). By creating and maintaining a positive environment through policy and management approaches, the organisations were able to improve the performance of staff in a number of ways. This mainly takes the form of reciprocation, thus, by implementing a range of supportive or flexible management practices, it was suggested that staff are more motivated and willing to support the aims of the organisation, and help to meet its social objectives:

P. 1. Org. A *"well, yeah it does, we try to keep a good atmosphere, and try and do a lot to support the staff and their development like I was saying, and that helps because they want to do well, and help support the things we do, so they end up pushing themselves to make sure stuff gets done right, and that really helps us".*

P.8. Org. H *"I think everybody moans about their boss, everybody, if they've got the best conditions of service, because it's just built into our DNA you know, but I think generally staff feel we have a very good offer, and I think because of that, they go that extra mile, so that all fits in with how we deliver our services, the value we put towards them, and that*

impacts our local communities as well, so I think that whole way that we support our staff, I think that helps them because it enables them to do their job better, and they feel happy at work and want to help us you know, so that's a big thing, it really makes a difference to what we can do for them, "

This also manifests in the idea of "going the extra mile", where staff often contribute beyond that which is expected of them, an exemplar of this is explained by P. 2, with the positive environment fostered in Org, B, leading to thousands of unpaid work hours from employees who want to support the business and its objectives, this example also shows the impact such practices can have on financial performance.

The improved performance of employees through management practices was also perceived to have benefits to the social outputs of participating organisations (P. 1, 2, 3, 4, 5, 7, 8, 13). This was often expressed through the lens of resource availability, thus, organisations were able to rely on employees to provide services and outputs even though the remuneration for such actions was limited:

P. 2. Org. B. *"we work on a shoestring, and without the good will, this organisation wouldn't have been able to contribute like it has, so a lot of it has been on good will, you know people won't have been getting paid".*

This sentiment is supported by the independent participant P. 16, who explains that many SMSEs work with stretched resources, where reliance on good will and high performance of staff and volunteers can prove critical to the delivery of social impact outputs. This is also linked to customer satisfaction, thus, workers made an increased effort to meet the needs of beneficiaries through high quality delivery of services.

4.4.3. Recruitment and Volunteer Use

A key practice related to workforce management identified by participants was recruitment (P. 2, 4, 5, 6, 7, 8, 12, and 14). The principle reason put forward for this is the need to find employees who can fit well within often unique operating environments specific to an individual SMSE and its particular activities. Respondents indicated that where recruitment is not managed effectively, it leads to detrimental circumstances, one such example is put forward by P. 8:

P. 8. Org. H. *"We employed someone, she's excellent at what she does but she is struggling to fit into the team, and she was off and sent a long list of request to the team of things that needed doing for a project and the rest of the team felt a little patronised, and in that situation I feel there is nothing wrong with their delivery but are they really fitting in to the organisation and is she happy, so getting that recruitment stuff right is really important".*

The implication here, is by recruiting an employee who possesses a strong skill set, the differences in mind-set put her at odds with other employees, impacting on the working environment which as previously discussed is critical to the performance of the workforce.

Building on the above, several participants (P. 2, 4, 6, 7, 8, 9, 12, 13, and 14) suggest that effective recruitment has an impact on the quality of customer focussed outputs:

P. 12. Org. L. *"That's been our drive in that if we do the right stuff, and if we exist to make a difference, and its easy to say that and it looks good on a poster but we've got to live it, and in terms of what's good about our staff team, they've all bought into that, its interesting as we got bigger, because I think it gets harder, and I think there's a statistic that if you get over 20 people or something like that the chances of getting people with the same thought processes and ilk or whatever diminishes quite considerably, but I think that's actually quite true. So we've had to work quite hard to keep that mission, vision, and values stuff and then you have to work quite hard to go how do you know, my worst fear, is we're only as good as our last contact, so if we cock up our last contact, then we might as well*

give up, and who we get in are a key part of that, so they have to be able to work effectively with the service users to build relationships and really get to the bottom of their problems, and our ethos and values are a big part of that".

This is once again seen through the lens of cultural fit, and attitudes which are in keeping with the values of an organisation. Suggesting that through hiring suitable workers, they are able to provide quality services, and importantly, build relationships with beneficiaries. Links to outputs and service delivery were also seen when considering demographic representation and hiring people who can engage with the community groups served. In doing so, Org, 4, for example were able to increase engagement with people within insular minority groups through specific contextual knowledge held by particular workers, allowing their organisation to better meet the objectives of contracts they fulfil for local government, whilst also provide relevant support to the communities targeted.

The use of volunteers was highlighted by a number of Participants as being an important consideration under workforce management. Many of the respondents linked with organisations indicated a varying degree of reliance on volunteers (P. 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12), with their use ranging from medium to high levels of reliance. An example in the use of volunteers is Org, C:

P. 3. Org. C. *"at any one time we probably have anything from 70 to 150 volunteers, so the café in South Shields, we employ a café coordinator but it's entirely run with volunteers, the sports project has a huge volunteer base, we have counselling volunteers who tend to be newly qualified counsellors building up their clinical hours in a more supportive environment".*

Where this organisation still employs a range of part time and full-time staff, there were instances where volunteer use represented a majority of the workforce, this is also supported by one of the independent interviewees, suggesting:

P. 15. Ind. *"like I was saying some of these organisations are completely volunteer run, and most of the social enterprises I work with have some dependency on volunteers"*.

The use of volunteers, regardless of the scale, is seen as a facilitator of social impact by participants, in that their use can result in significant resource savings, with one interviewee calculating an average cost benefit of half a million pounds through unpaid work:

P. 4. Org. D. *"We couldn't deliver the service we deliver in Gateshead if we didn't have volunteers, we just couldn't do it"*.

The assertion is that through the use, and often reliance on volunteers, SMSEs are able to provide outputs far exceeding the limits placed upon them by the availability of resources established through funding, contracts and trade:

P. 15. Ind. *"for the most part I think they get away with it, and it comes as a huge financial benefit to them, there just isn't the money around to have all these people employed, so they are really dependent on people giving up free time, but how do they manage that you know"*.

There are however, situations where volunteers are used, but are not considered as critical. In these situations, they act as a supplementary human resource to the organisation, providing support for events and small projects with limited impact either positive or negative, but none the less offering additional assistance, increasing capacity.

4.4.5. Effective Workforce Management Supporting Tender Success and External Funding

The final consideration identified relating to workforce management concerned the perceived importance of the former on the ability to win tenders and funding bids. The participants identified indirect links between the management of workforce and success of funding applications (P, 1, 3, 4, 5, 6, and 9). It is suggested that through appropriate management, organisations are able to increase competencies and meet the needs or expectations of funders more readily:

P. 3. Org. C. "a lot of that is looking at processes, procedures, financial processes, funders will want to be reassured that staff are, number one when you're recruiting you're DBS checking, you're getting references, you got a good recruitment process, often they want to be reassured clients".

This is also expressed as an ability to meet the needs of the end user more effectively, also leading to an increased perception of competency and implied trust being placed on an organisation. In this respect, whilst indirect, it is argued that the appropriate management of workforce allows for the prolonged generation of social impact through developing and realising various revenue streams.

4.4.6. Section Summary

Throughout this section a number of key findings, identified by the perceptions given by participants during interviews, have linked workforce management practices both directly, and indirectly to social impact generation (Table 8).

Table 8: Workforce Management Key Findings

Second Order Code	Key Findings	Departures from Consensus
Workforce Performance Management	• Workforce management approaches lack structure. • Reluctance to performance manage workforce outside of project performance. • Where performance management was present it was perceived to have benefits to product/service quality	• Management approaches were more formal concerning specific services with statutory requirements attached to them. • High level of structure regarding management practices.
Motivation through Flexibility, Autonomy and Values	• Flexibility and autonomy support a positive working environment, • The practices and their complexity differ between SMSEs. • Social value creation improves the working environment of SMSEs. • Positive environment improves motivation of workforce leading to resource benefits, and improvements to service delivery.	• Co habiting space with other SMSEs improved working environment through association.
Recruitment and volunteer use	• Recruitment practices needed to ensure "best fit" of new employees. • Finding suitable employees can impact positively on customer relationship building and service delivery.	• Purposive recruitment strategies needed to meet the demographic of the community group or beneficiaries using services. • Volunteers make up a majority of the workforce.

	• High level of volunteer use within some SMSEs. • Volunteers provide a buffer between available resources, and demand placed on services offered.	• Volunteers not used
3.5. Effective workforce management supporting tender success and external funding	• Through increasing organisational competence, funders needs can be met more readily. • Managing workforce effectively can improve services to customer and community groups, improving social impact and perception of SMSEs to commissioners and funders.	• None

The most important consideration put forward by participants concerned the ability to create a positive working environment, with many interview responses highlighting management practices as a key driving force behind the creation of such an environment. This was linked to an increased level of employee and volunteer performance, the consensus was that by providing a favourable working environment employees were more willing to go above and beyond what was expected of them. This, as well as the use of volunteers and hiring practices had key benefits to the ability to understand and respond to customer needs, which positively impacted social value creation directly, by offering more suitable and responsive services, and indirectly by promoting relationships with funders, leading to an increase in successful contract and grant applications.

4.5. Financial Performance and Social Impact

The following section of findings will outline key perceptions relating to the fourth
HOC identified through analysis of the interview data, "Financial Performance and
Social Impact". This HOC represents a shift from the *a priori* codes identified in
Chapter 3, thus, the data pertaining to the responses discussed during this section
are not related directly with questions from the interview guide. Rather, they
represent utterances recorded during various areas of each interview transcript.
The discussion below will highlight key findings relating to resource constraints,
sourcing funds for social initiatives and the importance of financial performance for
the generation of social impact, following the two secondary themes seen in Figure
10.

Figure 10: HOC Financial Performance and Related Sub Codes
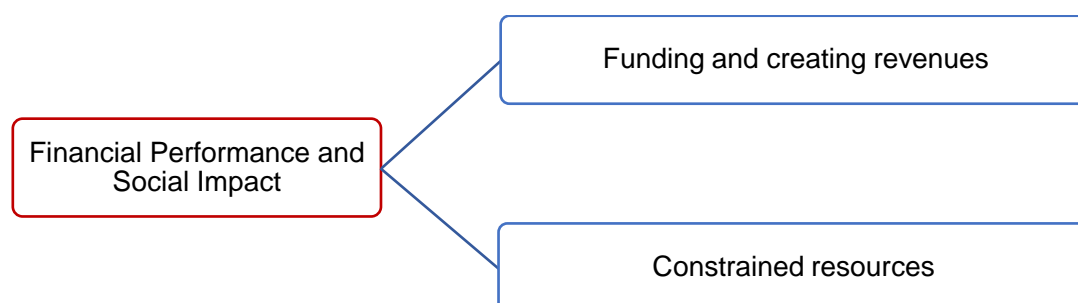
4.5.1. Funding and Creating Revenues

The first of the three sub codes under this HOC identifies the ways in which the
projects and social initiatives are financed by SMSEs. There were two key ways of
funding the socially focussed outputs highlighted by participants when interviewed.
These were either through grant funding and tendered contracts or by creating

revenue through selling products and services often, but not always unrelated to the social impact delivered. The former was by far the most prevalent of the two, with a majority of participants (P. 1, 2, 3, 4, 5, 7, 8, 1, 12, 14, 15, and 16) alluding to some level of reliance on this form of funding and contract work. These range from local authority, central government and National Health Service contracts where services have been outsourced to private institutions, as well as independent organisations who outsource excess capacity. It also captures grants provided by a number of benefactors including the European Union and National Lottery Fund, with organisations often having a number of contracts and grants at any one time:

P. 4. Org. D. "It's a myriad of funding, some are contracts, some are grants, the difference between a grant and a contract is a grant we're just given it, we have to show some outputs for it, a contract tends to be performance measured, and we have to do something. We don't have any payment by result contracts, they're all paid in advance, we do have contracts where if we don't perform we could lose money, they could ask for it back, we get a very small amount and honestly it's I'll work it out, we get a grant from the local authority, the local authority have a legal obligation to provide advice and information for the community, so, they do some themselves, so our grant from the local authority is about fifteen percent of out total turnover".

The contracts often involve providing services to individual clients or community groups on behalf of the commissioner, however, can also include selling services directly to institutions through tender. For example, P. 2, indicates that Org. B has recently gained the capacity to seek contracts with larger organisations outside the public sector, offering counselling on retainer to employees of private institutions:

P. 2. Org. B. *"we've got commissions, we've got spot purchase agreements, we've got projects and it's the commercial side, cos we are a community interest company, we've never had the capacity really to be able to dip our toes in the water, but we're gonna do it now".*

There are instances expressed where such sources of finance are not possible, or insufficient. In situations where this is the case, participants have indicated a need to innovate, and create revenue streams separate from the core remit of the organisation, a practice which appears in a number of SMSEs interviewed (P. 1, 2, 5, 6, 7, 9, 11, 13, and 15). A key example of this is Org. M, which is funded through the manufacture and sale of confectionary and textile products, which in turn, enables the social outcomes required of the organisation. The products sold by this organisation were created through necessity when funding for services it used to provide was removed, forcing the organisation to shift focus dramatically in order to maintain social impact. Another common revenue stream is in the form of residential lettings, with some organisations acquiring and renting properties, creating revenue, but also a secondary social impact through low cost social housing. However, in these cases, funding generated is also supplemented by some form of grant or other trading revenues.

4.5.2. Constrained Resources

A key issue raised by participants was the limited availability of resources (P. 2, 4, 5, 7, 8,10, 11, and 12), this often manifested through a disparity between demand for services and available capacity made available through funding:

P. 4. Org. D. *"because the funding we can gets down here, and has loads of pressure on it, and it's coming from the top, top of democracy in this country, you know, it's coming from Whitehall, that's where it's coming from, you know it's the government that's doing that, not the local authorities, effects a certain demographic of people so our workload goes up, and then we have to balance those scales which is, and then somewhere in the middle, sits those volunteers, and our staff".*

This interview response expresses the issue of capacity and demand, highlighting constraints applied to funding whilst the workload created from demand increases, creating a disparity which has to be balanced through volunteers and pressure applied to employees. The constraint on resources has led to some instances where end users have had to contribute to services, thus, funding granted for a service only supported key aspects, with other overheads not being met. In response to this issue, organisations have had to adapt and become innovative, which has led to success for some SMSEs, P. H, for example indicates that whilst resource availability was negligible, meeting obligations was made possible through scaling back on management and restructuring the workforce into independently led project teams.

The majority of participants highlighted this constraint as being the most pervasive barrier to generating social impact (P. 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, and 14). Funding and financial sustainability are seen as key components which facilitate the delivery of social outputs:

P. 1. Org. A. *"one couldn't really exist without the other, we need the panto and sales from concessions to allow us to do our other projects, and building those relationships is all down to how the staff treat our customers and engage with all the stakeholders, so it's really down to them".*

A key reason for this is the need for paid employees, where volunteers are regularly used, they have their limitations and the ability to rely on permanent employees to help drive the organisation is seen as essential. The need for funding was also evidenced by participants through the successes their organisations have accrued when resources were less scant. P. 7, for example, outlines how funding enabled the purchase of a number of commercial and residential properties, in doing so,

Org, G, was able to diversify and create new avenues for social impact generation. With others highlighting the success of projects funded through grants and external partners, in either case, the primary enabler was the initial capital injection.

4.5.3. Section Summary

A number of key findings have been highlighted relating to financial performance during this section, which can been seen in Table 9. These relate to the ability to, and means by which funding and capital is acquired in support of social activities, as well as the prevalence of resource constraints within SMSEs.

Table 9: Financial Performance and Social Impact Key Findings

Second Order Code	Key Findings	Departures from Consensus
4.1. Funding and creating revenues	• Contracts with local and national government, as well as other private and public institutions were a key source of revenue. • Multiple streams of funding evident, including a mix of grant contract, and trade.	• Trading in products and services provided independent funding for social value creation. • Grant income provided a large portion of working capital.
4.2. Constrained resources	• Constraints on available funding created an imbalance between demand and available resource capacity. • Resource constraints reduced the ability to generate social impact.	• None.

The findings indicate a number of ways SMSEs fund their social activities, including contract work, grants, and trading in traditional markets. Regardless of the funding source, there is a clear need for capital to support social impact generation, often due to high demand being placed on services, needing at least some level of employed personnel.

4.6. External Influences on Social Impact

The final HOC represents the perceived impact of external environmental factors on the ability to generate social impact expressed by participants. As can be seen in Figure 11 two key barriers were identified during data analysis, these are represented by the secondary codes, and relate to the accessibility of funding or contracts, and potential issues caused through government policy decisions, both of which will be discussed during this section.

Figure 11: HOC External Environmental Influences and Related Sub Codes

External Influences on Social Impact

Issues Accessing Funding and Winning Contracts

Government policy change and public spending
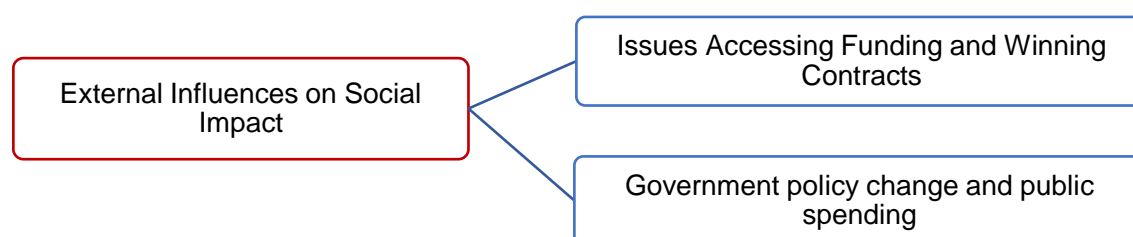
4.6.1. Issues Accessing Funding and Winning Contracts

The first external barrier to social impact identified by participants concerns the ability to access grant funding and win contract bids, which contains two main issues. The first issue raised by the majority of respondents representing SMSEs, as well as both external interviewees, is the limited scope of contracts and funding available (P. 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, and 16). Thus, interviewees particularly expressed frustration in that where many potentials for generating social impact exist and have been identified, the focus for funders and commissioners is limited to a handful of interventions:

P. 10. Org. J. *"I'm excluded from ninety five percent of all funders because we're not working with a particular target group, we're more strategic, but if we're in a partnership*

and I'm developing something then I can apply for funding on behalf of the partnership, so I can do it that way, but not directly, its grass roots funding rather that strategic".

In such instances, potential social outcomes are not fulfilled due to a lack of resources, this is also compounded by an overall reduction in the availability of grants, which are usually more open to collaboration and development of projects which fit within a wider remit than that of an outsourced service tender. This issue was not limited to those reliant on grants and service contracts. Interviewee, P. 13, expressed similar issues sourcing customers for confectionary products, whilst opportunities were available, they would have changed the remit of Org. M, in such a way as do limit its potential to generate social outcomes for the local community, whilst also exposing the SMSE to increased risk. Another issue with funding related to the time-based nature of grants and contracts, some services and interventions provided by SMSEs would take longer to deliver than the funding period, an example of this is shown in the following interview response:

P. 11. Org. K. *"Part of the problem is, for example we have a funding bid in at the moment, but it's for twelve months money, and that's neither here nor there, so in the context of a sixteen year old coming to us, we sometimes don't see results til they're in their early twenties, but funding is a year, two years, or three if you're really lucky".*

In this instance, the organisation has to compile multiple funding streams just to meet the requirements of its core social intervention.

Another issue highlighted by a number of the interviewees is the application process itself (P. 1, 3, 4, 5, 11, 13, and 16). Specifically, the length of the process and its associated resource cost, which is expressed as unnecessarily complicated by participants, and a key barrier to funding:

P, 3. Org. C. *"That's one of the reasons we've struggled with tenders, because they're a huge amount of work, in a very short deadline".*

P. 11. Org. K. *"Others are more bureaucratic and you almost spend the same amount of time on a grant for 5000 pound as you do administering the output for it so not much of that money actually gets down to the organisation".*

The participants also indicate that the issue of complexity and resource cost does not diminish with the value of the funding available, highlighting a similarly lengthy application process for one thousand pounds, as one would see for a million pounds. This has led P. 5, to abandon smaller funding opportunities, seeing little value in applying, thereby avoiding a definite resource cost if the application was unsuccessful.

4.6.2. Government Policy Change and Public Spending

The final external barrier to social impact generation identified by a small number of participants is government policy change and public spending (P. 1. 8. 10. 11. and 15). The argument for this once again skews toward funding, particularly concerning those with public sector and government contracts, where funding can be removed, or contracts not renewed, leaving SMSEs without revenue to support the delivery of social outputs and outcomes:

P. 10. Org. J. *"The governments equally as bad, they will start a project, give out funding then just as they have embedded, and you start to see progress they will pull the funding, and funders are the same".*

P. 11. Org. K. *"part of the problem is there are all these high profile government regeneration schemes, but they only last a year, two years, and its stop start, so there's good schemes that just get going and then drop off a cliff, and in a few years time we tend to reinvent what we were doing and again two years funding and drops off a cliff, and that's like a mine field".*

In some cases, where organisations have been created with the specific remit of meeting the goals of a particular government scheme, the removal of funding can cause the loss of that SMSE. A final issue is raised by P. 8, who emphasises that it is more than just funding, the decisions made by local and central government surrounding social care and welfare can, and often increase the demand for services provided by SMSEs. Whilst this does increase the ability to generate social outputs assuming resources are available to meet rising demands it comes as a direct failure of public services to meet the need of community groups and vulnerable individuals.

4.6.3. Section Summary

The final HOC concentrated on the impact external forces had on social value creation (Table 10). The focus of the findings in this section identified funding availability and government policy as being most influential for social impact. The former shows a distinct lack of flexibility regarding funding opportunities and contract expectations, creating issues around available capital which is needed for impact generating activities. The latter also concerns available resources, with changing government policy, many funding streams have been removed, leading to a lack of available funding once again.

Table 10: External Influences on Social Impact Key Findings

Second Order Code	Key Findings	Departures from Consensus
5.1. Issues Accessing Funding and Winning Contracts	• Funding opportunities have decreased in recent years. • Contracts, and grant funding have limited scope, lacking flexibility in potential projects which can fit criteria. • Lengthy and time-consuming application process creates risk of lost resources if unsuccessful.	• Some grant opportunities offer more flexibility to tailor projects tot eh needs of local beneficiaries.
5.2. Government policy change and public spending	• Public policy changes can limit the access or availability of funding and public-sector contracts. • Policy decisions can directly create a social need, increasing the potential of social value creation by SMSEs.	• None.

4.7. Chapter Summary

This study seeks to develop an understanding of key management practices deployed within SMSEs, and their resulting effect upon social impact generation. To accomplish this, the research presented has taken the form of a sectoral case assessment, using in-depth semi-structured interviews with fourteen SMSEs and two sector experts as the principal form of data collection. This chapter has aimed to present key findings that arose from the analysis of the data generated through these interviews, resulting in a total of five HOCs with a number of related secondary and tertiary codes. The next chapter will aim to discuss the findings highlighted, showing how they fit in with the current literature base, and where gaps in knowledge have been addressed, however, before this is undertaken, the following section will provide a short overview of the findings discussed.

The ability to identify and understand social impact generated by SMSEs was present by all participants. Social impact was expressed as being both direct and indirect, with the former being more prolific amongst participants, in essence, impact was seen as being directly linked to the core services of each organisation. Any implicit social impact generation was considered to be linked to those explicit elements, thus, wider consequences of core outputs were deemed to be social impacts as well. This meant that when discussing impact generation, participants rarely considered only one type, rather, multiple impacts were listed by most organisations. The proliferation of potential social impact forms, made measurement and the availability of proof difficult for many organisations, seeing measurement of impact focussing predominantly on outputs, and key targets outlined in funding and contract agreements, meaning measurement of impact concentrated predominantly around outputs, largely ignoring or placing less onus

on implicit or harder to measure social benefits. The inaccessibility of measures was also highlighted as a reason for this focus on direct output measurement, thus, implicit social impact proved difficult to measure in any meaningful way outside of narrative accounts.

Concerning stakeholder relationship management practices and their influence on social impact, there were a number of key elements outlined by participants. One of the most prominent findings was the wide range of potential customers, including service users, funders, consumers and community groups, all of whom may have been beneficiaries of the outputs created by the participating SMSEs. This led to an expansion of the *a priori* theme "Customer Relationship Management" to "Stakeholder Relationship Management", making it possible to better account for the varied perceptions of 'customer' outlined in the data. This led to some participants discussing multiple customer types, with others concentrating on only one. Where this led to a needed distinction in the template, the key issues discussed during each subtheme remained similar. Concerning relationships and their management, the findings indicated that regardless of the customer type, SMSEs relied heavily upon personal connections and relationships with stakeholders, but also had some capability to collect relevant data concerning beneficiaries and consumers in particular. Furthermore, the ability to create and maintain relationships had both direct and indirect influences on social impact generation. These impacts took the form of either an ability to create and source funding and contracts, to improving services and outputs based on the better understood needs of customers and communities through focussed intervention, collaboration, and data collection. The nature of these relationships, and the ability to engage and build varied across the participants, however, there were no

departures from consensus associated with a particular size or type of SMSE. It was also suggested that competency played a role in building and sustaining relationships, with social impact generation increasing trust in tender and funding environments. Fundamentally, the specific practices and technologies used by SMSEs within the zoo differed depending on their intended audience and operational capability, however, the results of appropriate stakeholder management were far more agreed upon.

The most important element of workforce management put forward by participants related to creating a positive working environment. This was facilitated by a range of differing management practices within each participating organisation, including communication, empowerment, flexible working hours, as well as training and development. Furthermore, this environment was also supported by the social focus of SMSEs key organisational goals, thus, employees valued what they were doing and felt achievement through the tasks they performed. The environment aspect was linked to performance, specifically through reciprocal acts such as working unpaid, but also through a general increase in effort on the part of volunteers and employees. Thus, by supporting their workforce and creating a pleasant working environment mediated through social goals, participating SMSEs perceived an ability to attain higher levels of efficiency and quality of outputs. As a consequence participants thought it more likely that they would be able to satisfy the demands of customers, beneficiaries and other stakeholder groups. This showed an indirect link to social impact, by supporting the acquisition financial resources through various commercial and non commercial means, outputs could be maintained, which was supported by the importance participants placed on the need for financial sustainability and resources when discussing barriers to impact generation.

Concerning the methods used to manage employees, there was little consensus present. Where some organisations favoured more rigid management structures, others preferred a less structured approach, with the majority of performance monitoring being focussed on project, rather than personal performance. Although it is worth highlighting, where there were varying levels of what could be considered formal performance management, such practices were far more common when measuring the outputs of service delivery processes and product manufacture (in the case of Org, M). Finally, regardless of the way in which an SMSEs workforce was managed, the key seemed to be using management as a facilitator for positive working conditions. In doing so, there was a perceived increase in commitment and engagement with organisations and their job roles.

The final two HOCs proved key to understanding the importance of both workforce management and stakeholder relationship management practices for the creation of social impact. In both of the latter HOCs, there were elements of both implicit and explicit influences on social impact creation, it is the implicit element which is of particular importance when considering financial performance and social impact. Where indirect effects on social impact were highlighted by participants, the key element was consistently related to funding access and tender success. This proves to be particularly critical when considering social impact, with resource availability being stated as a critical element to generating social impact, leading to a high level of importance being placed on maintaining financial sustainability. Similarly, elements of the final HOC "External Influences on Social Impact" were also predominantly concerned with financial support such as availability of funding and contract success. This shows both positive and negative indirect influences on

social impact through the ability to support and sustain outputs with sufficient funding.

The findings outlined in this chapter have begun to explore the research question put forward in this study, showing how workforce management, and customer relationship management practices can influence social value creation in SMSEs. By examining the perceptions and perspectives put forward by participants it has become evident that relationships with customers and the effective management of both voluntary and paid workforce are perceived to have direct and indirect influences on social impact. The data also showed a number of customer relationship dynamics and gave insight into how employees and volunteers were managed within the participating SMSEs. Interestingly, there were a number of differing perspectives expressed regarding these two elements, however, the type of SMSE or organisation size played little role in these disparities. This suggests that where there are areas of divergent opinion, the reason will most likely be due to idiosyncrasies found within each organisation, rather than wider environmental situations present in larger industrial sub-sections.

While there have been a number of findings identified, it is important that these are discussed in relation to the current literature, before a more concrete conclusion on this can be reached. This will be the focus of the next chapter, which will aim to discuss what impact these findings have on understanding the importance of quality management practices for social impact generation.

Chapter 5: Discussion

5.1. Introduction

The previous chapter presented an overview of the key findings derived from interview data collected during this study. A number of insights were highlighted during Chapter 4 which explore the research question posed by this thesis. However, at this stage it is not possible to reach any thorough conclusions. To add clarity to these initial findings, the following chapter will discuss them in relation to relevant contemporary literature. In doing so, it will be possible to reach broader conclusions, contrasting the findings in this case study with the views expressed in previous research, whilst simultaneously highlighting where this research fills gaps within the literature base as it stands.

5.1.1. Review of Key Objectives

Before a discussion of the findings is conducted, it is prudent that the focus, and subsequent objectives of this study are stated once again, as these will add needed clarity to any conclusions brought to the fore at the end of this chapter.

In recent years, research into understanding Social Impact (SI) within the context of social enterprises has been widespread. Such studies have addressed issues including effective measurement (Molecke & Pinkse, 2017; Nicholls, 2017; Arvidson & Lyon, 2014; Ebrahim & Rangan, 2014; Ebrahim & Rangan, 2010a; McLoughlin *et al.*, 2009), as well as an attempt to understand and describe the causal process which leads to SI by social enterprises (Åslund & Bäckström, 2015; Bagnoli & Megali, 2009). However, whilst SI research has considered a range of mediating factors which can potentially impact value creation (Leading to improved SI performance), little attention has been paid to the specific role internal

management practices play within this process. In light of this gap, the research presented aims to build upon the work of Åslund & Bäckström (2015), Ebrahim & Rangan (2014), and Clark *et al.* (2004), all of whom present a systems approach to delivering SI. However, in each case, the role of internal business practices was not considered past an acknowledgement of their existence.

To examine the links between business practices and social impact, this research has turned to the underlying logic present within QM systems such as excellence models, and more broadly speaking, Total Quality Management (TQM). As was noted in Chapter 2, the core rationale behind QM systems is the contention that through implementing and improving a range of management practices, it is possible to subsequently improve firm performance (Tarí & Abdullah, 2017; Parvadavardini *et al.*, 2016; Calvo-Mora *et al.*, 2014a; Moges Belay *et al.*, 2014; Ebrahimi & Sadeghi, 2013; Herzallah *et al.*, 2013; Kumar *et al.*, 2009b; Sousa & Voss, 2002). This is often expressed as a causal matrix, showing interplay between soft and hard practices within an organisation, of which the inferred outcome is improved business results (Calvo-Mora *et al.*, 2017; Psomas & Jaca, 2016; Jaca & Psomas, 2015; Calvo-Mora *et al.*, 2014b; Psomas *et al.*, 2014; Calvo-Mora *et al.*, 2013; Gadenne & Sharma, 2009). To date the QM literature has attempted to assess this proposed causal relationship across a range of industrial contexts (Tarí & Abdullah, 2017). Considering both manufacturing and service organisations, as well as the differences between large, and small to medium sized enterprises (SMEs). There has also been some attempt to study Not for Profit Organisations (NPOs) by a small number of researchers (Melão *et al.*, 2017a; Melão *et al.*, 2017b; Melão & Guia, 2015; Al-Tabbaa *et al.*, 2013; White *et al.*, 2009). However, one context which has yet to be explored is that of social enterprises, which represent a

unique middle ground between NPOs and for-profit organisations. Furthermore, in research to date, performance considerations have always focussed primarily on financial metrics and measurements of competitiveness. As a consequence, current research has not considered performance criteria such as social impact in any great detail, with the exception of research which addresses SI through a lens of corporate social responsibility (CSR) (Calvo-Mora *et al.*, 2017; Tarí, 2011). However, in such instances, SI is considered an ancillary consequence of good practice, rather than the driving focus within an organisation, as is the case within social enterprises, for whom impact is the result of their core products and services (Defourny & Nyssens, 2017; Young *et al.*, 2016; Agafonow, 2015; Teasdale, 2012; Bagnoli & Megali, 2009).

It is apparent that there has seldom been research within QM literature which addresses links between practices and social impact from an SMSE context. However, the implicit and explicit links between management practices and performance outcomes proposed within QM typologies provide a unique basis for the evaluation of key management practices and their influence on the creation of social impact. Consequently, this research focuses on two groups of practices, specifically workforce management (WM) and customer relationship management (CRM), both of which are considered to be key infrastructure/soft elements crucial to firm performance (Jaca & Psomas, 2015; Oakland, 2014; Laosirihongthong *et al.*, 2013; Talwar, 2011a). Along with these practices, it is necessary to consider the influence of critical external factors which may either impede or facilitate impact creation within SMSEs. In doing so, it will be possible to build a more conclusive understanding as to the role management practices play in SI creation, especially given the complex environment in which SMSEs operate (Hahn & Ince, 2016;

Åslund & Bäckström, 2015; Ebrahim & Rangan, 2014). To this end, the following research question was proposed:

RQ. How impactful are soft management practices to the creation of social value within small to medium size social enterprises?

To address the research question effectively, the following key objectives were developed, and based around the soft elements of QM systems discussed above:

R.O.1. Develop a critical assessment of the role played by social impact as a key operational performance criterion within small to medium sized organisations.

R.O.2. Develop a critical evaluation of the workforce management practices present within small to medium sized social enterprises.

R.O.3. Develop a critical evaluation of the customer relationship management practices present within small to medium sized social enterprises.

R.O.4. Critically evaluate the importance of WM and CRM to social impact performance within small to medium sized social enterprises, whilst also considering the mitigating role of key external factors.

Through meeting each of the above research objectives it will be possible to gain significant insight regarding the interrelationships between two key soft QM practices, and the creation of social value present within the SMSE zoo outlined during Chapter 3.

The remainder of this chapter will aim to provide a discussion exploring how the findings outlined in Chapter 4 have met these objectives, leading to a contribution to

current theoretical knowledge on this topic. This will be split into three main areas, including an initial discussion of the social impact concept from an operational perspective, followed by an investigation into key workforce and customer relationship management dynamics within SMSEs, and finally, a synthesis of their relevance to social impact in lieu of external influences.

5.2. Social Impact as a Measure of Performance

Before it is possible to discuss interrelationships between management practices and social value creation, it is necessary that social value is explored in relation to the participating organisations. The purpose of this is to understand what is meant by participants when they are discussing SI, as well as the measures by which they are judging their ability to achieve social value. This will provide needed context to the remainder of the discussion in this chapter by providing a point of reference when examining links between practices and SI.

5.2.1. Defining Impact

When discussing SI, there was a great deal of variation in descriptions provided by participants, of particular note was the lack of congruity regarding how participants defined SI. There were two clear ways impact was described by participants, including:

- The direct result of interventions and services provided, for example, the NVQ training offered by Org. E, leading to a formal qualification, and knowledge in engineering.

- Secondary social benefits caused by the results of interventions, once again using Org. E, as an example, recipients of the training services could see an increase in personal confidence, and a better quality of life through gaining employment otherwise unattainable.

The way impact is being described here has strong similarities to two stages of the social value chain (Clark *et al.*, 2004), and other similar causal logic models such as those put forward by Ebrahim & Rangan (2010b), Ebrahim & Rangan (2014), and

Arena *et al.* (2015), all of which follow a process map leading to SI generation. This is demonstrated in its simplest form by Ebrahim & Rangan (2010b) and their causal logic chain, which can be seen in Figure 12.

Figure 12: Social Impact Causal Logic Chain

```
┌─────────┐   ┌────────────┐   ┌─────────┐   ┌──────────┐   ┌──────────┐
│ Inputs  │ ▶ │ Activities │ ▶ │ Outputs │ ▶ │ Outcomes │ ▶ │  Social  │
│         │   │            │   │         │   │          │   │  Impact  │
└─────────┘   └────────────┘   └─────────┘   └──────────┘   └──────────┘
```
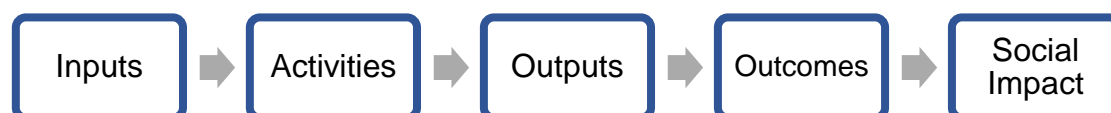
Adapted from Ebrahim & Rangan (2010b)

The causal logic chain shown in Figure 12 outlines a basic sequence of events which leads to SI. This starts with an input of resources and knowledge, leading to the creation of services or products (Activities) designed to meet a solitary or set of social needs (Arena *et al.*, 2015; Ebrahim & Rangan, 2014; Ebrahim & Rangan, 2010b; Clark *et al.*, 2004). The creation of activities then leads on to three stages of social value. These begin with the immediate results of a service or intervention (Outputs), then move on to the less tangible medium to long term results. The final stage considers broader consequences which create and sustain change to a social issue or system, beyond any individual or initial impact (Social Impact) (Arena *et al.*, 2015; Ebrahim & Rangan, 2014; Ebrahim & Rangan, 2010b). A similar version of this causal logic was provided by Clark *et al.* (2004), in the form of their impact value chain, however, it is worth noting the different approach taken to the descriptions of outcomes and SI given in this model. For Clark *et al.* (2004) outcomes include both medium to long term results, as well as the wider reaching changes to social systems which were categorised by Ebrahim & Rangan (2010b) as social impacts. Where SI is included by the authors, it takes a very specific place

within their impact value chain and equates to outcomes which would not have occurred in the absence of a social enterprises interventions (Figure 13).

Figure 13: Key Stages of the Impact Value Chain
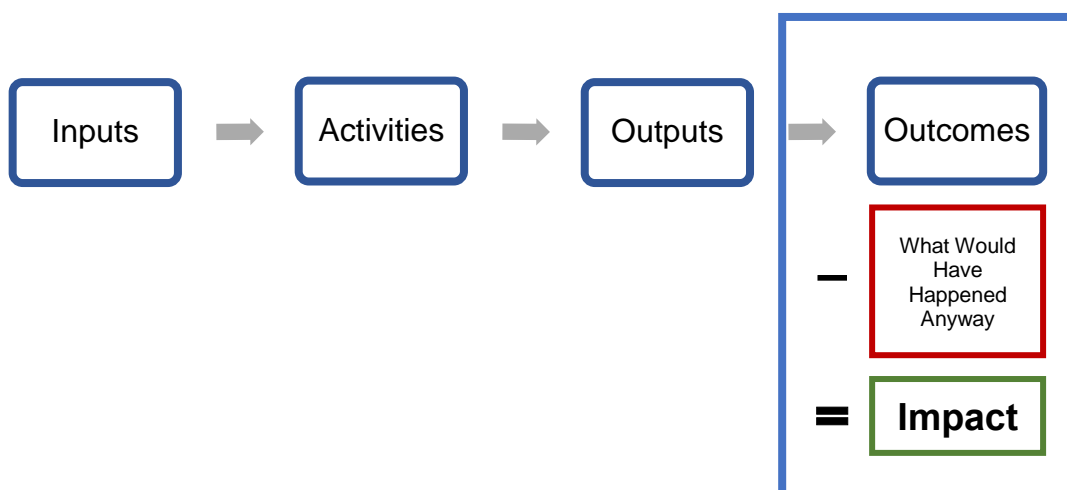
Adapted from Clark *et al.* (2004)

Whilst differences are present, namely in the in the definition of SI, there are clear links in both cases to the important role social results play in creating impact, be they immediate, medium, or long term.

Looking once again at the responses given by participants, it is clear that SI is not being described in the terms set forth by either Clark *et al.* (2004), or Ebrahim & Rangan (2010b). Rather, the descriptions provided by participants fit more closely to the output and outcome result elements of both logic models, thus, they are categorizing impact in terms of their short to long term results, instead of focussing on the wider implications of core activities or social interventions. A possible reason for this focus on outputs and outcomes in lieu of wider consequences is put forward by Ebrahim & Rangan (2014) who argue the implicit existence of an operational

mission which helps guide the fulfilment of a social enterprises more holistic organisational vision. To take Org, C, as an example, its core mission is to improve the mental health of people in North East England, which would fit the profile of what Ebrahim & Rangan (2014) consider SI within their logic model. However, within the overarching organisational mission, a number of key goals and objectives which aim to meet this end result are present. These can take the form of activities and services such as counselling to the general public, which make the SMSEs operating mission far more specific than its overall vision, given their direct link to daily activities and general management. In this sense, the day to day operations of Org, C, which concentrate on the delivery of counselling and other mental health services, provide a far more tangible level of understanding as to the benefit they are having to a social system. This more accessible appraisal of social intervention corresponds to the output and outcome elements which were noted previously, and represent impact in a way that is both easier to explain, and evidence through measurement (Molecke & Pinkse, 2017). Consequently, perspective plays an important role in the description of SI, for the participants, their direct involvement with service delivery, regardless of its purpose, leads them to define their contributions in specific, and measurable terms.

Through reviewing the ways in which participants described their organisations impact, it is clear that there is a significant range of opinion as to what SI is, which is somewhat unsurprising given the lack of a clear, overarching, definition (Molecke & Pinkse, 2017; Ebrahim & Rangan, 2014). Furthermore, the contextually driven perspectives of SI given by participants, make it difficult to provide an accepted definition which would apply to all views expressed within the social enterprise zoo. To bridge this issue, it is necessary that SI is explored beyond description, towards

measurement techniques and performance metrics employed within the zoo. In doing so, it will be possible to provide a suitable point of reference regarding SI, which will inform the rest of this chapter.

5.2.2. Measuring Social Impact

The topic of social impact assessment (SIA) has seen a great deal of attention within the literature, which is understandable given its importance for social enterprises both internally, as well as externally, where impact is seen as a gauge of legitimacy by many stakeholders. (Barraket & Yousefpour, 2013; Luke *et al.*, 2013). However, similar to the definition of SI, there lies a persistent level of divergence concerning how measurement should be undertaken, what should be measured, and who should be responsible for the task (Molecke & Pinkse, 2017; Choi & Majumdar, 2014). Such disagreements as to the best way to measure social value creation have led to the proposal of a wide range of measurement tools and techniques (Molecke & Pinkse, 2017; Grieco *et al.*, 2015; Kroeger & Weber, 2014; Olsen & Galimidi, 2008; Clark *et al.*, 2004), all of which vary in complexity, stakeholders involved, and data type.

Measuring Outputs and Outcomes

Upon analysis, it was apparent that multiple impact metrics were present within the interview data, with participants highlighting a range of measures and measurement systems used within their respective social enterprises. However, where there was a level of differentiation regarding method, and the type of data collected, they can be broadly categorized as being focussed on either outputs, outcomes, or SI, when evaluated using the logic model put forward by (Ebrahim & Rangan, 2010b). Although there were elements of all three result categories being represented by

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the measurement techniques used, by far the most pervasive forms of impact

appraisal alluded to by participants were direct output, and/or medium-term

outcome metrics. These ranged in complexity, and overall use, but often included

the collection of data relating to services and projects, in many cases representing

only simplistic metrics surrounding usage numbers, positive results such as

beneficiaries gaining employment or entering education, number of issues resolved,

organisations who were given support, and businesses created. This was often

expressed in the form of key performance indicators (KPIs) put against a project,

service or strategic goal of a social enterprise, in many cases representing a means

of accountability, satisfying the requirements of funders, local government, and

other stakeholders. Although seemingly simplistic in their approach to impact

assessment, and the metrics used, there is evidence within the literature which

suggests this is not without purpose. Most notably is the reason for measurement

itself, although it is clear that social enterprises would like to measure for the benefit

of organisational learning and performance improvement (Liket *et al.*, 2014;

Barraket & Yousefpour, 2013), more often than not, the burden of proof placed on

these organisation by multiple stakeholders becomes a driving force behind most

measurement activities (Ebrahim *et al.*, 2014; Ebrahim & Rangan, 2014; Liket *et al.*,

2014; Barraket & Yousefpour, 2013; Putland, 2008). Simply put, measures are

chosen purposively to meet the needs or be it requirements of funders and other

stakeholders, rather than what may be most effective in assessing wider reaching

SI (Liket *et al.*, 2014). This point was also raised by multiple participants when

discussing relationships with funders and commissioners, all of whom report the

transactional nature of such relationships, with an emphasis being placed on proof,

and the assessment of project outputs. As a consequence, where there are a

number of impact measurement tools put forward in both academic and practitioner

contexts, the focus on direct output level metrics when assessing social value is still pervasive amongst a range of social enterprise typologies (Molecke & Pinkse, 2017). This can be seen in other studies which assess social enterprise performance techniques, one such example is Meadows & Pike (2010), who developed an adjusted balanced scorecard model which better incorporated SI as a performance measure. Interestingly, during the testing of this model, the social impact measures highlighted by their participants also concentrated on operationally focussed KPIs linked to outputs and outcomes, rather than wider definitions of SI which consider lasting, systemic change (Meadows & Pike, 2010). Similarly, Haski-Leventhal & Mehra (2016), when comparing measurement practices found within Australian and Indian social enterprises, noted a trend towards output measurement in Australian organisations, although their Indian participants favoured narrative accounts by beneficiaries when evidencing impact (Haski-Leventhal & Mehra, 2016). This latter point was also documented during the template analysis, with participants all alluding to less quantifiable data being collected such as case studies, statements from beneficiaries, as well as public discourse and community meetings where experiences or opinions relating to the social enterprises' outputs can be shared and discussed.

SROI

Moving past simplistic methods of impact measurement based on outputs, and medium-term outcomes, there was a small number of participants who embraced more complex impact assessment tools, specifically, social return on investment (SROI). This form of impact measurement was originally created over twenty years ago by the Roberts Enterprise Development Foundation (REDF) (Nicholls, 2017; Millar & Hall, 2013; Olsen & Galimidi, 2008; Clark *et al.*, 2004), and attempts to

capture the true value of socially focussed activities in monetary terms (Nicholls, 2017; Flockhart, 2005). Whilst there have been a number of changes made to the model since its initial development (resulting in a number of variants), the fundamental calculation by which SROI is determined has remained unchanged. This attempts to assess the value of social impacts created by an organisation or project, in relation to the financial investment necessary to achieve said impacts (Millar & Hall, 2013), the result of which is often expressed as a ratio of value created over resource investment. For example, after measuring their SROI for projects relating to local authority contracts, Org, B, showed a resulting ratio of 3.67:1, thus, for every pound paid, Org, B, was able to provide three pounds and sixty-seven pence worth of social value to the local community. At a functional level, the SROI model consists of six key elements, including:

1. Establishing scope and identifying key stakeholders.
2. Mapping outcomes.
3. Evidencing outcomes.
4. Establishing impact.
5. Calculating the SROI.
6. Reporting, using and embedding a report.

   (Pathak & Dattani, 2014)

Where parallels can be made between output and outcome measurements used by other participants, the elements of complexity begin to appear when attempting to establish, and consequently place a monetary value on SI. This stage requires a level of discretional judgement by the assessor, who often needs to establish a theory of change regarding the wider effects outcomes will have on a particular social issue (Maier *et al.*, 2015; Arvidson *et al.*, 2013). In doing so, an organisation

is able to build an appreciation of those wider social results, enabling an assignment of monetary value which can then be placed against the initial resource cost.

Given its ability to produce an easy to translate, fiscal appreciation as to the effectiveness of a social enterprise or socially focussed intervention, the use of SROI as a key impact assessment tool has been promoted by a number of government institutions in the UK (Mook *et al.*, 2015; Millar & Hall, 2013; Ryan & Lyne, 2008). Conversely, it is worth emphasising, similar to the findings of this study, much of the research regarding SROI has seen only limited uptake and use within social enterprise and third sector contexts (Millar & Hall, 2013; Bagnoli & Megali, 2009). This may appear relatively paradoxical in lieu of cited benefits to using SROI, such as:

- Increased legitimacy and trustworthiness in the eyes of funders, commissioners, and government bodies (Maier *et al.*, 2015; Arvidson & Lyon, 2014; Arvidson *et al.*, 2013; Flockhart, 2005).
- Organisational learning, resulting in the identification of key value increasing outputs and activities (Maier *et al.*, 2015; Mook *et al.*, 2015; Millar & Hall, 2013).
- The production of an easily understandable, quantifiable, and potentially comparable ratio of impact over cost (Cordes, 2017).

However, as explained by a number of researchers, this lack of uptake is not without reason, even though there are potential benefits associated with undertaking an SROI programme. Critically, a number of risks, and fundamental issues with the model exist, which act as either barriers to use, or create trepidation

concerning its usefulness (Cheung, 2017; Yates & Marra, 2017; Maier *et al.*, 2015; Pathak & Dattani, 2014; Arvidson *et al.*, 2013; Millar & Hall, 2013). Most notable is the high resource cost associated with conducting a SROI assessment, given its complexity, and time consuming nature, along with the added need to have the results audited to ensure accuracy (Maier *et al.*, 2015).

The Inaccessibility of Impact Data

A key issue raised by participants was the inability to successfully measure a myriad of less tangible impacts related to their core activities. A common argument put forward was where impacts were implicitly understood, they remained far removed from the initial intervention or project from which they were caused. Examples of such impacts included increased personal or community confidence, wider opportunities, improved health (both mental and physical), and increased economic growth or tourism trade, all of which fall within the outcomes and SI elements of the logic model outlined by Ebrahim & Rangan (2010b). This finding is in line with research on impact measurement put forward by Molecke & Pinkse (2017), Ebrahim & Rangan (2014) and (Lynch-Cerullo & Cooney, 2011), all of whom document the difficulty in accessing outcome and impact level metrics. The key reasons for such difficulties noted by Molecke & Pinkse (2017), during interviews with a number of SMSEs, include a lack of knowledge and capability, high resource costs, and inaccuracy of data sources. This can be linked back to the organisational and operational missions discussed previously. As Ebrahim & Rangan (2014) noted, where measuring results related to their operational mission (outputs) is relatively straightforward, SMSEs may struggle to assess elements related to their organisational mission (outcomes and impacts), especially when the causal links are less defined. This latter point was also noted within the template

analysis, where concerns were made regarding the ability to measure outcomes and SI, there was also evidence to the contrary. Specifically, some outcomes, such as gaining employment following training, an increased level of general wellbeing, or the financial outputs of businesses occupying low cost trading units were being measured with relative ease. The reason for such ease of access to some outcome measures over others lies in the complexity of an outcome's causal mechanism, thus, the social value chain leading from outputs, to outcomes and impacts (Ridley-Duff & Bull, 2016; Ebrahim & Rangan, 2014). Consequently, and unlike financial measures of performance, how readily outcomes of social activities and projects can be quantified and measured is contextually specific. Examples of this are provided by interviewees such as P, 7, who stresses an understanding of Org, G's social impact, but expressed frustration when trying to plot out a reliable and satisfactory causal chain which would effectively link Org, G's, activities to it. The key reason for this lack of certainty regarding cause and effect was the unknown influence external stimuli may have had on any SI Org, G, had aimed to produce, thus, the desired result had a number of potential causal relationships with social dimensions outside the control of one specific project (Lall, 2017; Molecke & Pinkse, 2017; Arvidson & Lyon, 2014; Ebrahim & Rangan, 2014). The relative complexity in attempting to unravel such causal relationships has led to an inevitable avoidance by many social entrepreneurs and SMSE managers, with their efforts being in stead focussed on more tangible and attainable measures. (Molecke & Pinkse, 2017; Ebrahim & Rangan, 2014).

5.2.3. Outputs as Impact

An analysis of the findings presented in Chapter 4 has identified a number of key points relating to SIA which have bearing on this study, and any discussion of links

between management practice and social performance in the remainder of this chapter. The purpose of this section was to evaluate how SMSEs defined and measured SI at a practical level, thus, meeting the first research objective:

R.O.1. Develop a critical assessment of the role played by social impact as a key operational performance criterion within small to medium sized organisations.

The resulting discussion showed a clear disconnect between theoretical and practical positions on SI. Where social impact is defined as a form of higher order social change (Ebrahim & Rangan, 2014; Clark *et al.*, 2004), it is being measured from a far more operational perspective by SMSEs. Thus, the findings showed little evidence of SMSEs measuring what would be described as 'Social Impact' within social value logic models such as those noted by Ebrahim & Rangan (2014) and Clark *et al.* (2004). Rather, impact is being assessed by measuring results which are believed to have a causal relationship to the wider social change sought, and often explicitly stated within a SMSEs organisational mission. Thus, output and outcome data are used as proxies for social impact reporting. As a consequence, each organisation relies on a range of measures, both output and outcome focussed, which collectively demonstrate an implied longer term social impact, exhibiting what Molecke & Pinkse (2017) describe as a bricolage approach to measurement. Although this method of SIA may seem problematic, Ebrahim & Rangan (2014), offer a potential counterpoint, this being the position of SMSEs relative to their intended impact. The authors stress that where social enterprises are more than capable of measuring output and limited outcome data, their position within a social system leaves any attempt to measure overall impact difficult, often leading to incomplete or unreliable results. Consequently, Ebrahim & Rangan

(2014) argue that their involvement in such SI assessment activities is unnecessary. Suggesting a separation of responsibility between SMSEs and the larger organisations to which they often report, such as funders, local and national government, and commissioners. The contention is that where social enterprises are in a good position to collect and measure output and limited outcome data, these larger organisations are often better equipped, and positioned to assess social impact. A key reason for this is access to data, where SMSEs may only see their contribution to a social problem, funding organisation often have data relating to a myriad of projects and social initiatives, as well as complimentary data from other such institutions (Ebrahim & Rangan, 2014; Ebrahim & Rangan, 2010a).

In concentrating on outputs and measurable outcomes through a variety of assessment techniques and data sources, there are risks that any meaningful comparability would be difficult to achieve between SEs (Kroeger & Weber, 2014). However, there is nonetheless logic in categorising SI in such a way, at least, from an operational perspective, as it allows for SEs to measure their impact in line with the reporting requirements and contextual constraints placed upon them. In light of this, an adjusted version of the logic models put forward by Ebrahim & Rangan (2010a) and Clark *et al.* (2004) is suggested (Figure 14).

Figure 14: An Operational Perspective of Social Impact
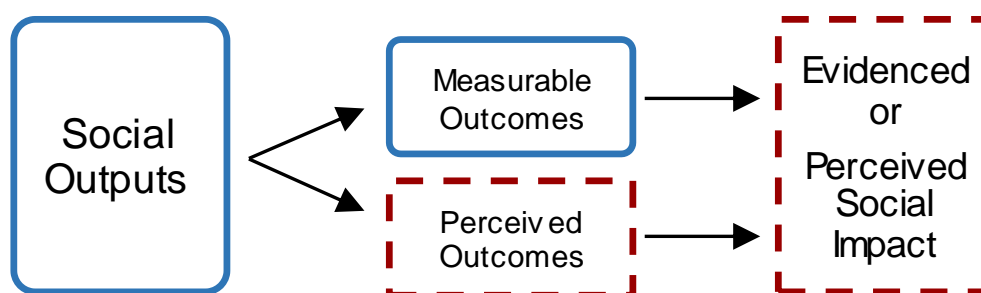
This adjusted logic chain builds in the issue of evidence regarding SI assessment at an operational level, in doing so, it presupposes perceptions rather than known results in cases where no such data is available or accessible to SMSEs. However, regardless of context, there was clear agreement between participants and previous research that output level assessment was both critical, and attainable in most cases. This was especially true in situations where the method of output measurement was decided through collaboration between SMSEs and stakeholders. As a consequence, it remains an unaltered stage within the model, and represents the first tangible evidence of a SMSEs social contribution.

Finally, it is worth noting key differences between how SI is perceived in the social enterprise context, and the social performance criteria within QM, particularly the EFQM model. There have been some recent studies which have addressed the creation of social results through the adoption of business excellence and best practice. However, where these are present, their evaluation is distinctly different from the definition and measurement focus described by participants, and social enterprise literature. For instance, studies such as Calvo-Mora *et al.* (2017), Álvarez García *et al.* (2014), and Benavides-Velasco *et al.* (2014) all discuss practice/performance relationships within BEMs, and their effect on SI, but they see it through the lens of CSR, and an organisations impact on its local and wider environment. This is particularly evident in the case of Calvo-Mora *et al.* (2017), who test the relationship between key QM practices and social results in Spanish for-profit organisations. In their analysis, they considered SI as an important, yet complimentary results indicator, which focussed primarily on the impact of organisational practices on sustainability considerations such as the triple bottom line. This view of SI relies on the adoption of both effective, as well as ethical best

practice within organisations, in particular process management, the reduction of waste, and treatment of employees, all of which have a beneficial effect on environmental and social results (Calvo-Mora *et al.*, 2017). When compared to SI in the context of social enterprises, the most important differentiating factor is the means by which it is created, and the importance placed upon it. As was discussed above, impact for SMSEs refers to the direct and indirect effects of core products and services upon a social issue, thus, what they do as an organisation both directly, and indirectly creates social value to its customers, beneficiaries, and wider stakeholders. In this sense, social output performance as described above, has far more in common with service quality, and customer satisfaction results found within QM models (Jaca & Psomas, 2015; Asif & Gouthier, 2013; Gouthier *et al.*, 2012; Talwar, 2011a) given its focus on the beneficiary or customer. Specifically, SI in this context refers to the ability of a particular service or product to enact change upon the targeted beneficiary, or social group, thus satisfying their requirements.

Having built an understanding of SI from a perspective of operational performance, it is now possible to discuss how management practices influence this performance. Subsequently, the following sections will discuss WM and CRM practices, and their impact on social value creation within SMSEs, whilst also discussing any detrimental external influences which may offset benefits derived from internal practices.

5.3. Workforce Management Dynamics

The first set of elements to be discussed relate to WM practices deemed impactful to the delivery of social value by SMSEs. Central to QM, is the contention that planning and managing workers effectively can impact a wide range of performance criteria at the operational, and to some extent, the organisational level (Sadikoglu & Zehir, 2010; Vorria & Bohoris, 2009; Abdullah *et al.*, 2008; Nair, 2006; Kaynak, 2003). This involves a number of elements such as recruitment, motivation, training, involvement, and appraisal (Oakland, 2014; Talwar, 2011a), all of which are noted as having an impact on an organisations ability to meet its strategic objectives. The purpose of this section is to explore the use of WM practices within SMSEs, in doing so, it will be possible to better understand how such management practices impact upon social value creation later in this chapter.

5.3.1. Motivation through Values and Working Conditions

The first element to be discussed explores how WM practices are used as a driver of workforce engagement and commitment, leading to improved operational performance. In particular, employee motivation was perceived as having an impact on both the quality of services or organisational outputs, as well as savings in human resource cost as a consequence of improved performance and voluntary activities. There were two key elements highlighted which impacted upon workforce motivation, these were employee support and working environment, as well as the nature of the work itself, both of which will be discussed below.

Supportive management practices and reciprocation

In reviewing the template findings, one clear area of importance for participants was the role practices played in fostering commitment and motivating the workforce.

Although there was no specific agreement regarding what these practices were, they included elements such as employee development and support, providing flexibility, and creating some level of autonomy for both individuals and work groups. The argument put forward by participants suggests that through enacting practices aimed at providing a supportive and positive working environment, employees and volunteers are more willing to help the organisation meet its strategic goals.

What is being described here has strong similarities to the theory of social exchange, which is often seen as a key element of NPOs human resource management strategies (Akingbola, 2013; 2012). This is not surprising given that both traditional NPOs, and SMSEs share a core strategic goal in the creation of social impact (Defourny & Nyssens, 2017; Ebrahim & Rangan, 2014; Teasdale, 2012; Peattie & Morley, 2008). Even more so, when considering its existence in other contexts such as public service environments (Gould-Williams & Davies, 2005), SMEs (Bryson & White, 2017; Allen *et al.*, 2013) as well as some larger for profit organisations (Saks, 2006), all of which share characteristics with SMSEs (Mair *et al.*, 2012). At the core of social exchange theory is the assertion that organisations enter into a relationship of mutual reciprocation between themselves and their workforce (Lai *et al.*, 2016; Akingbola, 2013; Allen *et al.*, 2013). In such situations, reciprocation by employees occurs when they perceive organisational action, and WM practices as a reflection of the organisation's commitment to the welfare of its workforce. Thus, if an employer is viewed as being committed to the people who work for it, then those workers are likely to respond in kind by showing higher levels of engagement and commitment (Akingbola, 2013; 2012; Gould-Williams & Davies, 2005). This type of engagement was noted by a number of

participants, such as P, 1, who highlights the importance of the working practices

and policies within Org, A, explaining how employees have an increased

willingness to help and support the organisation and its various activities. Whilst

also being present in smaller organisations such as Org J, which is by far the

smallest participating SMSE in this study. Although in this situation, the single

employee, and small number of volunteers were supported directly by the board of

trustees who ensured statutory obligations were met, as well as allowed for training

and flexible conditions for the workforce where resources were available. Which,

similarly, to other far larger organisations in this study, led to higher levels of

commitment and a reciprocal relationship between the board and the employee.

However, it is worth noting that where the process of support and reciprocation is

highlighted by a number of authors, there is no consensus as to what drives

workers to reciprocate (from a practice perspective) (Akingbola, 2013; Saks, 2006).

This issue is also present within the template findings, with participants alluding to

an overall WM package which concentrates on welfare/support, and most

importantly, fits with their organisations operating environment, ethos and

capabilities. A phenomenon which is once again present, and well documented

within non-profit (Akingbola, 2013; 2012; Ridder *et al.*, 2012) and SME contexts

(Cassell *et al.*, 2002). Which is often driven by a myriad of internal and external

pressures placed upon socially driven organisations (Akingbola, 2013; Ridder *et al.*,

2012). This is best seen within the SMSE zoo when looking at organisations which

show little similarity in terms of operational capability such as Org D and Org J. With

each showing a clear difference in terms of workforce number, variation in skillset,

and volunteer/employee ratio, yet still consider reciprocal relationships integral to

their overall success and ability to meet social goals. Furthermore, the complexity

and associated resource cost of supportive practices was also highly diverse, for

instance Org B offers free training and clinical supervision to all of its counsellors, including casual workers and volunteers. Conversely, for Org M, simply by providing flexible working conditions and relative job autonomy, reciprocal actions can be found.

Contrary to the findings of Akingbola (2013), who suggests a similar lack of consensus regarding the form any reciprocation may take, such action was far less varied within the template findings. Within which, the prevailing opinion was a general increase in commitment and overall performance to the organisation and their roles within it. However, for a number of SMSEs this commitment did take a more tangible form through unpaid work, or a combination of both paid and volunteered time being given by workers, in excess of their contractual obligations. Interestingly, this focus on unpaid overtime is also supported within NPOs literature (Ridder *et al.,* 2012), where it is considered a key differentiator between traditional, and socially focussed organisations. In which intrinsic motivating factors such as supportive practices, workforce empowerment, and work orientation were considered far more impactful given differences in employee attitudes and motivations to work between for profit and non-profit organisations. Furthermore, the idea of reciprocation in the form of "going the extra mile", or working unpaid in addition to contracted employment, was not limited to the salaried elements of a SMSEs workforce. Accordingly, similar commitment benefits were noted by social enterprises who leaned more heavily on a volunteer workforce. In particular, Org, E, was noted as having strong support structures designed to allow volunteers to self manage. Whilst also providing their comparatively vast voluntary workforce opportunities to plan and run events/social activities aimed both at community engagement and team building. As a consequence of those supportive practices,

P,5, reported high levels of engagement, with volunteers and employees both feeling a sense of obligation to the success of the organisation.

Motivation through Values

Although not directly related to WM practices, it is important that the role of social impact is considered within the topic of employee motivating factors to fully understand the dynamics at play within SMSEs. The findings identified SI as being a critical element to the creation of positive working environments within a number of organisations. The general thesis behind such perceptions was that through the nature of the work undertaken, and its social focus, both voluntary and paid elements of a workforce felt more empowered and motivated. This was noted as being critical in meeting the performance outputs necessary for services and projects undertaken within SMSEs, supplementing the efforts of WM practices and social exchange discussed above. This link between social focus and workforce motivation was also highlighted as being a key driver of motivation within social enterprises by authors such as Doherty *et al.* (2014) and Battilana & Dorado (2010). Though, their consideration of this phenomenon is limited to a cursory acknowledgement of its importance. However, this phenomenon is far more apparent within non profit and social service environments more generally (Borzaga & Tortia, 2006), where, as noted previously, logical comparisons can be made.

The driving force behind links between workforce motivation and social impact is associated to the idea of pro-social motivation (Kjeldsen, 2014; Kjeldsen & Andersen, 2013). The central theme of which is that workers see value in their job through the benefit it provides to society. This in turn leads to an increased level of commitment whilst attempting to maximise such societal improvements (Borzaga &

Tortia, 2006). Thus, workers perceive greater meaning in what they do, leading to an increase in engagement, and ultimately performance relating to tasks which hold social value. This link between meaning and engagement is highlighted within a recent study by Akingbola & Van Den Berg (2016), who identified the delivery of social good as being a key driver of job satisfaction for NPO employees. Furthermore, during their survey of over three hundred and sixty NPO employees across Ontario in the United States, the authors also noted a cyclical relationship between an increase in engagement, and overall job satisfaction (Akingbola & Van Den Berg, 2016). Suggesting that through engagement, employees were able to deliver more social good, which consequently led to an even greater level of individual accomplishment and meaning.

Although this element of workforce motivation was highlighted by a number of participants, it is worth noting it was by no means seen as a panacea across all SMSEs within the confines of the social enterprise zoo. Accordingly, there were two areas where the presence of pro-social motivation was far less apparent. First, was the type of job an employee/volunteer was involved in. to take Org, k, as an example, P, 11, expressed difficulty in engaging elements of his workforce who were not directly involved in service delivery, in particular administration and support staff. In such cases, the participant expressed a limited level of engagement present, which was mediated to some extent by means of internal communication which championed recent socially focussed success stories, whether they be a trainee gaining employment, or the completion of renovation projects leading to an increase in social housing needed by the local community. Such issues are also identified by previous NPOs research such as Kjeldsen & Andersen (2013), Ridder *et al.* (2012) and (Borzaga & Tortia, 2006), all of whom

highlight the importance of locality to the social processes within an organisation. Thus, the level to which an employee/volunteer is directly involved with tasks considered to be laden with social value, the more likely said worker will reap the intrinsic benefits of their engagement, leading to job satisfaction and improved performance (Castanheira, 2016; Ridder *et al.*, 2012). The second issue with this form of intrinsic motivation is somewhat more associated with social enterprises, given the increased level of variability regarding organisational purpose and how this translates into daily tasks. This was seen within the template findings by the lack of responses highlighting the mediating effect of social impact on workforce performance by a number of organisations who had little to no direct contact with vulnerable groups. An exemplar example of this is Org M, which manufactures bespoke confectionary, and costumes/party clothing. Where the core business is in itself not socially focussed, the mission of this organisation is to create employment opportunities and foster economic improvements in a highly deprived and isolated area of north east England. Subsequently, the creation of marketable products has allowed this SMSE to employ a proportionately high number of people from the local area, which it considers its key social output. However, for the employees themselves, this form of social value may well be less apparent, emphasising the issues of job purpose and locality to tasks laden with social value discussed above.

The importance of non-monetary motivation

It is somewhat apparent that the use of WM practices which support employees and volunteers, coupled with the pro-social relationships with job purpose and social focus play a critical role in motivating workers and increasing their job satisfaction. A key reason for this focus on intrinsic motivating factors was seen as an imperative given the inability to provide financial incentives to employees and volunteers. This

is also documented within social enterprise literature, albeit in no great detail, with authors such as Doherty *et al.* (2014), and Battilana & Dorado (2010), who emphasise the key role of job satisfaction in maintaining and fostering engagement and higher levels of performance within social enterprises. Consequently, there is significant onus placed upon SMSE managers/owners to create environments which support and empower their workforce, ensuring even where job roles may not be explicitly linked to social outcomes, employees and volunteers are still capable of deriving satisfaction from their work.

5.3.2. Performance Management and Appraisal

It is somewhat apparent thus far that the overall performance of employees and volunteers within SMSEs is significantly attributed to job satisfaction. Whilst by no means uniform, it is clear that supportive management practices and the social nature of these organisations plays a critical role in fostering and maintaining this satisfaction within workers. However, it is important that we discuss more direct links to performance found within SMSEs WM practices, namely, how employees are evaluated in terms of their outputs and job roles, and what impact any such practices have upon social enterprises. Notably, there are two elements which saw prominence within the template findings, firstly, the use of appraisals as a key performance management technique was varied amongst the participants. Secondly, measurement and supervision was skewed away from individual outputs towards service and project level evaluation.

Workforce Appraisal

The use of employee appraisals as a performance management tool has been heralded as a key WM practice within a range of organisational contexts

(Kampkötter, 2017; Selvarajan & Cloninger, 2012). Often used as a communicative tool where personal and job-related targets can be agreed upon, and importantly, acting as a vehicle for workforce development and progression. Interestingly, regardless of its apparent importance as a PM tool, the findings highlighted a mixed level of usage by participants, with a particular lack of uptake within SMSEs with less than ten employees (micro organisations). Notably, those with less than fifty employees/volunteers (small organisations) showed a greater variation in appraisal use. This, however, is not particularly surprising given the varied approaches to WM seen thus far, and the fore mentioned importance internal and external stimuli have on the adoption of practices which make up an organisations management strategy.

There are some potential reasons for this lack of uptake, in particular, culture, size, and resource availability could all be contributing factors. For instance, appraisals are sometimes seen as a cultural barrier within socially focussed organisations, where management favour informal communication and support over, more structured practices. Thus, allowing for colloquial interactions between workers and management where performance can be discussed (Tucker *et al.*, 2013). Likewise, similar informal practices are also more common in SMEs, given that employees and managers/owners are quite often co-located. Consequently, barriers to communication often seen within larger organisations, are less prominent when scale is decreased. This was seen within the fore mentioned micro organisations, in particular organisations E, I, and J, all of which have a very low number of employed staff, and consequently found informal discussions on progress and training needs more appropriate and fitting to the structure of their organisations. Although it is worth noting whilst Org, E may only employ three people full time, it relies on a comparatively large volunteer base of over fifty persons, thus,

communication and informal structures are potentially more difficult to maintain. However, this had been managed through a volunteer run website and social media groups for planning and communication of project related goals, issues, and progress. This has led to a supportive informal structure for self-management around key projects, requiring little intervention by the chief executive officer, who emphasised a lack of resources capable of managing and appraising members of the workforce (both paid and unpaid) at an individual level. Such resource issues were also noted by P, 8, who recently removed formal appraisal practices stating a lack of payback for time lost, which is an issue seen within many smaller organisations (Wu *et al.*, 2015; Long *et al.*, 2014). Moreover, the recent work of Kampkötter (2017), could potentially shed further light on this issue from an efficacy perspective. In their study of over ten thousand German workers, across multiple industries and sectors, they noted a propensity for appraisals to have greater positive outcomes when financial incentives were attached (Kampkötter, 2017). Although their research addressed a different national context, it is conceivable that this could have an impact on the success of formal appraisals within UK organisations. Especially SMSEs, where, as was noted previously, monetary incentives are seldom used as a driver of job satisfaction and engagement.

Supervision and Accountability

Along with the use of appraisals, the findings also identified a mixed use of supervision and formal management control relating specifically to its workforce. The use of control measures and PM practices was highlighted by multiple participants, however, what form such practices took was significantly influenced by context, and predominantly took a more unstructured approach. This followed similar logic to that of appraisal use, thus, such practices were considered an

unnecessary resource drain, or less necessary given the size of the operation. Whilst stricter performance management practices were less prominent overall, there were specific contexts within which supervision and job/project related output measurement was deemed necessary.

The first notable example of stricter performance management practices was seen in situations where pro-social motivation was less apparent, often due to the delineation between social activities, and those which could be considered more traditional for-profit services. This was evidenced in organisations F, and G, where concerns over the quality of outputs provided by employees had led to the adoption of stricter performance monitoring protocols and tighter supervision. This resulted in high degrees of process level measurement, and procedures designed to provide accountability for the actions of employees, such as radio frequency identification batons which were provided to Org, Fs security staff. The use of this technology allowed supervisors and managers to ensure security checks and site surveillance was being conducted at the appropriate times and frequency. The use of such measures is consistent to those seen in other organisational contexts, where target setting measurement and review are seen as potential drivers of improvement or at the very least adjustment in approach (Tucker & Parker, 2013; Tucker *et al.*, 2013). However, rather than being used for improvement, the process measurement activities served as a vehicle for the application of punitive measures where adherence to service quality and good practice was lacking. Moreover, where the use of measurement and monitoring was more prominent in both organisations, for Org, G, this was only the case for a small sub section of the trust, specifically, the youth hostel. This further supports the apparent links seen between social focus and job satisfaction/motivation by other participants who were less likely to use

control measures in such a way. Another somewhat parallel reason such practices may have been required relates to the type of employee who is likely to apply for such a role, and their apparent motivations for doing so. Whilst there is reasonable evidence that SMSEs attract more pro-socially motivated employees (Brolis, 2017), it is unlikely that jobs in site security and hospitality would create similar interest from people with socially focussed job aspirations. Consequently, the lack of pro-social drivers from job role and employee values potentially creates an environment where performance management becomes a more prominent concern. Especially given the important role social determinants play in achieving high levels of job satisfaction and engagement more common within socially focussed organisations.

A second key reason for the uptake of more prescriptive PM practices was noted as being a requirement to meet the needs of funders, and more importantly, commissioners of service contracts, such as local and national governments and large non-profit organisations. Predominantly, this was seen in the adoption of measurement and review processes linked to social output measures discussed in section 5.2, leading to the communication of service/project expectations and output targets to workforce members. Put simply, some participants adopted PM practices which were deemed necessary for winning contracts and meeting the requirements of funders. Notably, this was seen both from a reporting perspective, during a project or funding period's life cycle, but also as a measure of legitimacy, ensuring critical order qualifying practices were present. As a consequence, the majority of PM and control practices (Be they either formal or informal) skewed their focus toward social outputs, informed by predetermined or mandated key performance indicators. The adoption of practices in this way is quite common within social enterprises, as well as the wider NPO environments, where isomorphic

pressures placed upon an organisation are said to be more pronounced than within their for profit counterparts (Barraket *et al.*, 2016; Barraket & Yousefpour, 2014; Mason, 2012; Nicholls, 2010). However, apart from an increased likelihood of winning contracts and funding bids, such adoption of PM and control systems were not given particular focus when discussing elements of WM practice beneficial to workforce performance. Rather, the supportive elements of management practice were seemingly more impactful to workforce motivation and engagement, in keeping with the philosophy of trust, and a reluctance to assign accountability often seen within socially focussed organisations (Sawhill & Williamson, 2003).

It is worth stating that such external pressures were not linked only to contracts and funding, but can take other forms such as legislative requirements, government control, as well as beneficiary expectations linked to trust at an individual level (Barraket *et al.*, 2016). This manifested within the template findings through social enterprises who provide mental health and support services. For example, Org, B, has adopted robust supervision practices linked to the success and quality of counselling services, with counselling staff and volunteers being assessed on their throughput time, session time, and the success of interventions. Whilst representing a high level of management related to service delivery, this is a relative norm within the industry given legislative requirements associated with the task itself. Finally, organisations F, and G, once again provide an interesting perspective on this matter, namely, neither social enterprise is beholden to funders and public sector contracts in the same way as many others. However, their use of PM practices such as those discussed above were still driven to some extent by legitimacy and legal requirements. In both cases, the services linked to stricter PM practices were also those which served the private sector, thus, the success of tenders and the

ability to win customers was heavily skewed towards the operational competencies of these business units.

5.3.3. Recruitment and volunteers

The final component within this section relates to the use of volunteers, and key elements of recruitment practices highlighted within the template findings. Whilst not explicitly connected to motivation, both factors were noted as being indirectly linked to social impact generation.

Unsurprisingly, given their similarities to traditional NPOs, the use of volunteer workers within social enterprises is well documented throughout the extant literature (Defourny & Nyssens, 2017; Jenner, 2016; Short *et al.*, 2009; Zahra *et al.*, 2009; Defourny & Nyssens, 2006). Furthermore, the reasons for their use, and to what extent they make up a social enterprises workforce varies considerably depending on contextual variables such as governance structure, operational mission and the reach of an organisations outputs (scale). Consequently, volunteers can take a number of roles within social enterprises including board and management positions, high skilled workers offering otherwise unaffordable expertise, as well as less technical support staff (Defourny & Nyssens, 2017; Austin *et al.*, 2006). Notably, the template findings prove relatively confirmatory regarding the use of volunteers, also showing varied use cases and level of dependency, as would be expected given the wide-ranging organisational types, and purposes, seen within the social enterprise zoo defined as the boundary of this research. Whilst not all of the participating organisations purported the use of volunteer staff, those who did considered this practice to be invaluable to their financial sustainability, and operational reach. Interestingly, this was true regardless of SMSE size, and the

scale of volunteer use. For instance, Org, D, reported by far the highest number of voluntary employees, whereas Org, I, used but a few in select circumstances, however, in both cases, the participants saw their use as a critical value adding practice. With Org, D calculating a saving of over half a million pounds per year in staffing costs alone, whilst also highlighting the performance benefits gained through the propensity for volunteers to be more pro-socially motivated.

Along with volunteer use, recruitment practices were also viewed as important, albeit indirectly, to operational performance and customer relationships. For a number of participants, a key constraint to their operational efficacy was the ability to recruit employees who shared similar social motivations and values. Their success in hiring workers based on such requirements was seen as a driving force behind the intrinsic motivation strategies discussed previously. Thus, employees who shared values in keeping with that of the organisation and existing workforce, are more likely to be motivated by pro-social job aspects and social exchanges brought about through WM practices and working environment (Akingbola & Van Den Berg, 2016). This follows common thinking in non-profit organisations, where recruitment of appropriately skilled and motivated employees can be potentially difficult, often due to the lack of financial incentives and remuneration (Ridder *et al.*, 2012). Notably, similar recruitment dynamics have been noted within the social enterprise environment (Brolis, 2017), especially for low skilled job roles, which may in some cases (such as Org F) make up the majority of job roles within an SMSE.

5.3.4. WM and the SMSE

During this section, key elements of WM practice relating to SMSEs have been
discussed in the aim of meeting the following research objective:

***R.O.2. Develop a critical evaluation of the workforce management practices
present within small to medium sized social enterprises.***

In doing so, it has become apparent that a great deal of variation exists relating to
how SMSEs manage their human resources. However, this is somewhat
unsurprising given the contextual differentiation found within the SMSE zoo defined
by this study, as well as the varied practices noted within traditional NPO and SME
environments (Akingbola, 2012; Cassell *et al.*, 2002). Furthermore, whilst there is
certainly a great deal of crossover between the two operational contexts, SMSEs
seem to follow WM strategies that are more in keeping with non-profit approaches.
This seems to be influenced heavily by the social focus seen as central to a SMSEs
mission, as well as the markets they serve, which is often cited as a key driver of
NPO workforce performance (Akingbola, 2013; Ridder *et al.*, 2012). Such elements
manifest themselves predominantly within the focus on value led management
practice. With support for employees and volunteers being paramount to fostering
engagement, along with individual values and perceived meaning derived from
socially significant job roles. However, whilst much of employee performance
benefits are said to be attributed to this phenomenon, the use of formal PM
structures cannot be overlooked. Finally, the perceptions of participants was also
confirmatory as to the influence the sum of intrinsic motivating factors had on
organisational performance. Namely, the reduction in cost (both through
volunteerism and workforce efficiency), improvements to output quality regarding

projects, and customer facing interventions with beneficiaries, but also customer engagement and beneficiary relationships. All of which are noted within NPO literature in particular, as being a consequence of employing and supporting a workforce which is motivated by social values, and derives job satisfaction from a working environment which mimics such views (Akingbola & Van Den Berg, 2016). Notably, the findings of this section have been able to build a better understanding of key dynamics relating to WM within SMSEs which have seldom been explored directly.

Although it was not the purpose of this research to compare WM practices found in SMSEs to those which are considered general best practice by QM paradigms, there are some notable similarities which can be drawn. For instance, the use of supportive practices such as job autonomy, communication, training, and empowerment, to engage and motivate employees plays a critical role within QM (Ebrahimi & Sadeghi, 2013; Tarí & de Juana-Espinosa, 2007). All of which are designed to create a sense of commitment to the organisation and its strategic goals. Furthermore, there are parallels related to pro-social motivation, and the commitment to quality culture often fostered by QM adopting firms. Specifically, this can be seen as a key workforce driver, and is to some extent a values based paradigm, although for QM this often has to be encouraged through extrinsic motivation (Abdullah *et al.*, 2009), whereas SMSEs see it as an inherent trait. The results of which, however, are particularly similar, as in both cases the quality of services and products are likely to benefit.

5.4. Managing Relationships with Customers and Beneficiaries

The following section will aim to address the second key element held as an imperative to increasing operational an organisational performance within QM paradigms, namely, the management of customer relationships. There are a number of practices noted within QM literature which relate to the effective management of customers (Ebrahimi & Sadeghi, 2013). However, they can be broadly said to envelop the ways in which a company builds relationships with, and meets the need of its customers (Psomas & Jaca, 2016), or in the context of this research, customers, stakeholders and beneficiaries (Al-Tabbaa *et al.*, 2013). Within the template findings there were three areas of interest which arose, first, the nature of customers, and the delineation between beneficiaries (be they communities or individuals), funders, or those who provide service contracts. Second, the differences in approach to CRM used for the varying stakeholder groups, and finally, the importance of close relationships with competitors and other socially focussed organisations. This section will discuss the above, with the use of relevant literature in the aim of understanding how relationships are managed, and to what end.

5.4.1. Customers or Stakeholders?

When addressing the management of customer relationships within the context of social enterprise, the first, and most important step, is to understand what we mean by customer, and how they may differ from broader stakeholder groups present. An important factor to consider here is to what extent does a stakeholder hold power over an SMSE, in terms of expectations, needs, and overall legitimacy of its stake in a particular organisation (Lumpkin *et al.*, 2013). For SMSEs this distinction funnels down to a number of key stakeholder groups, which can broadly be

considered a customer, or at least an actor which expects some form of output or return from the organisation in question. The first of these is the institutional stakeholder, which for the purposes of this discussion will include both funders and public sector bodies such as local/national government entities and the National Health Service (NHS). Similar to traditional NPOs (Calvo-Mora *et al.*, 2017; Akingbola, 2013; Al-Tabbaa *et al.*, 2013; Ridder *et al.*, 2012), the use of public sector contracts and project orientated grant funding has become a mainstay within social enterprises (Bengo *et al.*, 2016; Young *et al.*, 2016; Santos *et al.*, 2015; Ebrahim *et al.*, 2014; Ebrahim & Rangan, 2014; Lumpkin *et al.*, 2013; Mason, 2012; Austin *et al.*, 2006), However, the latter stakeholder is often more common given the increased emphasis on trading over reliance on philanthropic entities and charity. Subsequently, for social enterprise, there lies an explicit transactional relationship between themselves, and funding or commissioning institutions, all of whom expect economic or social value creation as a consequence of their payment or investment (Young *et al.*, 2016). The second key stakeholder group can be seen as beneficiaries of services and interventions provided by social enterprises (Bengo *et al.*, 2016; Young *et al.*, 2016; Santos *et al.*, 2015; Ebrahim *et al.*, 2014; Ebrahim & Rangan, 2014; Lumpkin *et al.*, 2013; Mason, 2012; Austin *et al.*, 2006). These very often take the form of individuals to whom support services are provided as a consequence of public sector outsourcing and grants from organisations such as the European Regional Development Fund, Big Lottery Fund along with a number of smaller funding bodies. Whilst the services themselves will differ, it is common, but not always the case, that there will be no obligation on the part of beneficiaries or service users to pay a fee upon receipt (Santos *et al.*, 2015). Furthermore, it is also possible that a community group as a whole, rather than individuals themselves are the benefactor of a social enterprises interventions, especially

where the SE deals with infrastructure development and regeneration. Finally, there is a needed caveat and a third stakeholder group which is of relevance to social enterprise, namely, the general public and private sector businesses. The sale of goods on the open market is a growing phenomenon for social enterprise as a whole, either as a primary model of business, or a diversification into new markets not reliant on public money. Interestingly, customers in such market driven interventions may well be the beneficiaries of social outputs, although it is also possible that those who receive interventions free of charge are subsidised by the sale of goods and services through traditional entrepreneurial activities (Hahn & Ince, 2016; Young *et al.*, 2016; Santos *et al.*, 2015).

This multiplicity of stakeholder groups is also seen within the template findings, taking many different forms and involving a number of unique scenarios. Participants noted a high level of interaction with funders and public sector bodies in particular, however, it was not uncommon that one organisation would include all of the above stakeholder groups. To take Org, B, as an example, projects and services were predominantly funded through local government and Big Lottery funding (supplying services to non paying beneficiaries). However, alongside this, the SMSE had diversified to include contracts with businesses who wanted to offer mental heath services to their employees, as well as some recent activity selling services direct to individuals, such as couples counselling. Then there were more market dominated social enterprises such as Org, L, which at its core is a manufacturing organisation, selling goods to individuals as well as retail outlets. In doing so, the organisation is able to employ local disadvantaged peoples, as well as subsidise local development projects, low rent workspace for local businesses, and library services (in partnership with the local counsel). Notably, these two

organisations purport a somewhat normative view of the complex set of stakeholders expressed by participants within this study, this was true regardless of size, although certainly more pronounced in larger SMSEs such as Org, D. Although, as pointed out by Santos *et al.* (2015) and Lumpkin *et al.* (2013), the makeup of stakeholder groups is heavily dependent on the social mission undertaken by SEs, and the means by which they aim to achieve it.

When looking at this chapter so far, it is apparent that the social enterprise ecosystem is one with high levels of variation at the organisational level. A social enterprise zoo, as defined in this research is by definition diverse, with many differing breeds of SMSE held within (Young & Lecy, 2014). Thus it is somewhat unsurprising that the types of customer each organisation serves would differ depending on the core function of each SMSE. However, from the perspective of CRM, this provides a challenging prospect, and the need for a diverse set of competencies in order to properly engage and manage key stakeholder groups in the appropriate way. Given this multiplicity of potential '*customers'* the remainder of this section will discuss those which were highlighted as being most prominent within the template findings. These include communities and individuals who benefit from social initiatives or receive products and services directly (customers and Beneficiaries), and those who supply resources either directly or indirectly through funding and service contracts (Contractors and Funders).

5.4.2. Negotiating the Contract Culture

There are significant differences between the ways in which customer relationships are managed from the for profit perspective, to that of social enterprises. Namely, the oft cited delineation between beneficiary and funder discussed above creates a

unique situation where one task has to serve a number of potential audiences with different requirements and success criteria (Lall, 2017; Luke *et al.*, 2013; Smith *et al.*, 2013; Moizer & Tracey, 2010; Bagnoli & Megali, 2009). To give an example from the primary research, Org, H, provides advice to individuals and third sector organisations relating to business planning and accessing resources. This work is predominantly funded through contract by local government, with some beneficiaries paying for services themselves, however, this is a small amount of total throughput. Consequently, this SMSE must make sure it is meeting the needs of its contractor, whilst ensuring the beneficiaries are able to get the support they require. In one sense, it could be argued that these two stakeholders are aligned, if an SMSE does a good job meeting the beneficiary's requirements, then by default it also meets the expectations of the funding institution. However, it is rarely this simple, more important to the contractor is evidence that obligations held by the SMSE have been met. This is often seen as a relatively arms length arrangement between the two organisations, from the commissioners' perspective, there is a job to be done, and it must tick a series of predetermined performance criteria. For social enterprises large and small, this translates to reporting on social and financial performance benchmarks periodically, which, as noted previously, is a key driver of social impact measurement (Ebrahim *et al.*, 2014; Ebrahim & Rangan, 2014; Lumpkin *et al.*, 2013). Thus, for social enterprises who hold such contracts, the main relational dynamic is that of managing accountability and communicating their adherence (or otherwise) to expected performance outcomes to maintain customer satisfaction.

The contract culture created between the public and third sectors (including social enterprises), has led to a lack of long term strategic partnerships, and an ability to

build relationships at an organisational level. This was noted within the template findings, where participants felt frustration in their attempts to build relationships with commissioners which ultimately led to tender success. A driving factor behind this issue is most likely caused by the incompatibility between procurement practices, and the way in which social enterprise managers tend to pursue relationships. This was seen by Hynes (2009), as a heavy reliance on relationship marketing and personal selling by SMSE managers and social entrepreneurs, who tend to hedge upon interpersonal relationships with external actors. However, there were also benefits in this approach to relationship building, as it allowed SMSEs to gain better insights into what commissioners wanted to see, and how they could effectively evidence it. To take the example of P, 15, a principle element of his job was to work on contract tenders as part of commissioning boards, given this experience, he often advised social enterprises as to both the process, as well as key areas of competency required to qualify for consideration. Furthermore, personal selling for social entrepreneurs and SE managers often centred on the fact that they were small, socially focussed organisations taking a grass roots approach to local community problems. Whilst this is indeed a noteworthy selling point, and is consequently included as a consideration within procurement criteria (Muñoz, 2009). This is rarely enough to be successful in lieu of more impactful factors such as organisational capability and cost, as was noted by P, 15, who often saw frustrated SMSEs who were unsuccessful, even though, from their perspective, what they were doing and their social ethos was more than sufficient.

This approach to relationship building is however, more useful within funding paradigms, in such situations, funders may not have such stringent requirements of their applicants. Rather, in many cases, they will be looking for projects which fit

into a particular social niche, such as mental health, community development, employability, sport, and so on. In such cases, relationships, and interpersonal communication are more productive, if not managed in a similar way (Lehn, 2012). The use of personal selling as a means of relationship building in this context was reported as being a driver of collaboration between funders by some participants who relied on such funding streams. Particularly, both organisations B, and C, were able to make use of such approaches by conveying knowledge of key issues surrounding their local area and showing how they could meet these social problems with appropriate funding. In both cases, this led to the co-creation of funded projects with mediated outcome criteria and performance metrics, supporting the view of Austin *et al.* (2006), who elucidate and increased likelihood of funding success in situations where strong relationships exist between the funder and recipient. Interestingly, the increased likelihood of stronger relationships is also seen through the interaction between partners during a funding life-cycle. Where contractors are far more likely to be consumed by quantitative, measurable outputs, funders were likely to engage in closer, more qualitative forms of communication, including visiting the SE and meeting beneficiaries, as well as collecting case studies. However, whilst more flexible in their approach, there is still a transactional element within more qualitative approaches to accountability issues. Thus, where building relationships and understanding requirements are important, it is still critical that SMSEs perform adequately, else they risk the termination of their funding (Ebrahim *et al.*, 2014).

Whilst this discussion has centred on public sector contracts and funders, it is worth noting this was not the only contract-based customer relationship found within the social enterprise zoo. Accordingly, there were situations where service contracts

existed, but were not reliant on the fore mentioned stakeholders. However, regardless of this contextual shift, the same practices and subsequent issues were present. To take Org, F, as an example, their business is split between social and commercial outputs (in the form of a security contractor to local businesses and institutions), with the latter funding the former. Subsequently, the commercial element of this organisation still had to negotiate the procurement process, and saw similar limitations of personal relationships, in lieu of organisational capabilities and service quality.

5.4.3. Customers and Beneficiaries

Similar to institutional stakeholders, there was a strong lean towards elements of relationship marketing within the template findings, of which the primary focus was to gain key information as to the needs of customers and beneficiaries. This concurs with the findings of Powell & Osbourne (2015) who also explored SEs within North East England, concentrating on the links between marketing and organisational sustainability. In their research, organisations noted the importance of building relationships with beneficiaries through social media, and mailing lists, aimed at informing relevant stakeholders. Similar communicative methods were noted by participants in this research, with the inclusion of online publications, and in the case of Org, J, a magazine highlighting key areas of economic improvement brought about by the social enterprises activities. Along with such one way communication portals, the use of social media in particular allowed for beneficiaries, community groups, and customers to provide ad hoc feedback on the organisations services and products. However, this latter point was more apparent within organisations which relied on an increased level of commercial trade. The focus on understanding stakeholder needs was also present during activities

related to service delivery, especially within organisations which provided social provisions and support. Similar practices have been noted in previous research such as Lehn (2012), who explored such dynamics within NPOs providing human services to individuals and community groups. In doing so, Lehn argued that the relational nature of this work needs to create strong ties with users and beneficiaries in order to fully understand their social issues, and develop appropriate solutions. However, this was not limited to human services alone, to take the example of Org, N, their core activities are centred on providing support to new businesses, in particular cooperative enterprises. Central to their success is the ability to build strong relationships with clients, and offer appropriate guidance. Similarly, Org K, builds close relationships with its tenants, beyond what is expected of a social landlord. Consequently, this SMSE has developed additional services through strong communication links and outreach platforms that have identified problem areas which can be addressed, such as food poverty and employability. Interestingly, given the focus on strong communication links between a social enterprise and its customers/beneficiaries, the success of relationship building rests predominantly upon frontline staff (Bennett & Barkensjo, 2005). Often relying on their commitment, and expertise, in the processes surrounding social interventions to ensure appropriate relationships are formed, which was a key benefit to WM practices and associated performance noted in the previous section. Finally, it is important to note that not all relationships were managed so closely, notably, the select few participants who offered less complex products and services to the general consumer took a far more transactional approach to CRM. Principally, this becomes an issue of strategic importance, and influence (Astrid *et al.*, 2018; Ebrahim *et al.*, 2014), whilst some customer groups may still provide revenue to the organisations, they rarely represent a high value stakeholder. For instance, Org, M

sold its products both directly to consumers, but more importantly, to a large department store and a number of smaller retail outlets across the Northumberland coastline. However, whilst effort is put into building relationships with larger institutional partners, little urgency is placed upon single purchase consumers.

The use of data within CRM was also present, however, the level to which this offered any tangible benefits to said relationships was unclear. Most of the customer/beneficiary data collected by SMSEs was directed toward output and outcome measurement as discussed during Section 5.2. This included demographic and usage data, as well as more specific, activity based data on intervention outcomes, which on the commercial side often translated to customer complaints. Notably, the collection of data could be seen in one form or another by all participants, however, the level to which this was actioned in a way which improved beneficiary satisfaction and legitimacy was less pronounced. Such issues may be created by a multitude of pressures within each organisation, however, the lack of control systems and sophisticated processes (Bull, 2007), is likely to be a contributing factor. Conversely, where higher levels of managerial capability are present, such as in Org, D, data was viewed not only as a vehicle for reporting, but also a valuable resource which enabled the SMSE to map trends in community issues, and plan proactively to meet upcoming needs. Thus, further improving the organisations perceived legitimacy by both communities, as well as funding and commissioning institutions. Although, such sophistication is far less prevalent within most SMSEs, as was noted by Bull (2007), and further substantiated within this research, showing little change over a decade later.

5.4.4. Legitimacy as a Driver of Relationships

The concept of legitimacy within social enterprise is of particular importance to their ability to build relationships with communities, as well as funders and commissioners (Arena *et al.*, 2015). This manifested itself within the template findings as the need for an SMSE to prove it is capable of delivering social value, often linked to contracts and funding, but is also noted within commercial contracts and consumer facing operations. Fundamentally, legitimacy in the context of performance is associated with a SMSEs ability to prove it can achieve social value, or high quality outputs and outcomes. Consequently, it can be viewed as being similar to elements of trust and even a form of branding, emphasising the capabilities and ethos of the organisation, and giving it substance with which relationships can be built. Notably, the power or importance of legitimacy was noted as being far more apparent within contract and funding heavy organisations. Taking the view of human services once again, this creates a somewhat cyclical arrangement between building good relationships with beneficiaries, creating and delivering high quality services designed to meet their needs, and consequently, gaining legitimacy with funders, contractors, as well as community groups. The final element of this chain is particularly important as it can potentially lead to an increased chance of sustained relationships and future funding success. Similarly, this also has potential consequences for interactions with other social organisations and stakeholders through networking and collaboration, which is oft cited as a key area of competitive advantage for SMSEs (Austin *et al.*, 2006). To take the example of Org, M, the successes of this organisation, and its impact upon the local community is well documented, and easy to convey through direct and indirect communication. As a consequence, this social enterprise has been able to build

relationships with a number of smaller social organisations, fostering collaboration which led to stronger relationships with said partners, as well as beneficiaries, whose needs were met more effectively. Subsequently, the relationships held with one stakeholder group can hypothetically influence those of another, suggesting an interdependency between CRM activities targeted at differing stakeholder groups (Ebrahim *et al.*, 2014).

5.4.5. Finding the Balance

The purpose of this section has been to discuss, and build an understanding as to how SMSEs manage relationships with customers, subsequently meeting the following objective:

R.O.3. Develop a critical evaluation of the customer relationship management practices present within small to medium sized social enterprises.

From this discussion, it is clear that practices relating to managing customer relationships within SMSEs are diverse, and heavily related to what the organisation is attempting to achieve. Such factors have an impact not only on the type of customers a social enterprise is likely to have, but also how impactful they are to the organisation in terms of financial success and legitimacy. Principally, SMSEs seem to favour strong relationships with their often-myriad customer and stakeholder groups. This can be seen in their use of relationship marketing elements as a means of understanding the various needs of stakeholders, including general consumers, institutional customers, as well as beneficiaries/beneficiary groups (Powell & Osbourne, 2015). However, it is worth noting that there were also clear differences in approach regarding stakeholder groups, in particular, beneficiaries and consumers garnered far more attention. This manifested most notably within data collection and information sharing practices, which were often seen as a way of understanding their particular needs, as well as a way of conveying legitimacy to community groups and non-financial stakeholders.

The organisational values and mission are likely an important driver behind the approach to relationship management taken by SMSEs, and their concentration on building strong connections across their stakeholder groups. Principally, this

becomes an argument for sustainability and resource acquisition, and can be seen clearly within more consumer driven social enterprises. Whilst there is a delineation between social initiatives and income generation within such organisations, the importance of the latter to the former places a dual imperative to the success of commercial relationships. This is similar in practice to relationships with institutional customers such as funders and commissioners, where the satisfaction of such entities is necessary for the continuation of funding and service contracts.

Finally, the question of importance is a key factor within CRM and its application to multiple stakeholder groups. This can create potential complications for SMSEs, in particular, managing competing interests, which has been well documented within previous research (Ebrahim *et al.*, 2014; Mason, 2012). This is made more complex given that, both institutions and beneficiary groups are equally important to SMSEs, thus, if the needs of one group take priority, the other group may suffer, causing a loss in legitimacy and trust. Subsequently, a key component of a SMSEs customer relationship management practices is identifying an acceptable balance when meeting the expectations of often misaligned stakeholder groups.

5.5. From Management Practices to Social Value

The previous sections within this chapter have built an understanding of WM, and CRM dynamics present within SMSEs, whilst also investigating the relevance and practicality of social impact as a measure of organisational performance. This final section aims to use the insights gained from these previous discussions, as well as key findings from the template analysis, in order to evaluate the importance of management practices on SI performance within SMSEs.

To accomplish this final objective, the research will investigate social value creation through the lens of quality management. In particular, the links between soft management practices and performance, often seen as key infrastructural elements within QM paradigms (Jaca & Psomas, 2015; Oakland, 2014; Laosirihongthong *et al.*, 2013; Talwar, 2011a), will be investigated in the context of social impact generation. However, given a lack of comparable studies relating to SMSEs and social enterprise in general, knowledge will be sought from the wider QM context, including both manufacturing and service organisations. Furthermore, to gain a comprehensive appreciation of the role management practices play towards SI performance, key external influences noted within the template findings will also be discussed.

5.5.1. Perceived Determinants of Social Impact

Before a discussion relating to management practices and their influence upon social impact is undertaken, it is worth once again highlighting what is meant by SI in the context of this chapter. As was noted in Section 5.2, the concept of SI is complex, and often difficult for SMSEs to fully appreciate and measure in an effective, and to some extent, objective manner (Ebrahim & Rangan, 2014). This is

often due to the myriad of external factors which could hold significant agency upon any social results gained through the initiatives of a single social enterprise. Thus, many claims of social impact and outcome results have a level of perception built into them, potentially limiting their worth as performance measures. Accordingly, for SMSEs, impact is often seen and accounted for from an operational perspective, not as the wider effects upon a social system, but rather, the direct outputs, or medium term outcomes of services and activities undertaken, which aim to address their organisational mission. Consequently, SI can be seen as an extension of customer/beneficiary satisfaction, or the level to which socially focussed products and services are able to meet the needs of their intended recipients. Put simply, in meeting the needs of beneficiaries and recipients of social initiatives, the social output and outcome measures produced can potentially lead to broader social impacts.

In viewing social impact as a derivative of customer satisfaction, the burden of achieving SI performance is placed firmly upon the quality of products and services which aim to meet this goal. This shows considerable similarity to the views expressed within QM paradigms, which hold the quality of products/services as a key determinant of customer satisfaction (Jaca & Psomas, 2015; Asif & Gouthier, 2013; Gouthier *et al.*, 2012; Talwar, 2011a; Psomas & Fotopoulos, 2010). To give an example, Org, N, provides support and guidance to social enterprise start ups, for them, their social impact is considered to be the creation of new social ventures, but also, to a lesser extent, the impact created by those new organisations. However, none of this is possible without adequate support through a comprehensive service which is fit for purpose and meets the needs of the social entrepreneurs it helps.

Whilst important to the creation of SI, the quality of operational outputs was not the only factor considered to have agency. Notably, the template findings highlighted financial sustainability as a key driver of social impact creation. This becomes a question of resource availability and working capital, thus, does the organisations have the financial capability to provide products and services needed by beneficiary groups and customers. Such financial constraints placed upon many SMSEs are well documented (Liu *et al.*, 2014; Luke *et al.*, 2013; Dacin *et al.*, 2010), however, it is worth exploring this further, especially in relation to the SMSE zoo, and its various organisation typologies. The key issue here surrounds payment, and revenue generation. As was discussed in the previous section, the beneficiaries of social actions, and the payment for such services and products are seldom aligned (Santos *et al.*, 2015). This provides a secondary issue for SMSEs to consider, especially those who do not charge, or charge significantly less than market value for their services, namely, "*How will such activities be financed?*" This can be viewed through the lens of quality, and the amount to which a particular intervention meets the needs of its beneficiaries, specifically around the timeliness of service/product delivery (Sousa & Voss, 2002). Put simply, a service could be perfectly tailored to the needs of its users. However, if it cannot be delivered in an appropriate time frame due to capacity constraints, its quality will be viewed as sub-optimal, and may fail to address the needs of the recipient/s. Principally, financial resources are gathered from two key sources, these being public sector contracts and grant funding, as well as commercial activity, both of which create a second stream of customers to appease. In such scenarios, participants expressed a need to meet the requirements of this second customer group, through which, financial sustainability could be achieved. Notably, this sequence of events proves mimetic to the findings of Jyoti *et al.* (2017) who reported a direct relationship between

customer satisfaction and financial performance through the mediating effect of service quality within service sector SMEs. Moreover, commercial customers further complicate this perceived relationship between products/services, customer satisfaction and financial performance. Thus, organisations may have to create commercial outputs alongside social activities, such is the case for Org, F, whilst for those who are funded through public sector contracts and grants, the social activities are more aligned. Subsequently, the importance placed upon financial sustainability to social impact generation can not be understated, and was often seen as a key barrier to the organisational missions of participating SMSEs. However, its inclusion complicates SI creation given the multiple perspectives and requirements of differing stakeholders (Liu *et al.*, 2014). Accordingly, social impact creation within SMSEs is a consequence of an organisations ability to provide quality products and/or services, whilst also maintaining financial stability through appropriate revenue streams and management practices. Interestingly, the importance of financial sustainability to the creation of products and services is seldom included within current QM research, even though working capital is a clear point of contention, especially within SMEs (Assarlind *et al.*, 2013). However, the unique relationship between SMSEs and their customers noted previously makes the inclusion of financial performance within this research apposite.

For purposes of clarity, Figure 15 presents a flow diagram showing the key perceived determinants of social impact creation within SMSEs derived from the template findings. As can be seen in this image, the model confirms the importance of activities in achieving social impact put forward by Ebrahim *et al.* (2014) and their causal logic chain which leads from activities to outputs, then outcomes, and finally social impact. Along with such factors, Figure 15 also brings forth the concept of

quality, replacing the activities node with "Delivery of quality products and services", thus if they are not suitable in meeting the needs of their intended recipients, then there will likely be little social value derived. Furthermore, the impact of financial sustainability as described above is considered as a primary mediating factor to the delivery of quality products and services. This can be seen as a cyclical arrangement between delivery, and financial sustainability, thus, products/services produce satisfaction, which in turn leads to resources to fund further products and services. The importance of quality products and services for improving financial performance is well documented within QM literature regardless of organisational context (Calvo-Mora *et al.*, 2017; Jaca & Psomas, 2015; Moges Belay *et al.*, 2014; Calvo-Mora *et al.*, 2013; Herzallah *et al.*, 2013; Heras-Saizarbitoria *et al.*, 2012; Abdullah *et al.*, 2008; Nair, 2006). Such relationships are often seen through the simple logical presumption that if quality products and services are provided by organisations, their market share can potentially grow through increased sales (assuming there is a market for such outputs), which in turn leads to higher revenues.

Figure 15: Perceived Determinants of Social Impact
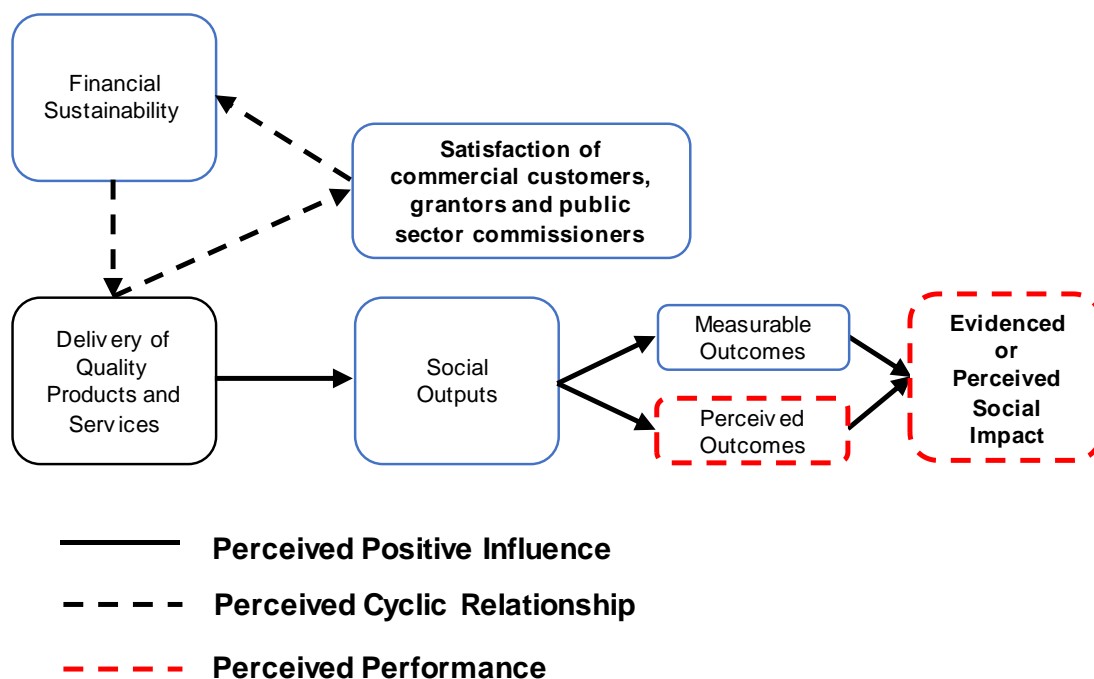
The quality of services/products provided by SMSEs, as well as their financial

sustainability are clearly perceived as being paramount to the creation of SI.

However, financial sustainability was not only associated with the acquisition of

funding and revenues, but also the use of resources within SMSEs. Thus, poorly

utilised resources within SMSEs can potentially lead to lower levels of service

quality. Consequently, the remainder of this section will pay particular attention to

both of these factors, and the amount to which WM and CRM are able to influence

performance in these areas.

5.5.2. Workforce Management and Performance

The first set of practices to be discussed in relation to social impact creation

concern workforce management. During section 5.3, it became apparent that WM

practices varied significantly within SMSEs. However, where the approaches

differed, they nonetheless bore similarities with each at a more general level, in particular their reliance on intrinsic motivation and high levels of job satisfaction brought about through value led management strategies. The template findings identified a number of links between WM and social impact performance. Notably, these could be seen to impact upon product/service quality directly, or indirectly through the mediating factor of resource use and associated financial sustainability, both of which will be discussed below.

WM and Product/Service Quality

The links between WM practices and the quality of organisational outputs have been well documented within QM literature, with authors such as Oakland (2014), Ebrahimi & Sadeghi (2013), and Tarí & de Juana-Espinosa (2007) all espousing the need to foster commitment from the workforce. In doing so, it is argued that employee performance will improve, leading to a number of benefits within an organisation including process performance, operational performance, and the quality of goods and services sold (Laosirihongthong *et al.*, 2013; Zu *et al.*, 2008; Kaynak, 2003). The template findings noted similar results to previous investigations into the importance of WM to product/service quality, in particular, the use of supportive practices and targeted process, or project level measurement were both seen as contributing factors. The generally held view within the SMSE zoo was that through supportive practices and creating a positive working environment, staff and volunteers were more motivated to meet the needs of the organisation. In the context of service and quality performance, the crucial link here concerns engagement with the task and a concentration on meeting the needs of beneficiaries and customers. Similar results were also seen within the service sector (Jyoti *et al.*, 2017) and non profit environments centred on social services

(Melão *et al.*, 2017a), the latter of which is of particular relevance to this research given similarities in context. In their research which attempted to restructure the European quality in social services model, Melão *et al.* (2017a) documented improvements to comprehensiveness, ethics and person centric elements of service delivery through the effective management of employee needs. Along with practices, it is also important to consider the mediating effect of pro social motivation on product/service quality. This further focusses workforce commitment towards the needs of beneficiaries in particular, but given the important role commercial sales play in achieving social impact, customer commitment was also seen to improve. However, this is less apparent in such situations, and relies heavily upon recruitment practices which filter for personal motivations and values of potential candidates. Once again there are similarities between QM paradigms and those seen within SMSEs, however the mechanisms and reasons for commitment differ. In particular, elements such as a focus on quality are certainly present within pro socially motivated workforces but are more directly related to self-worth and value laden intrinsic rewards perceived by the individual worker. Finally, this can also be seen as a cyclical relationship between social impact creation, and employee performance, thus, in doing good work, the pro-social rewards can potentially increase in kind (Akingbola & Van Den Berg, 2016). Furthermore, it is possible that such pro-social motivating factors are offsetting the lack of extrinsic performance related motivation practices commonly seen within QM adopting firms (Abdullah *et al.*, 2009). Thus, where there may not be a financial payment attached to service/product quality, there is still a payoff through self-worth and accomplishment due to the perceived social impacts such quality can potentially enable. Finally, it is clear that job satisfaction is a strong driver of output quality within SMSEs as with QM adopting firms, subsequently, where the '*how'*

may differ in relation to WM practices, the '*why'* and '*to what end'* can be perceived as being more static.

To better visualise the links between WM and the delivery of quality products and services, Figure 16 represents a cross section of the key factors discussed above. Notably, WM practices can be seen to have direct impact on employee performance through the use of performance management practices, however, as previously stated, this was less prevalent. Secondly, and presumably more impactful was the improvement to overall job satisfaction which led to performance improvements related to job quality and ensuring customer requirement were met. Noticeably, satisfaction was also influenced by pro social elements of the tasks undertaken, creating a perceived cyclical relationship between the social impact thought to have been derived by the interventions provided, and the satisfaction and self-worth of workers. Seemingly this is the driving force behind much of the increased performance within SMSEs, especially when work undertaken by staff and volunteers directly relates to socially focussed activities. Thus, workers want to help people, and are driven in this direction, leading to better fulfilment of customer and beneficiary requirements.

Figure 16: Perceived Links between WM and Service/Product Quality
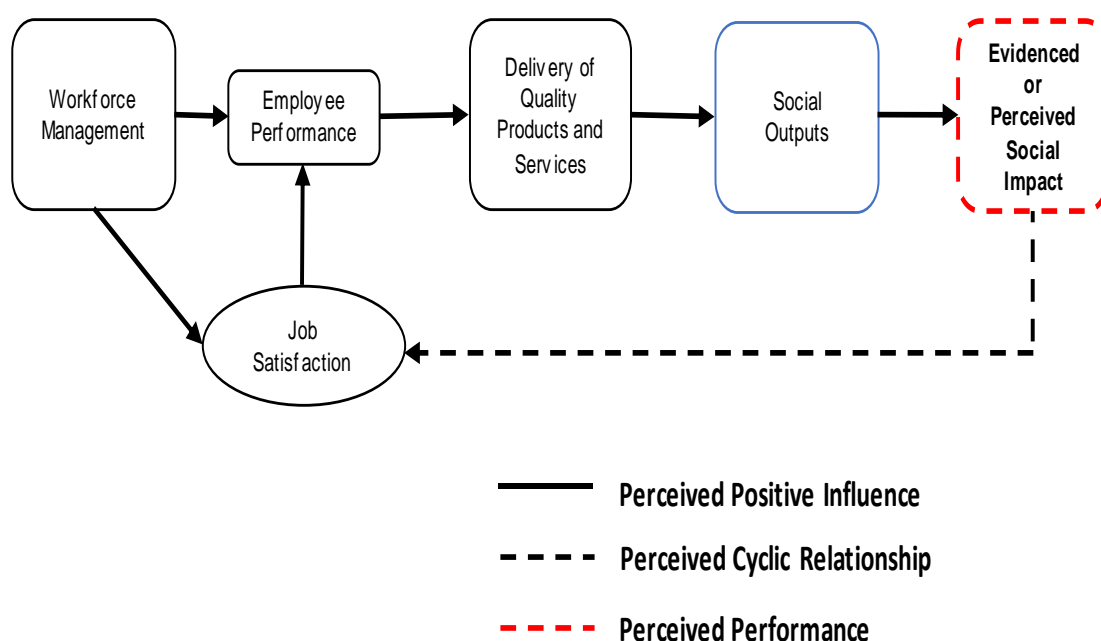
WM and Financial Sustainability

The impact of WM practices upon financial sustainability follows similar logic to that of product/service quality, in that job satisfaction and employee commitment were perceived as being key determining factors. Subsequently, the mechanisms related to intrinsic motivation of employees once again play a critical role in improving what was considered the overall performance of employees by participants. This was conveyed as a commitment to organisational goals, and importantly, an increased level of commitment which offset resource constraints through improved job related efficiencies. Put simply, employees were managed effectively, and consequently worked hard to ensure their job was done as quickly as possible, and to the appropriate standard. Thus, WM practices enabled the participants to maximise their utilisation of human resources, aiding overall financial sustainability.

QM perspectives on WM denote similar connections between employee satisfaction and financial performance. However, such perceived relationships are often attached to factors such as process performance (Asif & de Vries, 2015; Zu *et al.*, 2008; Nair, 2006), or internal quality (Jyoti *et al.*, 2017; Psomas & Fotopoulos, 2010). Whilst they may seem different, both of these intermediate nodes along the chain to financial performance are for the most part, the same thing. The general theme here is that WM leads to the improvement of operations processes, and their associated outputs, improving efficiency and waste throughout the organisation. Whilst not discussed at this level of detail, the contention that employees within the participants' organisations work harder to maximise their performance, does bare similarities to process performance and internal quality perspectives. However, in the context of QM, such factors are often attributed to the implementation of hard QM practices such as process management through statistical control procedures and continuous improvement initiatives (Gadenne & Sharma, 2009). Whilst such practices were evident within the SMSE zoo, they were nonetheless disparate in their application, and far more concentrated upon service/product quality and project performance over more specific processes.

Finally, a second perceived determinant of financial sustainability noted within the template findings was volunteer activity, which is often seen as a key resource for SMSEs and NPOs more generally (Defourny & Nyssens, 2017; Jenner, 2016; Short *et al.*, 2009; Zahra *et al.*, 2009; Defourny & Nyssens, 2006). The use of volunteers in this context was noted by a number of participants as being a critical element within their workforce strategy. Through employing volunteer staff, as well as the voluntary activities provided by employees, who often worked more than their paid amount, participants were able to increase their operational capacity without

incurring excessive and recurring costs. An exemplar of this is Org, B, who hired

volunteer trainees, whilst also relying on employees to work unpaid hours and in the

case of the management board, work without pay for a number of years. In doing

so, this company was able to grow, and provide much needed services, even when

funding and payment for said activities was difficult to attain. Consequently,

voluntary activity (by both external stakeholders as well as the good will of

employees), provided the necessary resources to meet the needs of the

organisation, and subsequently satisfy the requirements of beneficiaries, as well as

institutional customers and funders.

Figure 17: Perceived Links between WM and Financial Sustainability

The perceived importance of WM practice to financial performance are illustrated in

Figure 17, which to some extent builds upon the understandings of WM and

product/service quality outlined in Figure 16. Thus, the drivers remain the same, in

that performance management, and supportive practices impact upon employee performance either directly, or through improvements to job satisfaction (which is further influenced by pro social job aspects). However, rather than a concentration on quality per se, the improved performance is more closely linked to efficiency and a general sense of workers putting in hard work to maximise throughput in the system. Furthermore, voluntary activities play a big role in supplementing available resources increasing capacity to a level capable of meeting customer and beneficiary needs more effectively. The core contribution of these two elements can be seen as an overall reduction in operating costs, allowing service and production activities to operate at the required level, even within a financially constrained environment.

5.5.3. CRM and Performance

The second set of practices to be explored in relation to social impact are related to CRM, which were noted as having a sizeable level of influence over SI generation within the template findings. However, unlike the workforce management elements discussed above, the perceived relationship between the management of customer and stakeholder relationships, had less direct impact upon financial sustainability. Rather, the participants considered relationships as a key component in providing quality products and services to their respective beneficiaries, community groups, and stakeholders.

As was noted during Section 5.4, the relationships between SMSEs and their various stakeholder groups are complex, with external actors such as beneficiaries, customers, funders and commissioners, quite often requiring dissimilar engagement strategies. However, whilst the means by which SMSEs attempted to foster

relationships were somewhat influenced by such requirements, the overall philosophy behind engagement was still similar. That is, a personal approach which is focussed on collaboration and relationship marketing over transactional agreements, although, as was previously discussed in the previous section, such arrangements are not always possible.

A focus on collaboration, and creating close relationships with key customers is also seen as being one of the critical driving forces behind QM systems (Jyoti *et al.*, 2017; Asif *et al.*, 2013; Ebrahimi & Sadeghi, 2013; Zu *et al.*, 2008). So much so that it is included as one of the three oft cited QM principals (Zu *et al.*, 2008). Notably, where customer focus is of paramount importance within QM, the means by which organisations build relationships with customers is very much dependent upon the context within which they operate, and the customers they serve, much as is the case with SMSEs and their current approaches. Thus, the idea of QM practices relating to CRM is tentative at best, given the abundance of practices listed within various studies related to QM performance (Ebrahimi & Sadeghi, 2013).

For the participants, a key driver for building strong relationships between themselves and their various key stakeholders, was the need to understand the requirements of their intended customers and beneficiaries. This was said to be important for a number of reasons, however, was mainly associated with the design and delivery of quality products and services (both commercial and social). Similarly, this is linked to the work of Åslund & Bäckström (2015), who espouse the need to identify social issues before they can be addressed within their social

There were two ways this could be viewed, first, through the collection of data and information via communication, and collaboration with community groups and

beneficiaries, and second, as an iterative process during service delivery. The former of which was noticeably more present however, given that dynamic assessment of customer needs appeared more commonly within SMSEs which focussed on human services. Consequently, collecting information and data to inform decisions related to product service design were apparent within most organisations, however, there was not always a skew towards hard data at all times. For instance, when Org. M, was forced to readdress its revenue stream given the discontinuation of traditional sources of funding, there was an initial scoping exercise undertaken which assessed the needs of local people and businesses. In doing so, a market gap was identified, leading to the development of confectionary products which were duly sold to retail outlets across Northumberland. Where this was by no means a heavily data driven process, the strategy was no less successful, proving the significant worth of personal relationships in this context.

There are once again clear similarities between the perceptions put forward in the template findings, and the reasoning behind customer engagement within QM literature. Noticeably, connections between relationship management, understanding customer needs and product/service design are present within research into both service (Psomas *et al.*, 2014), and manufacturing SME environments (Herzallah *et al.*, 2013). However, much as was seen with workforce management and product/service quality, SMSEs are less likely to rely on statistical analysis and continuous improvement to accomplish this. Even though such practices were noted by some larger organisations, in particular, Org, D. Which purported the use of trend analysis and CRM information systems in an attempt to identify growing problems within the communities they served. Conversely, the

importance of data and analysis is far more likely to be a factor in QM

environments, given their use of continuous improvement tools and statistical

process control. Thus, whilst QM research often reports a link between relationship

management and the quality of products and services, such links are often

mediated through the use of data driven processes and harder elements of

management practice (Zu *et al.*, 2008). However, there is evidence that soft

practices do not necessarily need to be coupled with hard practices in order to

innovate or improve outputs. For instance, Khan & Naeem (2016) noted a positive

relationship between an aggregated representation of soft quality practices and

service innovation, without any mediating factors, in their study of Pakistani

telecommunications companies. However, the level to which customer relationship

management practices were included in their aggregate is unknown.

The second, yet related approach to service quality in particular related to iterative

processes during service delivery. Notably, the principals here are near identical to

what has already been discussed, however, in this context, changes to services

were more dynamic and idiosyncratic to the needs of a particular beneficiary.

Furthermore, it is unlikely that such methods would allow for radical changes to

products and services such as what was seen within Org M. Rather, small changes

in the approach or makeup of service delivery were the likely outcome. For

instance, Org E was able to tailor its approach to training each NVQ candidate by

evaluating their individual needs, and competencies, providing additional help when

required. Notably, such practices rely heavily on the capabilities and values of those

delivering the interventions (Melão *et al.*, 2017a), thus, the ability of frontline staff to

build effective relationships is a key factor in the quality of services provided. This

was highlighted by a number of participants as being a key output of their

management practices, in particular, recruiting volunteers and employees with the appropriate values and personal attributes.

Through discussing CRM practices, and their perceived relationships with the quality of products and services delivered by SMSEs, there are noticeable similarities to the links between practice and performance commonly seen within QM literature. However, as previously stated, where the underlying linkages may be similar, the ways in which they are overtly exploited within SMSEs is markedly less developed. This could potentially be due to the often implicit, or organic nature of the CRM processes employed within SMSEs, as was seen by Mitchell *et al.* (2015) during their investigation of marketing strategies within social enterprises. Although, regardless of the nature of practices leading to perceived results, participants nonetheless considered CRM to be an important factor on the journey towards meeting the needs of customers.

Figure 18: Perceived Links between CRM and Product/Service Quality


```
┌──────────────┐                                      ┌──────────────┐
│              │                                      │  Delivery of │
│     CRM      │                                      │   Quality    │
│              │                                      │ Products and │
│              │                                      │   Services   │
└──────┬───────┘                                      └──────▲───────┘
       │           ┌──────────────┐   ┌──────────────┐       │
       │           │Understanding │   │  Product/    │       │
       └──────────►│ Stakeholder  ├──►│  Service     ├───────┘
                   │Requirements  │   │  Design      │
                   └──────▲───────┘   └──────────────┘
                          │
                   ┌──────┴───────┐
                   │  Workforce   │
                   │ Management   │
                   └──────────────┘
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────────── **Perceived Positive Influence**
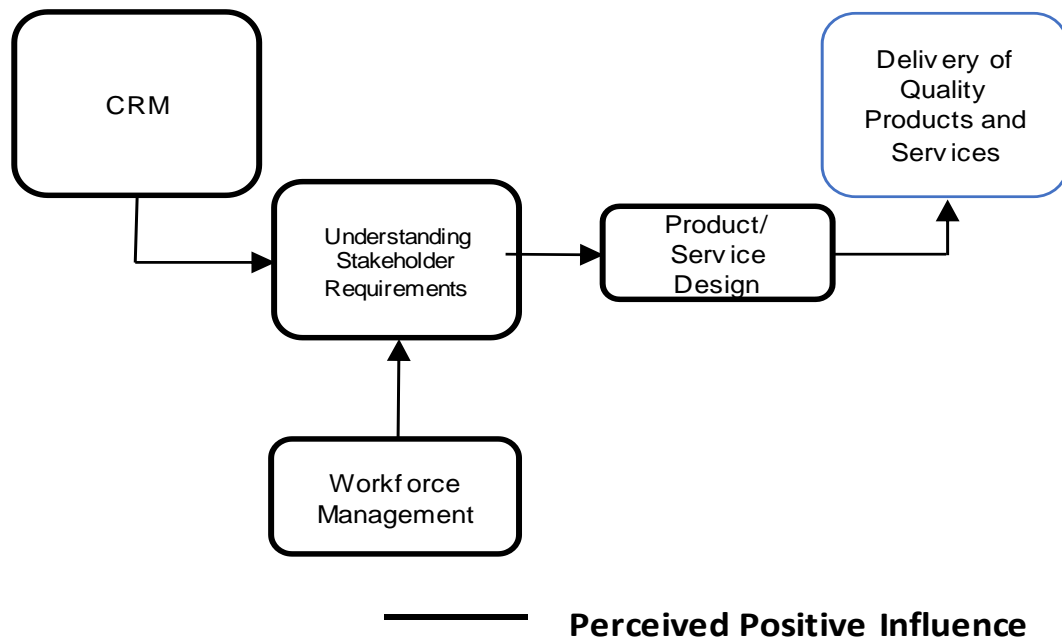
For purposes of clarity, this process is outlined in Figure 18, within which, it can be seen that CRM has a perceived impact upon product/service delivery through understanding customer needs. This, which is often facilitated by strong relationships and a variety of information sources including community groups, individuals and other institutions, can allow SMSEs to better target their outputs, whether they are social or commercial in nature. Finally, WM practices have also been included within this model, as they represent a key perceived determinant in the ability to build relationships with stakeholders, and subsequently create an understanding as to their needs.

5.5.4. Linking Management Practices to Social Impact

The previous sections have outlined three elements deemed crucial to understanding the links between management practices and social impact, including:

- The perceived determinants of social impact within SMSEs.
- The perceived links between WM practices and both financial sustainability and product/service quality within SMSEs.
- The perceived links between CRM practices and product/service quality within SMSEs.

During this discussion it has become apparent that many of the perceived relationships between WM and CRM practices bare substantial resemblance to those which have been noted in QM research. However, whilst such links are similar, QM causal models, such as those put forward by Herzallah *et al.* (2013) and Zu *et al.* (2008), and Kaynak (2003) view relationships through a lens of continuous improvement and increases in performance. Subsequently, the inclusion of hard QM elements was often seen as a mediating factor in creating desired performance outcomes. However, whilst there were elements of measurement and management control seen within the SMSE zoo, this was by no means the norm, which is somewhat unsurprising given that many of the participants represented micro and small sized organisations, with limited resources to operate in such a structured manner. Furthermore, whilst tools can be a benefit to organisations who can make proper use of them, the importance of getting the basics right cannot be overlooked. Put simply, managing the workforce and fostering relationships can prove powerful enablers, and often represent a critical element of operational

capability (Rahman & Bullock, 2005), thus, there are inherent principles at play, which may be enhanced through technology and process, but nonetheless exist.

The nature of social impact in this context is an important factor in considering why management practices are deemed to be important. As was discussed at the beginning of this chapter, impact is most commonly viewed as the societal consequences of products and services offered by SMSEs. However, the ability to readily access data relevant in measuring such wide ranging impacts is seldom held by SMSEs (Ebrahim & Rangan, 2014), consequently measurement has to take a less holistic view of an organisations efforts to meet societal needs. This predominantly takes the form of social outputs, and measurable outcomes, although, alongside what can be accurately measured through available data sources, lies the realm of perception. As can be seen in Figure 19, this leaves a complex mix of measurable and perceived social performance criteria, however, as stated, in the context of SMSEs they stem from products and services either directly or indirectly.

In viewing social impact through the lens of operational outputs, there are apparent similarities between concepts such as social outputs/outcomes, and customer satisfaction. Principally, impact measurement gives a benchmark as to how capable organisational interventions were at addressing social needs. Much in the same way that a satisfaction survey or measure of customer feedback would give an indication as to the quality of a commercial output. Consequently, understanding the links between management practice and social impact becomes a question of organisational capability and competence, similar to any other environment related to the delivery of quality products and services.

Figure 19: Perceived Links between Management Practices and Social Impact
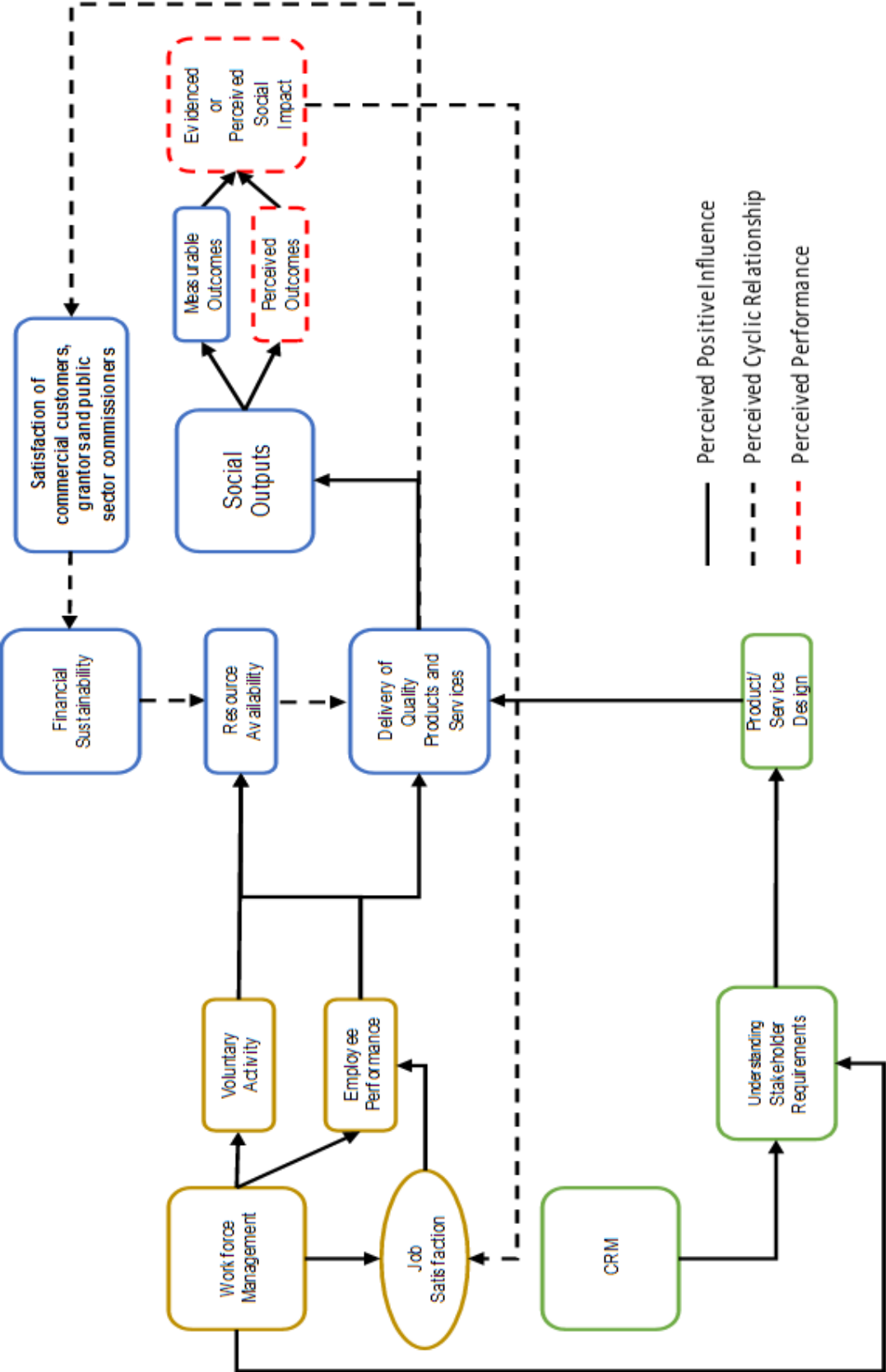
As can be seen in Figure 19, the perceived importance of WM and CRM practices is in their ability to provide key infrastructural support to the transformation of resource, into social value. This was seen through several internal benefits to both resource availability, and product/service quality, key elements of which are listed below:

Workforce Management:

- Improvements to product/service quality through effective management of employees and volunteers, leading to increased job satisfaction and commitment.
- Improvements to workforce efficiency and resource utilization through effective management of employees and volunteers.
- Increased resource capacity by means of voluntary activity.
- Improved relationships with customers facilitated by workforce commitment fostered through effective management practices.

Customer Relationship Management:

- An understanding of customer/beneficiary needs through creating strong relationships.
- The ability to tailor and design social interventions, and/or commercial products, through understanding customer needs and community issues.
- Creating potential funding opportunities through strong relationships with institutional stakeholders, and an understanding of local social needs.

Where the above elements are potentially important for SMSEs, they must also be considered in light of the relationship between those who pay for services, and

those who consume them. Whilst there are instances where social impact is derived directly from the products and services sold through commercial channels (such as in social housing scenarios, and the sale of counselling services directly to the public), this represents only a small proportion of SMSEs. As was previously noted, many social enterprises, both large and small, rely on commercial sales, grant funding and public sector contracts in order to pursue social interventions (Santos *et al.*, 2015), thus, those who benefit, do not always pay. This can create a duality in purpose for SMSEs who rely on indirect funding for their socially focussed outputs, whereby they are required to provide satisfaction to multiple stakeholders, all of whom have differing needs (Mason, 2012). Which, in turn, can lead to a cyclical relationship between satisfying the expectations of financial stakeholders (including consumers of commercial outputs), and providing the resources needed to create social value. However, even though in such situations, the role of management practice becomes more complex, the fundamental purpose and results are the same.

The Impact of External Factors

At this stage, it is somewhat evident that management practices have potential influence over an SMSEs ability to produce social impact. However, there was one external variable which was considered particularly detrimental to this process. This was noted as being the availability of financial resources to support a SMSEs organisational mission. In such situations, participants expressed concern in their ability to win contracts, or in some cases, find work relevant to their social mission. Essentially, this represented a disconnect between what a SMSE viewed as key areas of social need, and the priorities set forth by government policy, and funding institutions regarding outsourcing and community regeneration. The weight of this

issue is made worse through the periodic renewal of service contracts, where it is becoming more common to see for-profit organisations step into public sector spheres, often with increased managerial capability, giving them distinct competitive advantages over the SMSE (James, 2013). Consequently, where an organisation may have clearly identified social needs through effective CRM practices, there is no guarantee of resource to support the creation and implementation of suitable social initiatives.

The issue faced by SMSEs relating to funding and social impact generation creates a situation which to some extent breaks from the norm of traditional QM logic. As was noted by Jyoti *et al.* (2017), Psomas & Jaca (2016), Jaca & Psomas (2015), Claver & Tarí (2008), and Kaynak (2003) in their respective studies, there is a strong relationship between an organisations ability to satisfy its customers, and financial performance. The argument expressed here follows a similar pattern each time, that is, effective QM practices lead to superior quality products and services, which in turn satisfies customers (Jyoti *et al.*, 2017; Jaca & Psomas, 2015; Kaynak, 2003). Furthermore, by increasing customer satisfaction through quality improvements, both manufacturing (Kaynak, 2003) and service organisations (Jyoti *et al.*, 2017; Psomas & Jaca, 2016) are seen to increase market share and financial performance. Whilst this is a common phenomenon within traditional organisational contexts, the participant responses from this research show a more tentative connection between customer satisfaction and financial success. There were numerous instances of the perceived benefits effective WM and CRM practices have on customer satisfaction, however the complex arrangement of beneficiary and funder was seen to limit the translation of satisfaction into financial performance. Thus, unlike the assumed logic in QM which links quality products to

customer satisfaction, retention, and financial sustainability (Jyoti *et al.*, 2017), there is no guarantee that being excellent in what you do as an organisation will lead to fiscal success. That is, unless a SMSE is able to match its social mission and interventions directly with the requirements of commissioners and to a lesser extent, funders. There are two key issues with this, first, there is no guarantee that the needs of communities and beneficiaries are aligned with those of the funders and commissioners (Doherty *et al.*, 2014). This was articulated by a number of participants, including P, 2, who expressed frustration in the lack of engagement from institutional customers, even where a key community issue had been identified by Org B. Consequently, even though there was a clear need for social intervention, with identified beneficiaries, their current contracts would not extend to include the work needed, resulting in a lack of financial support. The key reason for this was noted as being local government policy and budgeting, where outside of a strict duty of care, the council was unwilling to support further social initiatives through paid intervention. Secondly, it is often difficult to repurpose an existing organisation to accomplish a new social mission (Austin *et al.*, 2006), often due to the needs of other funders, and practical capabilities related to a different social issue. Consequently, whilst management practices are perceived to have beneficial implications for the creation of social impact, strategic decisions concerning financing the operation can play a significant role.

The translation of customer satisfaction into financial performance was cited as being a key issue for SMSEs by participants. Moreover, financial sustainability was perceived as being a key determining factor to the successful creation of social impact.

Figure 20: Financial Insecurity, Management Practice and Social Impact

Evidenced or Perceived Social Impact

Measurable Outcomes

Perceived Outcomes

Satisfaction of commercial customers, grantors and public sector commissioners

Social Outputs

Limited Access to Funding and Contracts

Financial Sustainability

Resource Availability

Delivery of Quality Products and Services

Workforce Management

CRM

Perceived Positive Influence

Perceived Cyclic Relationship

Perceived Performance

Perceived Negative Influence

This finding which is outlined in Figure 20 clearly shows that for SMSEs to deliver social outputs which potentially lead to SI, they must remain financially sustainable. Consequently, the ability to successfully fund their core business purpose through sales revenue, contracts and other sources of finance remains critical to the success of a SMSEs social mission. It is here where the disconnect between customer satisfaction and financial performance, fuelled by a limited pool of paying customers becomes detrimental to SI creation.

However, this contention is by no means universal across the participants. Especially where SMSEs are able to fund their own initiatives through selling direct to beneficiaries, or as is the case with Orgs F, and M, provide revenue streams through the sale of non-socially focussed products and services. In such situations, the traditional links between customer satisfaction and financial performance noted by Jyoti *et al.* (2017), Psomas & Jaca (2016), Jaca & Psomas (2015), Claver & Tarí (2008), and (Kaynak, 2003) are perceived to be less affected. Consequently, where secondary revenue streams exist, the ability to provide social impact is far more contingent on WM and CRM practices, as SMSEs must create quality outputs for customers of traditional products and services, whilst still fulfilling the needs of beneficiaries and community groups.

5.5.5. Section Summary

This final section has discussed the importance of WM and CRM practices to the creation of social impact within small to medium sized social enterprises. In doing so, it has been possible to address the final research objective set out during this study which was to:

R.O.4. Critically evaluate the importance of WM and CRM to social impact performance within small to medium sized social enterprises, whilst also considering the mitigating role of key external factors.

Throughout this section, it has become apparent that both workforce management, and customer relationship management practices can hold significant weight upon the creation of social impact within SMSEs. Notably, the way in which this is achieved bares considerable similarities to the underlying philosophies present within QM paradigms, in particular, those concerning links between practices and key operational performance seen in other organisational contexts (Jyoti *et al.*, 2017; Psomas *et al.*, 2014; Herzallah *et al.*, 2013; Psomas & Fotopoulos, 2010; Sousa & Voss, 2002). Although in such situations, the nature of links between practice and social impact have seldom been explored. In essence, the discussion has shown that whilst methods may differ across the SMSE context, there are still fundamental underlying links between practices and social impact. In particular, WM and CRM were perceived to influence social impact through their ability to support the creation of quality products and services related to both social initiatives, and commercial sales more generally. Such links came in the form of either improvements to the understanding of customer/beneficiary requirements, as well as an increase in organisational effectiveness through increases in

performance related predominantly to job satisfaction, but also elements of management control, and a supplemental resource in the form of voluntary activity. Furthermore, whilst there was strong support for, the exact nature of such perceived relationships relies heavily upon the organisational mission, and the means by which social interventions are funded, and to some extent, the size of the organisation and its available resources. Moreover, although management practices were perceived as being important for social value creation, this was noted as being offset to some degree by an organisations ability to source appropriate funding streams, particularly within SMSEs who relied predominantly upon public sector contracts. Thus, whilst internal management practices may well hold value to the social impact generation of a social enterprise, if there are no resources available through either direct, or subsidised sale of products/services to the intended beneficiaries, then social initiatives are unlikely to either begin, or continue.

Chapter 6: Conclusions

Chapter 5 presented an analysis and discussion of key findings brought to the fore by this study, the purpose of which was to address the research aims and objectives outlined during Chapter 1. This final chapter will revisit these aims and objectives, showing how they have been addressed by the data collection and subsequent analysis. Finally, the limitations of this research, its contributions to the current body of knowledge will be discussed, along with potential areas of future research, and recommendations to social enterprise practitioners.

6.1. Research Aim and Objectives

Social enterprises, which represent a hybrid of for profit and not for profit organisations (Young *et al.*, 2016), have been investigated by a myriad of academics in recent years. Much of this attention has been focussed on social impact, or the amount of social good SEs are able to enact (Ebrahim *et al.*, 2014), which is somewhat unsurprising as this measure is seen as a critical success factor and sign of legitimacy for organisations of this type (Defourny & Nyssens, 2017). However, whilst the effective measurement of social impact has garnered a great deal of consideration (Cheung, 2017; Molecke & Pinkse, 2017; Yates & Marra, 2017; Klemelä, 2016; Barraket & Yousefpour, 2014; Ebrahim & Rangan, 2014; Millar & Hall, 2013; Clark *et al.*, 2004) the area of performance management, especially that which relates directly to the creation of social impact has seldom been explored. This lack of discourse in relation to social enterprise and SI performance, created an opportunity to discover how effective management can lead to social benefits. In an attempt to bridge this gap in current knowledge, the author turned to quality management, which represents an umbrella term often

placed over a number of similar, yet differing management philosophies and tools (Dahlgaard-Park *et al.*, 2018; Dahlgaard-Park *et al.*, 2013) . Whilst seemingly divergent in its make-up, a common theme running through QM research is the importance placed upon management practices, and their ability impact an organisations performance (Jyoti *et al.*, 2017; Khan & Naeem, 2016; Laosirihongthong *et al.*, 2013; Kaynak, 2003). Such practice to performance connections have been seen in a range of organisational contexts, spanning both manufacturing, service, public sector and not for profit environments. However, as was noted in Chapter 2, QM research is yet to consider social enterprise and SMSE contexts, and the unique organisational environment they represent. Thus, there existed an opportunity to examine the dynamics of practice to performance relationships within SMSEs, and more importantly, how such factors lead to the creation of social impact.

In light of the gaps in knowledge identified, the aim of the work presented in this thesis was to investigate the impact of management practices on social value creation within small to medium sized social enterprises. In particular, this study concentrated on workforce management and customer relationship management practices, both of which are often cited as being critical to the attainment of positive performance outcomes within QM literature (Psomas & Jaca, 2016; Jaca & Psomas, 2015; Oakland, 2014; Herzallah *et al.*, 2013; Kaynak, 2003). Furthermore, following the findings of Carter *et al.* (2010) and recommendations put forward by Sousa & Voss (2002), it was necessary to also consider potential external factors which may influence the impact management practices have. Thus, through understanding key external variables, it was hoped to better gauge the importance of management practices to the process of social value creation.

To address the aims outlined above, this study proposed the following research question:

RQ. How impactful are soft management practices to the creation of social value within small to medium size social enterprises?

To address the question stated above, this research presented a single embedded case study of small to medium sized social enterprises. The case was constructed through the collection of data from interviews with the managers of fourteen SMSEs across North East England, as well as two external industry experts.

The research question was aided by the inclusion of an additional four objectives, each of which were designed to explore a different element relative to the understanding of how customer relationship management, and workforce management practices aided in the creation of social impact within SMSEs. The rest of this section will address how the research met each of these objectives through the analysis of primary data collected from the sixteen participants involved in this study.

R.O.1. Develop a critical assessment of the role played by social impact as a key operational performance criterion within small to medium sized organisations.

This research objective was met, leading to the following insights:

The first objective was designed to provide a clear understanding regarding what SI means to SMSEs, in particular, how impact is measured and understood from an operational perspective. During the discussion of findings related to social value, there was a great deal of variation related to what each organisation considered its

social impact to be, and how it could be measured. This supports the ideas put forward by Ebrahim *et al.* (2014) who discuss the link between an organisations overarching purpose, and the social benefits it creates. Thus, it is somewhat inevitable that such differences in SI would be present, as the participants within the SMSE zoo are not attempting to address the same issues, offering a myriad of services to communities and individuals. Consequently, within these differences lay a common theme related to the nature of SI, that is, there was no single social impact, rather, there were a number of different social value creations linked to a multitude of projects and interventions SMSEs are involved in. Suggesting that social value was a consequence of their primary activities, rather than an adjunct to the core focus of the organisations. Interestingly, the links between core products and services and SI creates strong links between social outputs and what Jyoti *et al.* (2017) specified as external services, or more generally speaking the key products and services provided to consumers. This creates a possibility to define social output measurements as metrics of external quality, linking SI to elements of output quality common within QM discourses (Parvadavardini *et al.*, 2016; Laosirihongthong *et al.*, 2013; Psomas & Fotopoulos, 2010; Kaynak, 2003).

Furthermore, the findings suggested that the measurement of impact was often difficult, with the prevailing opinion being that such efforts were best kept to assessing the outputs of social activities, rather than the wider implications of said activities, given the increased complexity involved with such an exercise, and the limited worth it would hold. this once again supports earlier findings made by Ebrahim & Rangan (2014), who question the relevance of SMSEs measuring past their own operational remit, especially given their lack of resources, which would be better spent working on social initiatives. Thus, strongly link social impact

performance to social outputs, or the quality of products and services provided to beneficiaries and community groups.

R.O.2. Develop a critical evaluation of the workforce management practices present within small to medium sized social enterprises.

This research objective was met, leading to the following insights:

The key purpose of this objective was to evaluate the dynamics of workforce management within SMSEs, identifying essential elements of management practice which are considered important to social value creation. The results for this objective showed where SMSEs were seen as hybrids of both NPOs and for-profit organisations (Young *et al.*, 2016), their management practices were similarly split between worlds. Showing elements of workforce management common to both organisational paradigms. An area where this was particularly prevalent concerned how SMSE workforces were motivated, and the ways in which job satisfaction was achieved. A key element of the motivation strategies employed within participating SMSEs was the lack of resources available to support reward-based systems. Consequently, non-monetary forms of motivation took president, leading to two key drivers of employee satisfaction, these included pro-social motivations as well as social exchange.

The first of these (Pro-Social motivation) is directly linked to the social focus of an organisation and in particular, a worker's role within it. This creates a reciprocal relationship between SI and employee satisfaction which is most commonly found within NPOs (Kjeldsen, 2014; Kjeldsen & Andersen, 2013). Furthermore, the perceived relationship between social focus, and employee motivation was also

seen in situations where workers were less connected to the more value laden elements of a SMSEs operations. However, whilst present, the impact this had upon employee satisfaction was noted as being minimal compared to those directly involved in social outputs. This factor was also seen to influence recruitment practices, leading to a focus upon attitudinal elements and values, once again showing similarities to NPO environments (Ridder *et al.*, 2012).

The second key motivator came in the form of reciprocal relationships between management and workers, leading to social exchanges. Meaning, where employees and volunteers working for SMSEs perceive the organisation to have their interests in mind, they are likely to perform accordingly in reciprocation. This has been well documented within a range of organisational context in previous research, including NPOs (Akingbola & Van Den Berg, 2016; Akingbola, 2012), SMEs (Bryson & White, 2017) and public sector (Gould-Williams & Davies, 2005). However, the existence of this motivational element has yet to be explored in the context of SMSEs, and their unique operating properties, leading to new contextual insights.

Along with the motivational strategies employed, there were two other notable findings. Firstly, there was a varying degree of volunteer use across all but three participating SMSEs, often used as a capacity boosting measure where resources were unavailable. Such practices are well documented within social enterprise literature (Defourny & Nyssens, 2017; Jenner, 2016; Short *et al.*, 2009; Zahra *et al.*, 2009; Defourny & Nyssens, 2006), yet still proved important when considering links between WM and SI. Secondly, the use of formal management appraisal systems was inconsistent amongst participants, with those who reported not to use such practices citing value and resource cost as a key reason for the decision. Once

again, this shows similarities to NPOs, where colloquial interactions are sometimes favoured over strict practices relating to appraisal and recognition (Tucker *et al.*, 2013). Notably, the findings have enabled a better understanding of workforce management dynamics within SMSEs, where there has been a paucity of research to date. Offering a number of insights which aided in the completion of objective four.

R.O.3. Develop a critical evaluation of the customer relationship management practices present within small to medium sized social enterprises.

This research objective was met, leading to the following insights:

The results of this objective proved relatively confirmatory of previous work relating to elements of "customer" and "stakeholder" engagement within social enterprise, specifically regarding the need to satisfy multiple stakeholders, and the inherent issues surrounding the dual purpose created through many SMSEs financing strategies. This was true both for those reliant on public sector contracts and funding, as well as SMSEs who focussed more on commercial sales. In either case, there were still customers, and beneficiaries to support, leading to tensions consistent with the findings of Ebrahim *et al.* (2014) and Mason (2012). Furthermore, the discussion also showed a great deal of variance relating to the strategies employed in collecting data and communicating with stakeholder groups, however, similar to the findings of Mitchell *et al.* (2015) there was a clear skew towards relationship marketing strategies and personal selling. Notably, arm's length relationships were viewed as a worst-case scenario in most situations. However, they remained unavoidable for many participating SMSEs due to the practices employed by their key institutional customers. Thus, whilst attempts were

made to build personal relationships and strategic partnerships with key customers, this was not always possible. Finally, the importance of customer relationships at the level of service delivery was also highlighted as a key determinant in the success of interventions. This was previously noted in the NPO context by Lehn (2012), when looking at frontline human services, once again showing parallels in management practice between the two organisational types being brought to the fore by their similarities in social mission. However, it is notable that such an importance being placed upon customer relationships during service delivery were seen outside of human services such as counselling and support, with the inclusion of business development activities offered by a number of participants. Here, strong relationships between customer and SMSE were deemed necessary to best tailor the service provided and offer the best solutions to their business needs. Additionally, this was seen as one of the key ways in which workforce management practices were able to influence customer relationships. In having well motivated employees, with the correct set of personal values and a commitment to the organisational goals, relationships on the front line were easier to develop and sustain.

R.O.4. Explore the importance of WM and CRM to social impact performance within small to medium sized social enterprises, whilst also considering the mitigating role of key external factors.

This research objective was met, leading to the following insights:

This final element required the combination of findings brought forward from the previous three objectives, along with further findings related to practise/performance links, as well as potential external influences on SI.

When assessing the perceived links between WM, CRM and social impact, it was apparent that both areas of management practice held substantial weight to the success of social interventions. This was predominantly due to the nature of social impact in this context, thus, making it directly connected to key operational outputs in the form of services and products. Accordingly, the findings showed two key precursor performance outcomes necessary for the perceived creation of social impact, these were the quality of products and services, as well as financial sustainability. The former is of particular importance here, as the development of quality outputs was seen as critical in meeting beneficiary requirements. From a traditional QM perspective, this translates into customer satisfaction, or the level to which you have provided the customer what they require, and is seen as a consequence of improved outputs (Jyoti *et al.*, 2017; Kaynak, 2003). Financial performance on the other hand, was a simple question of sustainability for participating SMSEs when considering social impact. As has been noted in previous research such as Jenner (2016), a key issue for SEs is their ability to finance their operation. Thus, in this context, SI can only be achieved if resources are available to create outputs.

The creation of quality products and services relied heavily on both CRM and WM practices, which is supported by previous QM research in other organisational contexts (Jyoti *et al.*, 2017; Khan & Naeem, 2016; Psomas & Jaca, 2016; Jaca & Psomas, 2015; Psomas *et al.*, 2014; Calvo-Mora *et al.*, 2013; Laosirihongthong *et al.*, 2013; Psomas & Fotopoulos, 2010; Abdullah *et al.*, 2009; 2008; Kaynak, 2003). Firstly, WM was seen to influence the motivation and satisfaction of workers within SMSEs, this in turn led to improved performance on tasks, as well as interactions with customers in service environments. This proved to be somewhat similar to the

findings of Jyoti *et al.* (2017) and their study on QM and performance in automotive service environments. In this situation, much like for SMSEs, services often relied on face to face contact between employee and customer. In such cases, the commitment and satisfaction of employees was seen to have a direct impact on external service quality and subsequent customer satisfaction.

When looking at CRM and its perceived influence on output quality, the main driver here was the ability to effectively understand and respond to the needs of beneficiaries and customers. This was considered as being critical to participating SMSEs due to the need to satisfy multiple stakeholder groups, often with similar yet divergent requirements from the organisation's social outputs. The results of effective relationship management were perceived to be an increase in understanding stakeholder requirements, leading to the development of higher quality services. Such observations regarding the importance of understanding customer requirements were noted in the SE context by Åslund & Bäckström (2015). Who, in their creation of a process map for the development of social entrepreneurship noted understanding the problem and developing solutions as being key stages to solving social issues. However, where Åslund & Bäckström (2015) made similar observations regarding the end result, they did not consider the managerial requirements. There were again similar results seen in QM literature, albeit not related to the SMSE context, with the consensus being that through understanding customer requirements, organisations can effectively develop and deliver quality outputs (Jyoti *et al.*, 2017; Khan & Naeem, 2016; Psomas & Jaca, 2016; Jaca & Psomas, 2015; Psomas *et al.*, 2014; Calvo-Mora *et al.*, 2013; Laosirihongthong *et al.*, 2013; Psomas & Fotopoulos, 2010; Abdullah *et al.*, 2009; 2008).

Along with the direct elements linked to product/service delivery, there was also a perception that both practices aided organisations to improve financial performance. This took two forms, either through cost savings, or increased turnover. The first of these, was perceived as being where WM practices led to productivity and resource savings, reducing costs associated with providing the required social outputs. Secondly, CRM was seen to be beneficial in acquiring future work from individual and institutional customers. It is worth noting that this second point was mediated through the creation of quality products and services and increased customer satisfaction as was outlined above. Regardless, in both situations, the perceived links between soft practices and financial performance once again remain similar to QM research conducted in traditional business contexts (Jyoti *et al.*, 2017; Khan & Naeem, 2016; Psomas & Jaca, 2016; Jaca & Psomas, 2015; Psomas *et al.*, 2014; Calvo-Mora *et al.*, 2013; Laosirihongthong *et al.*, 2013; Abdullah *et al.*, 2009; 2008).

 Finally, whilst management practices were deemed important, the lack of available funding for SMSEs who are either incapable or unwilling to sell their services direct to beneficiaries was a critical constraint point in delivering social impact. Simply put, in situations where funding is dominated by contracts and grants, being a very good SMSE is not always enough, especially given the influx of large private sector firms who are capable of winning contracts through economies of scale and perceived legitimacy. Furthermore, being good at solving a particular social issue is only enough as long as public policy supports the goals of such interventions (Doherty *et al.*, 2014). Consequently, if public money is removed, funding can become extremely difficult, regardless of management competency.

The scarcity of relevant financial channels to support the creation of socially focussed outputs creates a key constraint amongst SMSE in their path towards SI creation. This issue casts some doubt upon the potential success of practice to performance links noted previously, in particular, the relationship between output quality, customer satisfaction and financial performance. Thus, SMSEs are often less capable of creating performance benefits linked to competitive advantage often noted within QM research such as Jyoti *et al.* (2017), Psomas & Jaca (2016), Jaca & Psomas (2015), Claver & Tarí (2008), and (Kaynak, 2003), except in cases where traditional sales revenues are possible. This then becomes a sustainability issue for SEs, where the lack of financial resources can detrimentally impact the creation of social value, even in situations where there is consistent demand for interventions from beneficiaries and community groups.

By meeting this final objective, and identifying key elements related to the importance of soft management practices to the creation of social impact, it has been possible to meet the core aim of this study, subsequently answering the research question set.

6.2. Contributions to the Current Body of Knowledge

The research within this thesis has built upon key areas of knowledge relating to QM as well as wider social enterprise discourses. The following section aims to outline these key contributions, placing them within the wider research context.

The first contribution to knowledge resulting from this PhD is the appreciation of perceived links between management practices and their ability to support the creation of social impact within SMSEs. As was noted during Chapter 2, a key theme running through QM research is the importance, and subsequent evaluation of practice to performance links within organisations (Jyoti *et al.*, 2017; Tarí & Abdullah, 2017; Parvadavardini *et al.*, 2016; Calvo-Mora *et al.*, 2014a; Moges Belay *et al.*, 2014; Al-Tabbaa *et al.*, 2013; Ebrahimi & Sadeghi, 2013; Herzallah *et al.*, 2013; Kumar *et al.*, 2009b; Sousa & Voss, 2002). Notably, whilst there have been a number of contextual environments examined in previous research, including manufacturing and service organisations, NPOs and the public sector, QM research has yet to consider SMSE settings. This is of particular importance given the unique operating environments presented within such organisations. As was noted by Defourny & Nyssens (2017) social enterprises, and by extension SMSEs, represent a hybrid of multiple organisational typologies. Thus, where they may hold similarities to both NPOs and for-profit businesses, SMSEs are still a unique context in their own right, leading to potential idiosyncrasies which may influence traditionally held practice to performance logics.

This research contributes to the current gap in understanding concerning practice led performance through an evaluation of the impact soft management practices have on SMSE performance. In particular, the research has focussed its efforts on the influence WM and CRM practices hold over social impact generation, given the

importance of SI as an indicator of organisational effectiveness in SE contexts (Cordes, 2017; Molecke & Pinkse, 2017; Haski-Leventhal & Mehra, 2016; Ebrahim *et al.*, 2014). In doing so, the results of this study show that WM and CRM practices hold significant weight over the creation of social outputs (Product/service quality) and overall financial performance (as shown in Figure 19). This supports the findings of research which has addressed practice led performance in other organisational contexts (Jyoti *et al.*, 2017; Tarí & Abdullah, 2017; Parvadavardini *et al.*, 2016; Calvo-Mora *et al.*, 2014a; Moges Belay *et al.*, 2014; Al-Tabbaa *et al.*, 2013; Ebrahimi & Sadeghi, 2013; Herzallah *et al.*, 2013; Kumar *et al.*, 2009b; Sousa & Voss, 2002). Suggesting that through the effective management of human resources and customer relationships, it is possible for SMSEs to provide appropriate outputs in the form of products and services, just as is seen within more traditional organisational environments. Consequently, this finding adds another area of discourse to QM logic, suggesting a certain degree of efficacy in extending QM paradigms more explicitly to include SMSE contexts. Moreover, the findings also support and build upon the work of Jenner (2016) who noted the importance operational capabilities are perceived to have over SE sustainability, by considering specific areas of management practice, where the previous study did not. However, whilst this research did show support for practice to performance relationships within SMSEs, the link between such factors and the sustained delivery of social value was less apparent.

A key issue between management practices and SI creation identified by this research concerned the perceived link between customer satisfaction and financial performance often seen within tradition QM paradigms. This being the assumption that through quality products and services, the resulting increase in customer

satisfaction will lead to financial performance benefits through market forces (Jyoti *et al.,* 2017; Jaca & Psomas, 2015; Kaynak, 2003). As can be seen in Figure 20, whilst such relationships are perceived to exist within SMSEs, their influence can quite often be mitigated through external pressures. This is a consequence of the propensity of SMSEs to rely on public sector contracting as a key source of funding. Which in turn creates a level of vulnerability in relation to government policy shifts and council led interventions. Thus, it was noted that in many instances, the identification of social issues and a subsequent need for intervention did not lead to the creation of social outputs due to resource constraints. Such issues would be less likely to occur in a traditional setting where CRM practices identified a market need, resulting in the creation of products and services which could be sold to consumers. Consequently, the lack of financial resource created by the nature of social interventions and the ways in which SMSEs attempt to fund projects can reduce the potential operational effectiveness gained through the use of appropriate soft management practices. This builds a clearer overall picture as to how management practices can be used as a driver of impact within SMSEs, and more importantly, where they can be superseded by market consequences and funding arrangements.

Along with the key contribution to practice/performance links within SMSEs, this research also added to the discussion surrounding WM practices within SE contexts. As was highlighted in Section 5.2, research which discusses WM within an SMSE, and broader SE context is sparse. With the management of human resources often being focussed on a high degree of volunteer use (Defourny & Nyssens, 2017; Jenner, 2016; Short *et al.*, 2009; Zahra *et al.*, 2009; Defourny & Nyssens, 2006), or elements relating to employee development and training (Bull &

Crompton, 2006). Consequently, through the completion of Objective 2 within this research, a number of insights were identified which adds to the discussion of WM in SMSEs.

In particular, this research identified the role of pro-social motivation and social exchange theory play in the creation of positive employee satisfaction and productivity within SMSEs. The former of which has been well documented within traditional NPOs, where the social focus of an organisations mission, and more importantly, the tasks performed by workers are seen to drive performance and instil a level of value in the work performed (Kjeldsen, 2014; Kjeldsen & Andersen, 2013). The findings supported the perceived existence of such pro social forces within SMSEs, especially given the similar social missions found within SMSEs and NPOs. Thus, they both set out to provide social impact through the development of socially focussed interventions. Notably, within the SMSE context, this phenomenon was also perceived to be important even when the work was less socially focussed. However, in such instances, this was only the case when SI successes could be communicated effectively throughout the organisation. Similarly, the importance of social exchange and gratuity was also brought to the fore within SMSE contexts by this research. Once again, the importance of reciprocity, brought about through supportive management practices has been observed in NPOs (Akingbola & Van Den Berg, 2016; Akingbola, 2012), and traditional SMEs (Bryson & White, 2017). Yet, current research had not considered the SMSE perspective regarding this motivating factor. Consequently, this research is able to provide evidence to support such motivational factors within small to medium sized social enterprises. Showing that due to a lack of available resources, SMSEs favour supportive WM practices which are perceived to increase workforce satisfaction and loyalty.

6.3. Limitations and Future Research

Within any research project there lie inherent limitations relating to both method, as well as level of analysis, this project was no different in that regard, however, in such cases rise opportunity for future research.

Firstly, whilst it was not the purpose of this study to produce an all-encompassing world view, it is nonetheless worth noting the limits of this research in terms of scope. The use of case study as the research design by definition, limits the ability to generalise any results that were drawn. However, where generalisability is not possible, it would be short sighted to presume the case study presented operates in a vacuum, especially given similarities prevalent within SMSEs across the United Kingdom.

To aid in the contextually driven nature of findings produced by this research, it is worth exploring the links between soft management practices and SI performance further. Subsequently, by testing the perceived management links and external barriers to SI generation identified by this research in differing contexts, it may be possible to build a more conclusive picture regarding practice to performance links. In particular, elements such as geographical location could well provide divergent results, especially relating to external influences on SI. Thus, where local government policy and demographic differences exist within a targeted regional area within the UK, or internationally, it may be possible that SMSEs are better able to mitigate the constraints created by a dearth of available resources. Consequently, this is a key area of future research, which may in turn support the findings of this study, and perhaps lead to insights not seen within the north east of England.

Secondly, research on practice to performance links within QM primarily concern themselves with those organisations, which have adopted QM systems as their focus of analysis, however this was not the intention of the research presented. Rather, QM practice to performance relationships proved to be a logical framework with which to assess links between management practices and social impact within SMSEs. Regardless, this fact makes any claim that QM can be implemented within SMSEs to any great effect relatively moot. For such a claim to be made would require further research, in particular, a study which broadens the scope of practice to performance links to include both hard and soft elements, as well as a solid continuous improvement paradigm. Further to this, it was noted during the discussion on management practices that many of the prerequisite soft elements necessary for successful implementation of a continuous improvement paradigm were already present; this opens up the possibility of pursuing action research which tests the efficacy of such an implementation of hard QM tools to the social value created within SMSEs.

Finally, whilst the researcher stands by his decision not to use documentation as a secondary point of data, he nonetheless accepts this a possible limitation. It is notable that the single interview design may have benefited from additional interviews per organisations. However, the size of some participating organisations would have made selecting suitable additional interviewees potentially troublesome.

6.4. Recommendations for Practitioners

As with any research within business and management environments, it is not only important to consider how this study has added to current academic understanding, but also what potential insights it can provide to managers and practitioners. To this end, the following section aims to outline a number of recommendations which could prove useful to SMSE managers and social entrepreneurs.

Firstly, this research highlighted the important role WM and CRM practices play in creating social impact, or more specifically, socially focussed products and services. Notably, this affirms the need to develop and implement effective practices which best meet their organisational goals and social mission. This is particularly relevant to social entrepreneurs and new social enterprises. In such cases it is common for the social focus of a new venture to take priority, often to the detriment of operational practices.

A key element which should be closely considered by SMSE managers is the critical role pro social motivating factors play in fostering employee satisfaction and loyalty. This was seen as a key motivating factor within participating SMSEs, where the social nature of the organisations core mission and operational purpose led to noticeable improvements in employee performance. However, whilst noticeable in environments where workers are in close proximity to socially focussed tasks, the more removed a workforce becomes from this, the less beneficial SI becomes to employee satisfaction. This creates a need for SMSE managers to implement suitable internal marketing practices which champion key social achievements. In doing so, it may be possible to build indirect connections between employees and the social outcomes created, increasing the perceived value of their role, leading to an increase in overall satisfaction and motivation.

Finally, whilst soft management practices and operational capabilities were seen to have a positive influence over SI generation, this was by no means guaranteed. Notably, the ability to effectively fund social outputs can be a core area of contention for SMSEs, especially when they have an over-reliance on a small number of institutional customers. Consequently, SMSEs can benefit greatly from diversifying their revenue streams, utilising key assets in a way that will create sustainable income to a number of market segments. In doing so, as was noted by a number of participants in this study, SMSEs can increase their SI generation. This can also lead to an increase in the positive impact of management practices to social value creation, given the ability to create financial benefits through more traditional market channels. In such situations, the ability to drive financial performance through development and delivery of quality products and services is far more recognised.

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8. Appendices

8.1. Final Template

Higher Order Codes	Secondary Codes	Tertiary Codes
1. Social Impact Measurement	1.1. Identifying and Understanding Social Impact	1.1.1. Multiple impacts highlighted by organisations because of numerous projects and services undertaken to fill their social mission.
		1.1.2. Social impact seen as a direct consequence of core organisational activities.

1.2. Measuring social impact	1.2.1. SROI used by a small number of participating organisations as a means of translating social outputs into a financial representation of impact.
	1.2.2. Measurement efforts targeted on specific outputs of social activities with some measurement of wider outcomes, and principally done so to meet expectations of commissioners and funders.

	1.3. Soft Outcomes of Social Initiatives	1.3.1. Soft outcomes are considered important by SMSEs as they often allow for better understanding of the impact activities have on beneficiaries and community groups.
		1.3.2. Outcomes and social impact difficult to measure effectively given complexities and resource constraints
2. Stakeholder Relationship Management	2.1. Multiple Customer Groups with Differing Needs	2.2.1. Many differing ways of sourcing customers and beneficiaries, often

		relying on reputation and effective communication with local communities and interest groups.
	2.2. Engaging with customers and beneficiaries	2.2.2. Data on customers and users collected for reporting purposes, including both qualitative and quantitative sources.
		2.2.3. Strong relationships with beneficiaries and customers built through personal relationships and communication.

		2.2.4. Evidence of strong relationships help to support funding applications.
		2.2.5. Relationships support social impact through improvements to service design and delivery.
	2.3. Managing Relationships with funders and commissioners	2.3.1. Relationships often focussed upon transactional arrangements where evidence of social outputs and impacts are communicated to the commissioners and

		funders as proof that contractual obligations have been met.
		2.3.2. Difficult to build proper relationships, the nature of contract tenders leaves the public-sector contractors in particular to maintain relative arm's length arrangements predicated on meeting targets.
		2.3.3. Strong relationships are possible to build but often more common with funders rather than commissioners.

		2.3.4. Effective management of relationships increasing chances of securing contracts and funding by creating collaborative partnerships and co-produced projects.
		2.3.5. Social impact facilitating development of lasting relationships through an increase in trust and perceived legitimacy.

	2.4. Engaging with wider community	2.4.1. Multiple techniques used to engage with communities.
		2.4.2. Relationships important for enabling social impact, especially for community level interventions.
		2.4.3. Difficulty in engaging with community.
		2.4.4. Good engagement with community.

		2.4.5. Engaging with community facilitating increased funding opportunities through understanding the needs of intended beneficiary groups.
		2.4.6. Collaborative relationships supporting social impact.
3. Workforce Management	3.1. Workforce Performance Management	3.3.1. Limited supervision of employees and use of performance appraisals.

		3.3.2. Structured management procedures linked to product/service quality and project outcomes.
		3.3.3. Performance management practices limited in many cases with measurement being reserved for output and social impact.
		3.3.4. Project focussed performance measurement supports social outputs.

3.2. Motivation through Flexibility, Autonomy and Values	3.2.1. Positive working environment created through the adoption of supportive management practices and employee empowerment.
	3.2.2. Social focus supporting the creation of positive environment.
	3.2.3. Improvements to working environment brought about through supportive management practices and empowerment increases job satisfaction, employee performance and

		quality of products and services.
		3.2.4. Job satisfaction and associated employee performance reduces impact of resource constraints.
	3.3. Recruitment and volunteer use	3.3.1. Concentration on values and motivations during the recruitment process critical for maintaining quality of outputs and customer relationships.
		3.3.2. High levels of volunteer use seen as

		an important attribute and free resource.
		3.3.3. Volunteer use increases ability to provide social outputs through reducing impact of resource constraints.
	3.4. Effective workforce management supporting tender success and external funding.	

4. Financial Performance and Social Impact	4.1. Funding and Creating Revenues	4.1. Multiple sources of revenue present within each organisation including funding and contracts, as well as commercial incomes.
	4.2. Constrained Resources	4.2.1. Financial resources insufficient to meet the demands of socially focussed activities.
		4.2.2. Lack of resources and financial sustainability considered imperative to sustaining social impact generation.

5. External Influences on Social Impact	5.1. Issues Accessing Funding and Winning Contracts	5.1.1. Limited availability of contracts and funding relevant to the focus the organisation even though there are social needs to be addressed.
		5.1.2. Resource cost of application process high and often has no guaranteed payoff.

	5.2. Government Policy Change and Public Spending	5.2.1. Changes to public spending priorities can remove funding leaving SMSEs without contracts and grants to support resource requirements.

8.2. Example of Organisational Consent Form

RESEARCH **ORGANISATION** INFORMED CONSENT FORM

Faculty of Business and Law

University of Northumbria

Completion of this form is required whenever research is being undertaken by Business and Law staff or students within any organisation. This applies to research that is carried out on the premises, or is about an organisation, or members of that organisation or its customers, as specifically targeted as subjects of research.

The researcher must supply an explanation to inform the organisation of the purpose of the study, who is carrying out the study, and who will eventually have access to the results. In particular issues of anonymity and avenues of dissemination and publications of the findings should be brought to the organisations' attention.

Researcher's Name:___Michael

Morley_____

Student ID No. (if

applicable):_08011403_____

Researcher's Statement:

The research your organisation has been asked to take part in is being carried out by Mr Michael Morley, a PHD student at Northumbria University,

The intent of this research is to explore in depth, the relationship between a number of key business practices and social impact performance within social enterprises located around North East England.

Data will be collected through an interview with one person from your organisation, as well as any documentation you may provide.

Your organisation will join a number of social enterprises from different areas throughout North East England.

Any data collected from your organisation will be treat with the upmost care and respect, being held within encrypted files. After a period of three years following the completion of this research, data from yours and all other organisations involved will be destroyed.

Furthermore, to protect all organisations involved, full anonymity is offered, company names will not be mentioned in any transcripts or academic reports/articles resulting from participation.

Raw data collected will be accessible only to those examining the aforementioned researcher upon completion of a doctoral thesis, as well as the organisation to which the data relates.

Collected Data may be used in the creation of research articles/papers to be published within high quality academic journals, and presented at academic

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conferences, however as stated complete anonymity is offered, and will be strictly upheld.

Any organisation manager or representative who is empowered to give consent may do so here:

Name: _____

Position/Title: _____

Organisation Name: _____

Location: _____

Anonymity must be offered to the organisation if it does not wish to be identified in the research report. Confidentiality is more complex and cannot extend to the markers of student work or the reviewers of staff work, but can apply to the published outcomes. If confidentiality is required, what form applies?

[   ] No confidentiality required

[   ] Masking of organisation name in research report

[   ] No publication of the research results without specific organisational consent

[   ] Other by agreement as specified by addendum

Signature: _____ Date: _____

This form can be signed via email if the accompanying email is attached with the signer's personal email address included. The form cannot be completed by phone, rather should be handled via post.

8.3. Example of Individual Consent Form

northumbria
U N I V E R S I T Y

Faculty of Business and Law

Informed Consent Form for research participants

Title of Study:	**Practise and Performance, to Social Impact: An Investigation of the Links between Operational Practices and Social Impact in North East Third Sector Organisations and Social Enterprises.**
Person(s) conducting the research:	Mr Michael Andrew Morley
Programme of study:	PHD
Address of the researcher for correspondence:	52 Lanchester Avenue Spring Well Estate Gateshead NE9 7AL

Telephone:	07809869560
E-mail:	Michael.morley@northumbria.ac.uk
Description of the broad nature of the research:	The intent of this research is to explore in depth, the relationship between a number of key business practices and social impact performance within social enterprises located around North East England.
Description of the involvement expected of participants including the broad nature of questions to be answered or events to be observed or activities to be undertaken, and the expected time commitment:	The participant is expected to take part in a semi-structured interview. This is likely to take approximately 1 to 1.5 hours, giving ample time for in depth discussion over questions. The areas of discourse or questions will focus on the links between day to day operations, and social outcomes

Description of how the data you provide will be securely stored and/or destroyed upon completion of the project.	To ensure data security, all recordings and subsequent transcripts will be stored on university systems within encrypted files, any hard copies will be destroyed using a specialist third party organisation, which deals with the disposition of sensitive documents. Furthermore, three years after the completion of this research all electronic files will be fully deleted from the university computer systems.

Information obtained in this study, including this consent form, will be kept strictly confidential (i.e. will not be passed to others) and anonymous (i.e. individuals and organisations will not be identified *unless this is expressly excluded in the details given above*).

Data obtained through this research may be reproduced and published in a variety of forms and for a variety of audiences related to the broad nature of the research detailed above. It will not be used for purposes other than those outlined above without your permission.

Participation is entirely voluntary and participants may withdraw at any time.

By signing this consent form, you are indicating that you fully understand the above information and agree to participate in this study on the basis of the above information.

Participants signature: Date:

Student's signature: Date:

Please keep one copy of this form for your own records