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MANAGING PEOPLE IN SOCIAL ENTREPRENEURSHIP VENTURES - TOP TWO TAKEOUT'S FROM A DOCTORAL SURVEY

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Abstract

The paper aims to share the excerpts from a survey conducted in Indian social entrepreneurship ventures and pinpoint practical implications for navigating human resource management (HRM) dilemmas in small businesses. Based on the findings of survey data, the researcher explored the HRM dimension in social enterprises. Several post survey interviews were also conducted with the HRM practitioners of select social enterprises.

The analysis while identifying the HRM challenges in social enterprises lead to the discovery of two dimensions i-e authentic leadership and community engagement, which interestingly navigate many challenges of managing people in social enterprises.

A focus on community engagement means that leaders authentically engage, enable and empower people which arguably are a key to navigating many HRM challenges of new and young firms.

The paper details the unique community engagement strategy and authentic leadership practice that gives the social enterprises the flexibility to align HRM practices in resource constrained environment.

Keywords: *social entrepreneurship; community engagement; social enterprise; leadership; human resource management*

Executive Summary

The 2016 social entrepreneurship (S-ENT) survey was conducted in India with the objective of identifying the S-ENT critical success factors (CSF's) in Indian social enterprises (SE's). The study endorses the notion that human resources (HR) at various levels and capacities provide the requisite key managerial support towards social value creation (SVC) mission of SE's. Nonetheless, the existence of the double or triple bottom line approaches makes the HR decisions distinctively difficult for a SE than it is for either commercial profit or traditional not-for-profit ones. Interestingly, the survey analysis while identifying many HRM challenges in SE's, discovered two unique dimensions namely; authentic leadership and community engagement, as implicitly regulating the HRM functions within such firms. While the two dimensions originally stem from the hybrid nature of S-ENT business models, they plausibly have profound implications in navigating many HRM challenges of small businesses in general.

About the Survey

The study primarily strived to identify & analyze the factors that contribute to S-ENT success in SE's. Besides reviewing extant literature, the researchers examined privileged documents of the selected SE's, held in-depth interviews as well as carried out several validation exercises (seminars) in Delhi, India. Accordingly, we asked a broad spectrum of social entrepreneurs (SEPs) and organizations working on social issues across India to tell us which factors are critical in determining the success of their ventures. Our final sample included 146 SE's which are engaged in diverse S-ENT activities across different social settings within India. The researcher carried out field-based research by disseminating & collecting data on a structured questionnaire from November 2015 to December 2016. The statistical analysis of the questionnaire was conducted through ranking & factor analysis. Further, several post survey interviews were also conducted with the select SE's. The overall research process was guided by a general framework which was subsequently adjusted and refined to provide a structured map for investigating the individual CSF's & their different levels of contribution to S-ENT success (Satar & John, 2016; in press).

HRM in Social Enterprises -Conclusive Overview in Light of the Survey Findings

The management of people within SE's, while characteristically differ from management within large or established organizations also doesn't clearly map to the HRM management within their commercial counterparts. Nonetheless, the HR practitioners in S-ENT ventures confront many dilemmas similar to the ones faced by the HR managers of small and emerging firms in general. For example; like the case with small enterprises, the prime source of HR capital in SE's is the entrepreneur himself. The post surveys interviews revealed SEPs as wearing many hats and as such stand reluctant to decentralize their core functions. As identified by the survey, such

disorientation is partially attributable to the liabilities emerging from their newness and dominantly to the lack of awareness about managing people strategically. Arguably, the latter reason obscures the entrepreneurs from realizing the potential of HRM in driving the bigger goals of SVC mission. Besides, it was found that there is little or no role clarity for the employees working for them since job descriptions are not laid down properly. This gives rise to role ambiguity within their employees.

In totality, the HR practitioners in SE's juggle a wide range of challenges, from hiring to retention and everything in between. Notably, the unique social embedded-ness of social enterprise mission mandates working with diverse stakeholders which in turn requires personal capacities, abilities, and skills that need to be developed over time. In today's ever increasing competition, coupled with a resource constrained environment for SE's, where decisions often have a ripple effect on other aspects of social enterprise operations (Satar, 2016a; Satar, 2016b; Satar and John, 2016; in press), HR functions actually span between 0 and the 1. The SEPs are moving from driving the SVC just in terms of stimulating the right people at the right time, helping their venture navigate more intricate dilemmas to drive results through people.

How do we acquire the right pool of human resources at the right time and how do we develop them in line with an engaging social entrepreneurship mission?

The most recent studies have identified that among other strategic aspects, building HR is the greatest challenge for SE's. However, there is a general disorientation towards creating formal HR systems and processes and most of the HR functions including recruitment are usually done on an ad-hoc basis.

Interestingly, a dominant portion of studied SEPs are rightly bothered to pull together and answer the very fundamental question of how do we acquire the people with a right combination of skills required to operate in both non-profit and for-profit context? What are we basically looking for in terms of key behaviour; skill; qualities; and characteristics that our employees are expected to perform against comparatively low financial compensation, and drive S-ENT results. However once that human capital is between SE four walls, the survey found that there is a least focus on, how do we retain them in a resource constrained environment? How do we maintain their S-ENT commitment in line with an engaging S-ENT career path? Along those lines, while the natures of SE business models offer innovative ways to invest in and retain talent, the practicing HR managers are unfortunately unaware of their evolving role in strategic HR planning across the SE business dimensions.

While attracting and selecting competent personnel and retention of suitable people is regarded as a challenge in S-ENT context (Satar and John, 2016; Satar, 2015), a majority of the SE's reportedly have no clear principles to draw upon those lines.

Existence of strong leadership acts as a catalyst for effective HRM in social enterprises

The delve deep interviews have revealed that the leaders of surveyed SE's are passionate about the cause, possessing industry- specific experience and most are good at the maximum of the tasks they undertake. They are rightly helping their enterprise navigate more esoteric and humanistic topics to drive tangible and real results through people. Interestingly, we found them apt at identifying SVC opportunity and articulate about their course of actions. Further, while being high in 'open to experience' trait, they have demonstrated diverse collaborations & partnerships with the suitable actor(s).

The unique characteristics and the actions they do and don't undertake in the course of enterprise growth and development has demonstrably resulted in improved levels of trust among all enterprise beneficiaries' (Satar *et. al.,* 2016). The SEPs seem to be highly inspired individuals who do everything from their heart. Remarkably, they have generated heightened level of trust and closeness between them and their employees. As a result, employees (especially the lower & supervisory level) demonstrate high levels of enthusiasm and organizational belongingness. The active involvement in the management of so created social venture leads to greater degrees of freedom and enhanced self-esteem among the employees. This rightly remedies the burning issues like lack of competitive salaries, among others.

Further, by demonstrating authentic leadership, most of the SEPs have gained greater social capital in the community which they serve. This had helped many SEPs to diversify their social businesses.
Thus, authentic leadership in S-ENT is arguably poised here as a substitute for elaborate and expensive HRM practices with their people management procedures to be less formal but more innovation-oriented.

The survey revealed that the engagement of target community in social entrepreneurship serves as a tool for achieving many HRM goals implicitly

Most of the SE's represented in the survey pursue social, economic or environmental value creation or a combination of them as their enterprise goals. The post survey interviews found that most of the SEPs had a significant understanding of the fact that the potential for SVC lies in finding the long term relationships with the target community.

Alternatively, a majority of the SE's are established with the community development missions and regardless of their geo-graphical location strive to integrate the poor into the market system as producers rather than consumers. Thus, they believe in empowering the local communities through constant coalition & capacity building, partnerships, trust building etc. This distinctive community engagement necessitates the SE's to manage a

broad set of relationships with staff, volunteers, board members, partners, and funders etc. Accordingly, we could see that almost all the surveyed SE's inculcates an understanding of the social responsibility of business within their employees. So, the development of community becomes an opportunity to improve the quality of life of people. The research indicated that such practices generate high levels of worker commitment to the SE and facilitate achieving a range of HRM objectives implicitly. For example; through market integration mechanism a sense of responsibility for having a stake in the business is engendered within employees. This eventually adds up to the perceived feelings of reward and consequent satisfaction of the employees. Moreover, while the distinct community engagement requires the SE's to employ people who are otherwise incompetent for the jobs, the development of workforce through community development results in the priority given to hire/use the local labor force. Thus, it aids the development of compensation structure in terms of recruiting personnel from pre-existing social and business networks which are not expensive and allows firms to avoid the risk of hiring the wrong employees. Alternatively, the unique integration allows the SE's to modestly share the risk with the employees.

The results enable us to argue that the unique community engagement can be considered as one of the core competencies of SE's in dealing with a range of HRM issues.

Remarks

While SE's mainly drive results through people, it rightly behooves the practitioners to work towards establishing formal HRM practices. However, in situations filled with the liabilities of enterprise smallness & newness, the HR practices can stand greatly benefited by optimizing the above two unique functions.

Further Reading

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