

The Impacts of Social Enterprise from an Organizational Perspective: A Case Study in China

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Abstract: In recent years, social entrepreneurship plays an important role in the process of social governance and gains increasing attention from scholars. This research focuses on a famous social enterprise in China to identify its impacts on employees. The results show that the social enterprise has impacts on the internal staff. These impacts include enlarging people's knowledge and skills, providing employments, bringing psychological changes, improving staffs' sense of social responsibilities and voluntary spirits and making people more innovative. Among these impacts, there are differences between social enterprises and other organizations which are social responsibility and voluntary spirit, level of innovation and empowerment. The analysis enriches current research on social impacts of social enterprise and also highlights issues for future practice.

Keywords: Social Entrepreneurship, Social Enterprise, Employee, Impact.

1. Introduction

In the 21st century, many governmental and philanthropic efforts have fallen far short of our expectations. Many social sector institutions are often viewed as inefficient, ineffective, and unresponsive. Social entrepreneurs are needed to develop new models for a new century. Social enterprises or social entrepreneurship have been conceptualized as focusing on value creation for the benefit of society or the environment, rather than the value capture typical of commercial enterprises [1], social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners' [2]. Researchers try their best to give a more rational definition to social entrepreneurship, while debate continues on the definition of social enterprise and pinning down the essential nature of this phenomenon [3].

Even though there is no standard definition of social entrepreneurship, most of the scholars agree that the central driver of a social enterprise must be social value creation. Social entrepreneurs play the role of change agents in the social sector, by adopting a mission to create and sustain social value (not just private value); recognizing and relentlessly pursuing new opportunities to serve that mission; engaging in a process of continuous innovation, adaptation, and learning; acting boldly without being limited by resources currently in hand, and exhibiting heightened accountability to the constituencies served and for the outcomes created [4]. Social value has little to do with profits as it concerns the fulfilment of basic and long-standing needs such as providing food, water, shelter, education, and medical services [5]. As Dees says, profit is not the gauge of value creation; nor is customer satisfaction; social impact is the gauge [6]. Then we have to think what the social value is? When it comes to the social value of social entrepreneurship, most of the scholars focus on its

impacts on the society. But in fact, the value within the organization is essential. This kind of impact is always invisible and lasting. Social entrepreneurship is a complex concept, as it grows up and becomes more and more popular in the world, its definitions are hardly able to capture the whole picture. As social value is the core of social entrepreneurship and social enterprises, it needs further researches.

This research aims to explore the impacts of a social enterprise in China from an organizational perspective. It means this paper pays attention to the impacts on the people who are working in a social enterprise. The study is designed to understand how staff and workers in a social enterprise perceive and describe their experiences of impacts of a social enterprise.

This paper is organized as follows: firstly, it reviews some of the related literature in the field of social entrepreneurship, including the value, impact (outcomes) of social enterprises. Secondly, it explains the methods. Thirdly, through in-depth interviews, the paper illustrates the informants' views of social enterprises' value. Finally, some conclusions are drawn and a few suggestions proposed for the future research.

2. Literature review

Research on social entrepreneurship has focused mostly on defining the field's meaning and differences between other sectors. Social entrepreneurs look for a long-term social return on investment. Social entrepreneurs always want to create lasting improvements and impact. They try their best to sustain the impact. Social impact is the societal and environmental change created by activities and investments[7]. As a result of externally induced actions, it includes the intended and unintended effects, the negative and positive effects, and both the long- and short-term effects[8].

Marta Rey Garcia views impacts as "to which extent has the activity of the nonprofit improved the lives of the people it exists to serve"[9]. Most of researches on the impacts of social enterprises talk about the influence to the economy, society or environment. While individuals are also parts of the society, it is necessary to carry on some researches from this perspective.

Some researches noticed the impacts on individuals. Helen Haugh finds that social enterprises have ability to generate direct and indirect outcomes and impacts. She divides impacts to economic, social, environmental and individual dimensions. For individual dimension, the impacts including employment income, improving personal skills, employment prospects, improving quality of life, increasing confidence, independence, satisfaction, empowerment, self-esteem and networks[10].

Anders Lundstrom and Chunyan Zhou Provide a three-dimensional value view of social enterprise. They argue that commercial entrepreneurship looks to the economic benefit, while paying due attention to natural resources and environment protection, as well as CSR; social entrepreneurship looks to the social benefit, adopting entrepreneurial approaches to solve the issues of the social group; while humanistic entrepreneurship looks to internal value systems[11].

The topic about differences between social enterprises and other organizations has become a classical theme in the research fields. Austin et al. define social entrepreneurship as "innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors[12]." Dees argues that social entrepreneurs are one species in the genus entrepreneur. They are entrepreneurs with a social mission[13]. He views that SE adopts a mission to create and sustain social value, and this is the core of what distinguishes social entrepreneurs from business entrepreneurs even from socially responsible businesses. The scholars have given good explanations to the differences among different organizations and mapped various impacts. Among all the impacts scholars found before, is there any impact the studies has not found? What is the situation in China? Is there any different impact caused by social enterprises? These are the focuses of this article.

3. Methodology

3.1 Sample and Data Collection

Qualitative research is particularly effective in entrepreneurial research because it helps explain the causal links in everyday life which are too complex for a survey of experimental strategies [14]. The purpose of this qualitative study, using grounded theory methodology, is to investigate the existence of invisible social impact of a social enterprise and the differences between other organizations. A qualitative study was apt for the research as qualitative research focuses on individuals' lived experiences. Interviews and interaction enables the researcher to explore how people define reality and how their beliefs relate to their actions. Thus, the qualitative approach enables researcher to obtain deeper insight into the content of social impacts in social enterprises. This study chose a social enterprise "F" in Beijing, China. This enterprise was chosen as a study site because of following reasons: Firstly, social enterprises do not have legal forms in China, but according to the news, reports and articles about this enterprise, along with the informal interviews by the author, this enterprise displayed social value oriented, commercial, innovative, and risk-taking behaviors, thus met the social enterprise definition outlined by scholars. Secondly, it was set up in the year 2002, relatively speaking, it lasted longer than the most of social enterprises in China, and it experienced a lot and had more experiences. Thirdly, this enterprise is famous in the domain of social enterprise in China. It had been recovered many times by the media, researchers also paid their attentions to this enterprise. Thus, this paper chose this unit as a typical case in China.

The social enterprise F as a case in this research was founded in 2002. It is a non-profit organization focusing on low-income people across China and it runs as a company meanwhile. This is because social enterprises have no legal form in China at present. F aims to improve the welfare of the poor, increasing their development opportunities and promoting social justice. This social enterprise not only offers free professional skills training courses, but also provides free accommodations. It has trained almost 30000 workers for the domestic and community markets in Beijing. During these workers, most of them are from poor areas in the past 15 years. Besides, F has launched much work for public policies and industry standards. For public policies, F makes government confirm the mode of "private operation and public assistance", pushes forward the domestic service program all around the country, and lets governments give supports and subsidies to the domestic service industry. For industry standards, F was the first organization which launched training program in the domestic service industry in Beijing. Since then, the domestic service has become a professional industry. F is committed to protecting rights of domestic service staff. In their efforts, the domestic service staff have the rest days and doubling of the salaries rights when they work overtime. All of this has become conventions in this industry.

This paper used a qualitative research approach to explore the internal impact of a social enterprise in China. To reduce social desirability bias, face-to-face interviews is seen as a good approach to minimize self-presenting concerns [15]. The study used the semi-structured in-depth interview method to carry out the research, with the aim of identifying and describing staffs' feelings to the impact of the social enterprise and reasons. Each interview has some open-ended questions to ask key respondents about the facts of a matter as well as their opinions about events. Before interviews, according to the position structure of the social enterprise, the sample informants were divided into three groups: top managers, middle managers and ordinary workers. Apart from the staff within the enterprise, five people concerned outside the sample organization were interviewed as well in order to obtain more information of the topic. The officers from government sector were chosen because they had cooperated with the social enterprise F for a long time. Table 1 provides a brief description of the sample 21 staff from which we gathered data from informants. The duration of each interview was 30 min to 90 min, and data were collected from July 2016 to

February 2017.

Table 1 Sample Distribution

Classification index	Number of people	proportion(%)
Gender		
Male	5	23.8
Female	16	76.2
Age(years)		
20-30	6	28.6
31-40	2	9.5
41-50	9	42.6
>50	4	19.0
Position		
Founder	1	4.8
Top manager	2	9.5
Middle manager	4	19.0
Ordinary worker	10	47.6
Officer from government sector	2	9.5
Staff from related foundation	2	9.5
Years of working in this post		
1-5	7	33.3
6-10	6	28.6
11-15	6	28.6
>16	2	9.5

3.2 Data Analysis and Coding

All the interview materials were translated into text format and all the data were coded with the assistance of qualitative data analysis software (NVivo 11). The process of coding and analyzing has three steps. In the first stage, an integrated analysis was carried in order to obtain an overview of the samples and find comprehensive codes. Secondly, all the materials were examined again, and all the nodes were mapped by theme using “tree nodes”. In the third stage, matrix coding was made to get more information about the samples. Cases were classified by gender, age, position and years of working.

The purpose of this study is to explore impacts on workers in a social enterprise, seeks to find some special impacts of a social enterprise and try to understand the reasons behind these impacts. This study hopes to enrich the concepts of value and impacts of social enterprises.

4. Results

4.1 Classification of impacts

According to the codes of interviews, all the respondents confirm the impacts of the social enterprise F. The paper classifies these impacts into five facets.

Firstly, the impacts include improvements of skills and knowledge of the staff. The social enterprise F enlarges their knowledge, improves their skills, including but not limited to

professional skills such as management, communication, organization and housekeeping skills. F also enlarges their scope of knowledge, such as knowledge of entrepreneurship, social entrepreneurship, management, psychology, communication and so on. All the informants mentioned this point.

“This enterprise teaches me a lot. I was never graduated from high school, but I have got a bachelor degree now. This enterprise encourages me all the time. I even did not know how to use a computer then.”(ordinary worker)

“I had never managed an organization, but after these years, the social enterprise has grown up, and I also have learned a lot, including management skills, knowledge about social entrepreneurship and voluntary spirits. This career gives me confidence. I am pleased to realize that everyone can do public welfare undertakings as long as you want. ” (one of the founder)

Secondly, the social enterprise provides employment opportunities to the staff. All the informants thought this enterprise gave them a chance to have a job, especially for the people from poor areas. Besides, F also offers its employees steady salaries, insurances, vacations and other welfares. As some informants said, the social enterprise changed their lives. This social enterprise makes people more independent, especially for the women in poor areas.

“I was lived in a poor country village, did not have any work, then I got an opportunity to study in this enterprise, after several years, I even became an employee in this enterprise. It gave me a job, changed myself and my family.”(ordinary worker)

Thirdly, the social enterprise brings psychological changes to the staff, it makes employee happier. Most informants thought they became “happy”, “contented” or “valuable”. The people who worked for more than 5 years were more likely to feel happy than those who worked for less than 5 years. All the managers approved this impact.

“I was alone in Beijing, I did not know anyone here. At first, I felt lonely, helpless and stressed. Now I am better. I attend every activities, I have lots of friends here now.”(ordinary worker)

“Social enterprises pay much attention to social problems, such as our company, it does not care about the profit, but the poor people. This lets me learn more, practice more, and I think that one person may live a happy life if he often thinks in this way. ”(top manager)

Fourthly, the social enterprise has an impact on members’ concepts about the social welfare actions, social responsibilities and voluntary spirits. 13 of the 16 employees mentioned that they were willing to attend some voluntary activities in their spare time after working in this social enterprise, while they may not knew what the voluntary work is. Employees in different positions all agreed with it, so there were no differences between positions, but the longer the employees stayed, the deeper feelings they got.

“There are many choices when you looking for a job. But what I do now can not only let me have a job but also help others. So it is good.”(ordinary worker)

“I pay much attention to the low income or disadvantage people spontaneously.”(middle manager)

“I was not familiar with the social enterprise, even did not hear about the concept. I was fortunately to know these people, especially these social entrepreneurs. I attended some activities, meetings. All of these experiences let me know the social entrepreneurship. Many things the social entrepreneurs did affect me, and their thoughts, their behavior, their attitudes to vulnerable groups. ” (top manager)

Fifthly, the social enterprise F makes people more innovative. Among the 16 employees, 12 people agreed that they become more innovative after joining the enterprise. The informants in higher position (top manager and middle manager) were most likely to agree with this, they felt “more innovative”, “difficult task”, “have empowerment” or “more challenges”. Two staff from the related foundation also mentioned this point.

“This enterprise allows me to make mistakes, which means I have to think more innovative ways

again and again.”(middle manager)

“Be part of the social enterprise, they (employees) are innovative and they have to.” (worker from foundation)

“The word innovation is a challenge for all of us and also a treasure for me.”(ordinary worker)

4.2 Impacts comparisons between social enterprises and other organizations

Most of the informants argued that the impacts in social enterprises were different from other organizations. All the informants had working experiences in other organizations before they joined this enterprise. Generally speaking, the longer they stayed in this enterprise F, the more feelings they got. The informants who had worked for more than 5 years were most likely to consider the impacts special.

The most significant difference is the sense of social responsibility and voluntary spirit. Among the 16 workers, 13 informants thought they could feel that this social enterprise attached more importance to social value, this culture influenced them. They became more social responsible oriented, cared more for the vulnerable people, while the other company would chase for profit more they thought. Both males and females agreed with this difference.

“We will not put money or profit to the first place, but the social value, social impact. For example, if our domestic employees have arguments with our clients, we will not only criticize the employees, but encourage and help them reconcile with the clients. We want to help vulnerable people not to win the clients’ money. Any profit-oriented company will not do like this, because the clients will change to other enterprises’ service.”(top manager)

“The company encourages us to do voluntary work. I once went to a construction site to give a voluntary show to the construction workers, I felt so good. I never did voluntary work in the other company. ” (one ordinary worker)

The second difference is level of innovation. 75% employees viewed that they became more innovative, informants who worked for more than 5 years were far more likely to consider this than those who worked for less than 5 years. 2 informants worked in nonprofit sector before, they felt more innovative in this enterprise even though the nonprofit organization also aimed at social value.

“Even though we suffered many frustrations, we overcame, we had to think all kinds of solutions.” The experience of running this enterprise also had an impact on my mind about my career.”(founder)

“This enterprise allows me to make mistakes, this could never happen in other places. This means it wants you to have more ideas, to be more innovative.”(middle manager)

“The social enterprise cares for innovation, it can not help more people without innovation.”(worker from foundation)

The third difference is level of empowerment. 63% employees mentioned that they felt empowered by the enterprise. The managers were more likely to agree with this than ordinary workers.

“I like here more, because it (this social enterprise) allows me to do whatever I like as long as according with its mission.”(middle manager)

“I even did a mistake several year ago that lead to resource consumption of the enterprise, although the task was finished. I thought my leader would punish me, but he instead of doing that but encouraged me and allowed me to carry on more practices, so I felt empowerment.”(middle manager)

“My managers always encourage me to generate more ideas and to try all kinds of solutions.”

This paper summarized some main differences of impacts on employees between social enterprises and other organizations, as shown in table 2.

Table 2 The comparison of impacts on employees between social enterprises and other organizations

Type	Impacts
For-profit enterprise	Employment opportunity, improvement of income, skills, independence, happiness ,satisfaction, innovation, entrepreneurship
Non-profit organization	Employment opportunity, improvement of income ,skills, independence, happiness ,satisfaction ,social responsibility,voluntary spirit
Social enterprise	Employment opportunity, improvement of income, skills, independence, happiness, satisfaction, social responsibility, voluntary spirit, innovation, entrepreneurship and empowerment

5. Discussion

The research results indicated that besides impacts on the society outside the social enterprise, the impacts also existed inside of it. Overall, most informants thought the social enterprise had impact on them. Noticeably, informants who worked longer were more likely to experience the impacts.

This paper also tries to understand the reasons behind these impacts. During 10 years, the social enterprise F had helped more than 20,000 poor women from G province lift themselves from poverty, some of them became workers in F. It is the first one who starts insurance and rest days system for the whole industry, and the first social enterprise that found an art ensemble for the domestic service workers in Beijing, it also has its own publications. In the courses or training classes for employees, the teachers not only teach them professional skills but also virtues, knowledge of philosophy, environment protection, social values, social entrepreneurship and so on. The enterprise always trying its best to make more innovative solutions to its missions. These innovative methods aim at enriching the staff's lives, helping them integrate into a new city and relieving their pressure. Besides, the social entrepreneurs always communicate with their staff, their innovative ideas and true experiences always affect the workers. Social enterprises let staff feel confident and fulfilled, also alleviate pressures by designing kinds of activities to enrich their employee's work and lives. According to the results, the employees who work longer have stronger feelings about some impacts, this results may indicates that for many Chinese workers, they need a process to adapt to a new culture of a social enterprise, especially social enterprises are still a new type of organizations in China. Many impacts of a social enterprise are taken place in a slowly and invisible way.

This research finds that the increase of sense of social responsibility and voluntary spirit are pervading phenomenon in the social enterprise F. While the literatures of social enterprises or social entrepreneurship seldom mention this, especially researches of foreign region aside from China. The reason partly because the social welfare and voluntary work are still in a primary development stage in China at present, voluntary spirit is not so common in some areas especially in poor areas in China. Thus, what the social enterprise F did gave the staff good lessons. Besides, social entrepreneurship is a new concept to most of Chinese, its characteristics to most of the people in China are fancy, precious or valuable. During the research, most of the interviewees mentioned that they had never seen an enterprise or an entrepreneur like this F before. Most important of all, social enterprises care for social value, not for profit, that is an essential factor. Chasing for social value has become the main culture in this enterprise.

This paper also finds that behaviors such as innovation, social value creating and income obtaining can exist in an enterprise at the same time. This phenomenon may accord with the classical theories of social entrepreneurship, such as theories of double bottom line and hybrid organization. It also proves the typical characters of social enterprises. While it should be pointed out that in fact, this kind of characters or actions of an enterprise is not common in China. Social enterprises are still newborn things in China, most of organizations are for profit or not for profit. Even for this social enterprise F, it is not easy for it to keep running. Many social enterprises in China have to rely on governments or donations. As one manager said: “We will always put the social mission into the first position, it will never change. Meanwhile, we have to meet more challenges, especially the continuity of innovation and income. We relied on governments too much in the past, we have to find more ideas or programs and solutions to fulfill our mission.”

6. Summary

This research finds that the social enterprise has impacts on the internal staff. These impacts include enlarging people’s knowledge and skills, providing employments, bringing psychological changes, improving staffs’ sense of social responsibilities and voluntary spirits and making people more innovative. Among these impacts, there are differences between social enterprises and other organizations which are social responsibility and voluntary spirit, level of innovation and empowerment. The longer the employees stay in a social enterprise, the more feelings they get. Therefore, the author assumes that the concept of impacts of social enterprises are not only refer to the society but also to the employees within the organization. In another word, the impacts of social enterprise include both external and internal impacts.

This study explores impacts on employees of a social enterprise from an internal perspective, and chooses a typical case in China. This research has important implications for theory and practice. This research provides a new vision of impacts of social enterprises and shows new ways of understanding the impacts in China. For practice, this paper shows some solutions and actions or leadership of a social enterprise which may be helpful to social entrepreneurs.

This research also has limitations. A case in China cannot represent all the social enterprises. Another limitations is due to the fact that most of the informants were female due to the nature of the case social enterprise. Future research should explore more social enterprises in a qualitative or quantitative method, and the type of social enterprises also should be various.

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