The Corporate Sustainability Performance of Social Enterprise Entrepreneurs

A Conceptual Framework

Butsakorn Pangprasert, Aree Naipinit, Pattarawadee Permwanichagun

Abstract—The aim of the research is to explore influential critical success factors for Corporate Sustainability Performance of Social Enterprise (SE) Entrepreneurs. The Corporate Sustainability Performance of Entrepreneurs (CSPE) is a business operation concept of entrepreneurs to create balance in three dimensions, namely economic (profit), social (people), and environmental (planet) aspects according to the triple bottom line (TBL). CSPE is consistent with the business model of SE that using the profits with primarily aims to solve problems and develop society, community, and environment together. The investor in present currently has a tendency to invest in SE more. In addition, the CSPE framework on SE investigates the following three dimensions of critical success factors aspects: (1) Entrepreneurs: Business Planning Skills, Entrepreneurship Orientation, Leadership, and Networking; (2) Organizational: Innovative Financing, Triple Bottom Line Planning, Marketing Capabilities, Community Engagement, Human Capital, Organizational Culture, and Frugal Innovation; and (3) Institution: Government Support, and Sufficiency Economy (A Philosophy conceived and developed by His Majesty King Bhumibol Adulyadej of Thailand). These have been applied to test all the variables manipulating the CSP on SE. The conceptual framework has been merged with General System Theory and with Traits Theory of Leadership which serves as a basis to conserve and cumulate CSPE on SE. As a result, the conceptual framework could be a benefit to the SE entrepreneurs to explore and develop a successful action sustainable plan and to the government and related agencies to appropriately support the corporate sustainability performance policy approach for SE entrepreneurs.

Keywords—corporate sustainability performance, entrepreneurs, social enterprise

1. Introduction

The world of globalization has changed over time. For example, the technology environment is rapidly advancing, which has changed the way of life in society, and also affects business operations. [1] It allows entrepreneurs to adjust the organization to keep up with the changes in order for the organization to gain competitive advantage, including the society around the business, known as the stakeholders, this is a group with high power to drive the organization and is an important part of the organization’s success. [2] They have created many pressures on the organization’s operations and have enabled entrepreneurs to adjust to their social standards and expectations. [1] The basic needs of stakeholders that have increased from the past are protecting the social and the environment. [2] Therefore, entrepreneurs must conduct business to meet this requirement. If the entrepreneur accomplishes it, will help maintain and increase the good relationship between the business and the stakeholders. Not only it makes the business achieves profit goals, but it can also operate continuously and sustainably. [3]

Based on the expectations of stakeholders, it makes the concept of Corporate Social Responsibility (CSR), which is the main concept of business operations today, and then CSR was developed into share value and developed into a social business. [4] Entrepreneurs and organizations expressed their intention to help develop the social, and the community together with the main business operations goal that is the realization of profits. [5] For social business, there is one form that uses CSR-as-Enterprise concept, called Social Enterprise (SE). [1] SE is a business that deals with products and services that help solve problems or develop social, environment, and community. The main objective is not to the realization of Maximize profit but also to follow the business principles in order to grow the business with appropriate returns and sustainable development. [5] Therefore, the achievement of social enterprises consists of both the success of the business or the appropriate profit and the solution of social and environmental problems in parallel. [6]

SE in foreign countries has a wide range of operations, and there is a tendency that business operators with this form continue to increase. It has a wide impact on the society of that country and creates a stable and sustainable business development. The Global Sustainable Investment Alliance (GSAI) has established the Sustainable Investing or SRI statistics that support organizations that return benefits to the social and the environment. In 2016, investment increased from 2014 in the amount of 18.28 billion US dollars to 22.89 billion US dollars, an increase of 25 percent for organizations around the world. [7] SE is a business model that aims to solve problems and develop economic, social and environment primarily. SE will operate the business to survive effectively and develop the organization to be stable, with strong financial performance, and the profits that can be used to solve problems and develop society and the environment in parallel. So, it creates balance in three dimensions according to the Triple Bottom Line concept, namely economic or Profit, social or People, and environmental or Planet. [8] And it is consistent
with the concept of Corporate Sustainability Performance (CSP). [9] If the entrepreneur wants the business to run sustainably, the growth and profits of the organization are also important, but at the same time, entrepreneurs need to have a social goal related to sustainable development like environmental protection, equality and social justice, income distribution promotion, etc. [9] CSP is the use of business strategies and activities to meet the needs of organizations and stakeholders, together with maintaining and enhancing the human resources and natural resources that are needed in the future as well. [10] Hence, how can a social enterprise entrepreneur succeed and be able to operate sustainably? It is interesting to study.

Based on the importance of SE and CSP, we have been interested in studying proactive research in CSPE including the relationship of CSFs to CSP, through General system theory and traits theory of leadership. General system theory, the organization must have multiple systems that work together and rely on both resources as input, process, and interrelationship of various variables to achieve the goal or output with maximum efficiency as well as an appropriate environment. [11] In SE research often discusses one of the key points that make SE entrepreneurs successful. [12] Traits theory of leadership was the support theory, as a permanent feature and characteristic of the leader. A common personal characteristic which has elements of leadership in various fields as types of leadership styles and educational issues, i.e. the physical personality has educational issues such as age, height, shape. [13] The theories are appropriate for factors related to the success of entrepreneurs in the operation of sustainable social enterprises. Therefore, we use it as theories to consider the main factors in various areas. From the reasons mentioned above, the research question can be defined as follows: What are CSFs and CSP elements of SE Entrepreneurs? and how to CSFs influence to CSP of SE Entrepreneurs? Based on the research questions, research purposes as follows:

1) To explore CSFs elements and CSP elements of SE Entrepreneurs.
2) To explore the relationship between CSFs with CSP of SE Entrepreneurs.

II. Corporate Sustainability Performance

Organizations need to adjust themselves in order to survive amid the rapid changes of the External Environment by creating Sustainable Competitive Advantage. [14] They should start with the focus on organizational development from resource-based and capability for core competency that caused by value added that is unique for rareness to not able to costly to imitate and non-substitutable. [15]

Today's business operations, if a business is a sustainable organization, must fight changes and pressures, both from global trends, customers and society. Business operations that focus solely on the economy or money may not be able to reach future goals, but the organization must take into account the non-exploitation of social and the environment. [16]

The concept of Corporate Sustainability suggests that the organization's growth and profitability are important, but at the same time if the business is to be sustainable, the organization needs to have a social goal related to sustainable development. [17] Such as protecting the environment, creating equality and social justice, economic development that promotes income distribution, etc. [18] Corporate Sustainability is an issue that describes the business that is responsible for social and the environment by focusing on the environmental, social, and economic performance of sustainable development [19] that means the development that meets the present needs without affecting the ability of future people to respond their needs. [20] This definition focuses on the needs of both current and future people, is widely accepted as a definition of sustainable development in a universal sense, but must define this concept in a particular field. [21]

A. Corporate Sustainability definition

Dyllick and Hockerts defines the Corporate Sustainability of the organization as a response to the needs of both direct and indirect stakeholders, including employees, customers, communities, etc. without making the ability to respond to the needs of the stakeholders Future losses decrease. The current concept of sustainability involves issues such as environmental protection, health and safety at work, relationships with local communities, and relationships with consumers. [22] In accordance with Labuschagne, Brent, and Erck that defines Corporate Sustainability is the use of business strategies and activities that respond to the needs of organizations and stakeholders while maintaining and enhancing the human resources and natural resources that are needed in the future. [23]

Therefore able to summarize the definition of Corporate Sustainability means that the organization conducts business in response to all stakeholders, whether individuals, such as employees, customers, shareholders or non-individuals, such as the environment and society, taking into account present and future.

B. CSP Measuring

Corporate Sustainability Performance (CSP) measuring in this new paradigm has a broader meaning than not just business success in terms of revenue and profits, but it includes indicators that reflect CSP based on the Triple Bottom Line (TBL) concept, which is a concept that extends the measurement of success and value of the organization. In the past, measuring the success of a business to pay attention to only the highest profits, but TBL is focused on People and Planet as well. In the other hand, TLB is to focus on the social, the environment and the responsibility showing to more stakeholders. This concept is often linked to the success of sustainable development, which TLB offers the need for Create a balance between three dimensions, including Operations, Economic, Social and Environment. [8][24]
I) Economic Performance is the acquisition of the wealth of the organization's performance, which is the net profit of the business that will lead to returns that shareholders will receive. It is considered a disadvantage in the competition and cannot effectively participate in the economic dimension of sustainability. [25] CSP in the economic dimension consists of elements used to measure follows: The financial position (i.e. in the past year, the financial situation of the company improved) [26], The Long-Term Viability (i.e. companies are effective in meeting the needs of stakeholders) [27], Efficiency and Effectiveness (i.e. companies can increase profits and share to the society as specified) [28], and Corporate Reputation (i.e. the company is known to sell high quality products and services) [29].

2) Social Performance is the ability that companies can pull CSR into one of the most prevalent topics about the social dimensions studied in research for sustainability, which reflects the status and activities of the organization regarding social obligations. Giving importance to people in the community and human resources receive fair and equal opportunities along with the growth of the organization through performance. [30] CSP in the social dimension consists of elements used to measure follows: Satisfaction of The Donors and Social Beneficiaries (i.e. Stakeholders, such as directors, employees, customers, are satisfied with the company's performance) [28], Advocacy for Beneficiaries (i.e. In the past year, the company has a number of employees, local people, legally alien, disabled people, and older workers who are still able to work more) [28], and Socially Responsible Management (i.e. in the past year, the company's performance achieved the objectives of responding to the needs of social) [28].

3) Environmental Performance is the organization's importance to the environment and natural resources, which the growth of the organization must create more benefits to the environment. At the same time, the organization must operate to minimize the impact or exploitation of the environment and natural resources in order to develop the environment as well as the development of the organization, such as the proportion of natural resource use per unit of manufactured products, waste discharge rate. Or pollution due to production per unit of production, etc. [31] CSP in the Environmental dimension consists of elements used to measure follows: Natural Resources and Environmental Management (i.e. company uses natural resources to the maximum benefit) [32] and Environmental Performance Management (i.e. company achieves the planned environmental policy) [32].

III. SE Critical Success Factors

For Critical Success Factors (CSFs) as the very important factor that must be made or created to achieve the goal, including providing principles, guidelines or methods that the organization will be able to achieve and gain competitive advantage. In the study of John and Satar, explored CSFs for SE in India, found that CSFs of SE entrepreneurs can be divided into three dimensions, namely, personal or entrepreneurs factors, organizational factors, and institutional factors. [33]

A. SE Entrepreneurs

Most entrepreneurs have a goal to make a profit for the business. [34] But at present, the trend of social entrepreneurship is increasing by calling entrepreneurs who have ideas to do for social as "Social entrepreneurs" whose social entrepreneurs have concepts and beliefs to develop, provide funding and help solve social, cultural or environmental problems [35]. SE Entrepreneurs (ENT) that means a person who initiates SE, establishes business, manages, and operates business, has the four elements follows:

1) Business Planning Skills refers to specific analytical, technical and practical skills for managers focused on the organization's success. The elements used to measure follows: Knowledge (i.e. entrepreneurs have knowledge about SE management), Experience (i.e. entrepreneurs have experience in SE management) [36], Learning Aptitude (i.e. entrepreneur has the ability to learn and is considered a competitive advantage) [32].

2) Entrepreneurship Orientation refers to the characteristics of entrepreneurship. The elements used to measure follows: Risk Taking (i.e. entrepreneurs often seek new opportunities and solutions in solving problems for society), Pro-Activeness (i.e. entrepreneurs often try to compete with other companies that want to use resources like their organization), and Social Innovation (i.e. entrepreneurs are committed to developing new products or services for a society better than other companies In the same category) [32].

3) Leadership refers to being able to influence, connect, build trust between various stakeholders, and be motivated by social benefits rather than personal financial benefits. The elements used to measure follows: Capacity (i.e. entrepreneurs are often leaders in implementing social projects), Achievement (i.e. entrepreneurs can lead the company to the effectively SE), Responsibility (i.e. entrepreneurs distribute work and have a responsibility to subordinates) [37], Participation (i.e. entrepreneurs can communicate with the subordinates to be one), and Status (i.e. entrepreneur influences others in the company) [37].

4) Networking refers to the ability to connect to a network for creating social relationships as well as relationships with various organizations to help obtain useful support for business development. The elements used to measure follows: Social Capital (i.e. entrepreneurs have an informal network or partner with external agencies), Negotiation (i.e. entrepreneurs can ask for help from the network when problems occur.), and Stakeholder Collaboration (i.e. entrepreneurs have a good relationship with stakeholders) [38].

From the study of SE entrepreneurs who study to entrepreneurs and organizational success factors, it is found that Miles et al. has studied the focus of entrepreneurship that focuses on social values which are individual success factors that affect sustainable performance in SE in Australia. [23] As well as Sabella & Eid, studied the strategic perspectives of SE sustainability, found that individuals in SE for particular
entrepreneurs affect the success of the organization sustainable. [39] Also in line with Shin, who studied the personal success of SE. It was found that the entrepreneurs had a significant impact on the success of the organization. Therefore, the hypothesis 1 can be set as follows:

Hypothesis 1 (H1): Entrepreneurs affect organizational success factors.

For the study of SE entrepreneurs and CSP, Ebrashi found that social entrepreneur theory has socially impacted sustainability. [41] as with Shin, studied the personal factors of entrepreneurs affecting the economic and social sustainability of SE in Korea [40]. Each also consistent with Sommit and Sitikarn studied the sustainability of the business travel community theory found that personal CSFs affect sustainable performance. [42] Therefore, the hypothesis 1 can be set as follows:

Hypothesis 2 (H2): Entrepreneurs affect CSP.

B. SE organizational success factors

According to the General system theory, some actions to achieve the desired results require inputs, which are the resources of the organization that are brought into the transformation process to increase efficiency and effectiveness [43]. Various factors that imported is different in each context of the organization [44]. SE organizational success factors (OSF) has the seven elements follows:

1) Innovative Financing refers to new fundraising that is invented for greater efficiency. [45] The elements used to measure follows: Financial Viability (i.e. the company's revenue comes from a variety of organizations support) [46] and Investor Responsibilities (i.e. the company takes into the interests of investors before making decisions in business) [29].

2) Triple Bottom Line Planning refers to planning economic activities that will be shared or re-invested with social and environmental objectives for further benefits both in the short and long term. [47] The elements used to measure follows: Environmental Planning (i.e. the company has a policy on the environment and has clear indicators), Social Planning (i.e. the company is interested in social and community welfare programs), and Economic Planning (i.e. the company plans to change the new process, policies and products or services) [32].

3) Marketing Capabilities refers to bringing business marketing strategies into tools to solve social and environmental problems. [48] The elements used to measure follows: Marketing Planning (i.e. the company has a social marketing strategy), Marketing Channels Management (i.e. the company develops good relationships with distributors) [49], and Customer Responsibilities (i.e. the company accepts customer complaints) [29].

4) Community Engagement refers to the organization creates activities that involve the community, such as giving opportunities to people in the community around the organization to work with in order to distribute income, receiving production factors from communities. [50] The elements used to measure follows: Hiring Disadvantaged People (i.e. the company employs local people, legally alien people with disabilities, and elderly workers who are still able to work), Informing The Local Community (i.e. the company informs the community about the situation of the organization that is always there), Partnerships (i.e. the company provides financial support for community activities) [32], and Local suppliers (i.e. the company buys raw materials from local production factor vendors) [29].

5) Human Capital refers to the existence of human resources with the skills and experience necessary to operate in a non-profit and commercial context. [33] The elements used to measure follows: Training and Development (i.e. the company has a policy of training and employee development), Performance Support (i.e. the company helps employees in analyzing their abilities and self-development in their operations), Human Resource Policy (i.e. the company plans and evaluates human resources policies like carefully), Diversity Management (i.e. the company has the policy to treat employees equally regardless of gender or ethnicity), Interaction between Employees (i.e. the company organizes activities for employees to have a good interrelationship wealth), Job Satisfaction (i.e. the company has assessed the job satisfaction of employees), and Work-Life Balance (i.e. the company has a balance of work to employees and their family, such as providing scholarships) [32].

6) Organizational Culture refers to the organization has values or cultures that are not for profit with social goals. [33] The elements used to measure follows: Shared Values (i.e. the company creates an understanding of the company's vision for employees at all levels) [51], Social Mission (i.e. the company has linked the strategy with the social mission), and Continued Employee Dedication (i.e. the company operating often realizes the social mission to ensure that the company will grow sustainably) [52].

7) Frugal Innovation refers to the development and application of innovations caused by innovative manufacturers in the community, resulting from research, development, and technology exchange to meet consumer needs. [53] The elements used to measure follows: Affordability (i.e. products and services of the company are sold at the price that customers can afford), Simplicity (i.e. the company that develops products that are easy to use), Quality (i.e. the company is confident that the products and services are good quality), Sustainability (i.e. the products or services of the company are designed to be environmentally friendly), Resilience (i.e. the company can adjust according to the change of production resources), Management Support (i.e. CEOs support for low-cost product development), Defeaturing (i.e. products or service of the company only has the necessary features for reducing production costs), and Value Creation (i.e. the company creates new value-added for products and services) [54].

Based on studies from Liu, Eng, & Takeda, studying organizational success factors in the view of marketing capabilities that affect the economic and social operations of SE in the United Kingdom and Japan [49] , corresponds to Stratan, studied CSFs for sustainable SE. It was found that the
organization success factors, such as the social and environmental vision desired, the value presented to customers, and aligning the organization with the strategy and acceleration of change, based on the leadership of the executive, affecting sustainable operations [45]. Therefore, the hypothesis 3 can be set as follows:

Hypothesis 3 (H3): Organizational success factors affect CSP

C. Institutional Success Factors

Institutional Success Factors (ISF) is external factors that helps support the operations of the organization to be successful, [33] has the two elements follows:

1) Legal Status (i.e. the government establishes laws, regulations, and tax measures that promote SE in particular), SE Promotion (i.e. government policies support SE), and Funding (i.e. government or private organizations have financial support for research and development innovation in SE) [56]

2) Sufficiency Economy Philosophy refers to principles that aim for everyone to be able to rely on themselves, including better development and sustainability. It is a Philosophy conceived and developed by His Majesty King Bhumibol Adulyadej of Thailand. [57] The elements used to measure follows: Moderation (i.e. the company emphasizes the balance of performance and good practices in various areas Non-profit maximization), Reasonableness (i.e. the company uses appropriate, being academic, and economical technology in accordance with the knowledge and ability available), Self-Immunity (i.e. the company is supported by cooperation and suggest a solution to the problem by experts involved in various businesses), Knowledge (i.e. the company focuses on the development of potential within the organization, especially the promotion of knowledge and skills of employees at each level), and Morality (i.e. the company conducts business or compete with others fairly, not taking advantage of all stakeholders of business and society) [58].

According to Nielsen and Carranza studied SE in Latin America found that institutional success factors in organizational network perspectives, such as government agencies, international development organizations, affected the understanding of social entrepreneurs. [59]. As with Tepthong, empirical studies on the role of social entrepreneurs and social capital of SE, it was found that the government's policy to deliver the SE side will help social entrepreneurs to have clear operational directions. [60] And in accordance with Strang, who studies about SE experts in Africa, helps SE entrepreneurs to know how to improve SE development. [61] Therefore, the hypothesis 4 can be set as follows:

Hypothesis 4 (H4): Institutional success factors affect Entrepreneurs.

In addition, from the study of Thiemboonkit, the government has to formally formulate and formulate policies, appropriate legal forms, and financial assistance to support successful SE [62]. As with the studies of Zainon et al., The study of legal validity and sustainability of the SE found that the government has an important part in supporting and giving advice in SE development [63], and also corresponds to Jenner, who studied the role of intermediaries in the development of SE sustainability. It was found that the middleware is a government agency which is an important factor in making the organization successful because it not only plays a role in financing but also provides assistance in various forms including network support, counseling, and development business [64]. Therefore, the hypothesis 5 can be set as follows:

Hypothesis 5 (H5): Institutional success factors affect Organizational success factors.

However, institutional success factors also affect the CSP of SE as well. Zainon et al., studied the legality and sustainability of SE, found that the government has a significant contribution to support and advise on the development of SE and establish it legally to ensure that SE will sustainable in the future, [63] in line with Brouard, McMurtry, and Vieta's study, who studied the SE model in Canada, found that government agencies, legal frameworks, and public policies affect the SE operation. [65] As with Jenner, studied the role of intermediaries in the development of SE sustainability, found that the government has an impact on strategic management for sustainability in planning growth in line with the intention to achieve profit. [66] Therefore, the hypothesis 6 can be set as follows:

Hypothesis 6 (H6): Institutional success factors affect CSP.

IV. CSFs and CSP of SE

From all the variables mentioned above found that CSFs and CSP are related, which can be hypothesized as Table 1. follows:

<table>
<thead>
<tr>
<th>TABLE I.</th>
<th>THE RELATIONSHIP BETWEEN CSFS WITH CSP OF SE ENTREPRENEURS</th>
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</thead>
<tbody>
<tr>
<td>Hypothesis</td>
<td>Relationship</td>
</tr>
<tr>
<td>H1</td>
<td>ENT → OSF</td>
</tr>
<tr>
<td>H2</td>
<td>ENT → CSP</td>
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<td>H3</td>
<td>OSF → CSP</td>
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<tr>
<td>H4</td>
<td>ISF → ENT</td>
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<tr>
<td>H5</td>
<td>ISF → OSF</td>
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<tr>
<td>H6</td>
<td>ISF → CSP</td>
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</tbody>
</table>

Based on the six hypotheses, the CSPE conceptual framework can be created as Fig 5.
The purpose of this study was to explore influential critical success factors for Corporate Sustainability Performance of Social Enterprise (SE) Entrepreneurs. The Corporate Sustainability Performance of Entrepreneurs (CSPE) is a business operation concept of entrepreneurs to create balance in three dimensions namely economic, social, and environmental. CSPE is consistent with the business model of SE that uses the profits with primarily aims to solve problems and develop social, community, and environment together. The CSPE framework on SE has investigated the following four variables: (1) Entrepreneurs (2) Organization (3) Institution and (4) CSP. The CSPE conceptual framework could be a benefit to the SE entrepreneurs to explore and develop a successful action sustainable plan and to the government and related agencies to appropriately support the corporate sustainability performance policy approach for SE entrepreneurs. Limitations of this study, an entrepreneur of successful social enterprises that are able to operate sustainably is different in the context of each country. The implementation of the social enterprise CSPE model of other countries may not be suitable for that context. However, this study has only proposed a conceptual framework. Therefore, this conceptual framework should be tested to be empirical in order to obtain the exact study results. And then present the CSPE model of SE that is suitable for that country.

References


About Authors:


Aree Naipinit, Ph.D. Assoc. Prof. (Lecturer) Khon Kaen Business School, Khon Kaen University, Thailand.

Pattarawadee Permwanichagun, Ph.D. (Lecturer) Khon Kaen Business School, Khon Kaen University, Thailand.