

# Social Entrepreneurship Practices for Accountability of NPOs in Small Island Economies: Trinidad & Tobago

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# Caribbean Situation

## Declining Social Conditions



## Contributing Factors

### 1. Global Economic Crisis

### 2. Failures by States (ECLAC 2004, UNDP 2009, UN 2012)

- inadequate provision of institutional and infrastructural support
- insufficient and/or inappropriate public good
  - misguided social policies due to **Insufficient and/or flawed information** on the social sector

**GAP in Relevant Information for Policy Decisions**

# NPOs Challenges

## Reduced Financial Support

- Reduction in staffing, reduced program efforts and delayed operational payment
- **Perception of Inefficiency, poor management, questionable abilities to manage finance**

Source: Eikenberry and Drapal Kluver 2004, Paton 2006, Nyssens and Defourny 2010, Grenier 2011)

## Changed Business Model

- Partnerships with governments and the business sector
- Contracts for social service delivery
- In-kind support
- **Call for Accountability & more Business-like behavior**

Source: Salamon 1993, The Aspen Institute 2001, Eikenberry and Drapal Kluver 2004

## Increased Market Pressures

- Increased competition, decreased funding
- **Call for business-like behaviour**
- **Call for Accountability**

Source: Dees 1998, Kilby 2004, Agyemang et al 2009

**NPOs forced to be more Entrepreneurial**

# Social Entrepreneurship

**Social entrepreneurship** is the use of innovative **market solutions** and entrepreneurial **business** practices to create **social value**

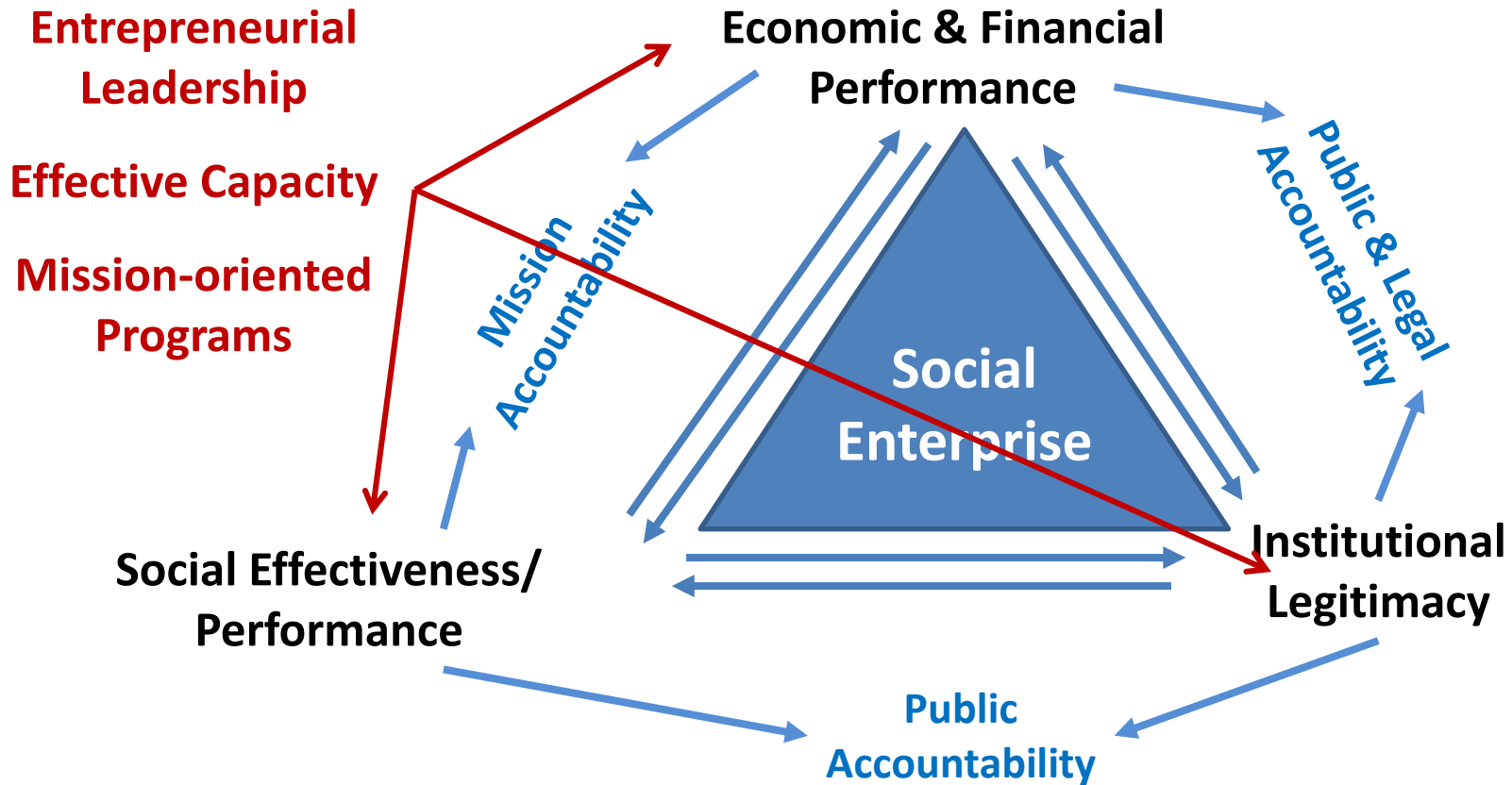
(Dees 1998/2001, Alter 2007, Nicholls 2011, Dees, Emerson and Economy 2002).

Operating as **social enterprises**, balancing the **financial and social missions** result in financial viability and social impact; key performance indicators for stakeholders' **accountability** and **sustainability**

(G. Dees, Emerson, and Economy 2002, Dees, Anderson, and Wei-skillern 2004, Alter 2003/2007, Clark et al. 2004, Boschee 2007, Center for the Advancement of Social Entrepreneurship (CASE) 2008, Smith et al. 2008, Bloom and Chatterji 2009, Defourny and Nyssens 2010).

# Inter-relational Strategies for Stakeholders' Accountability

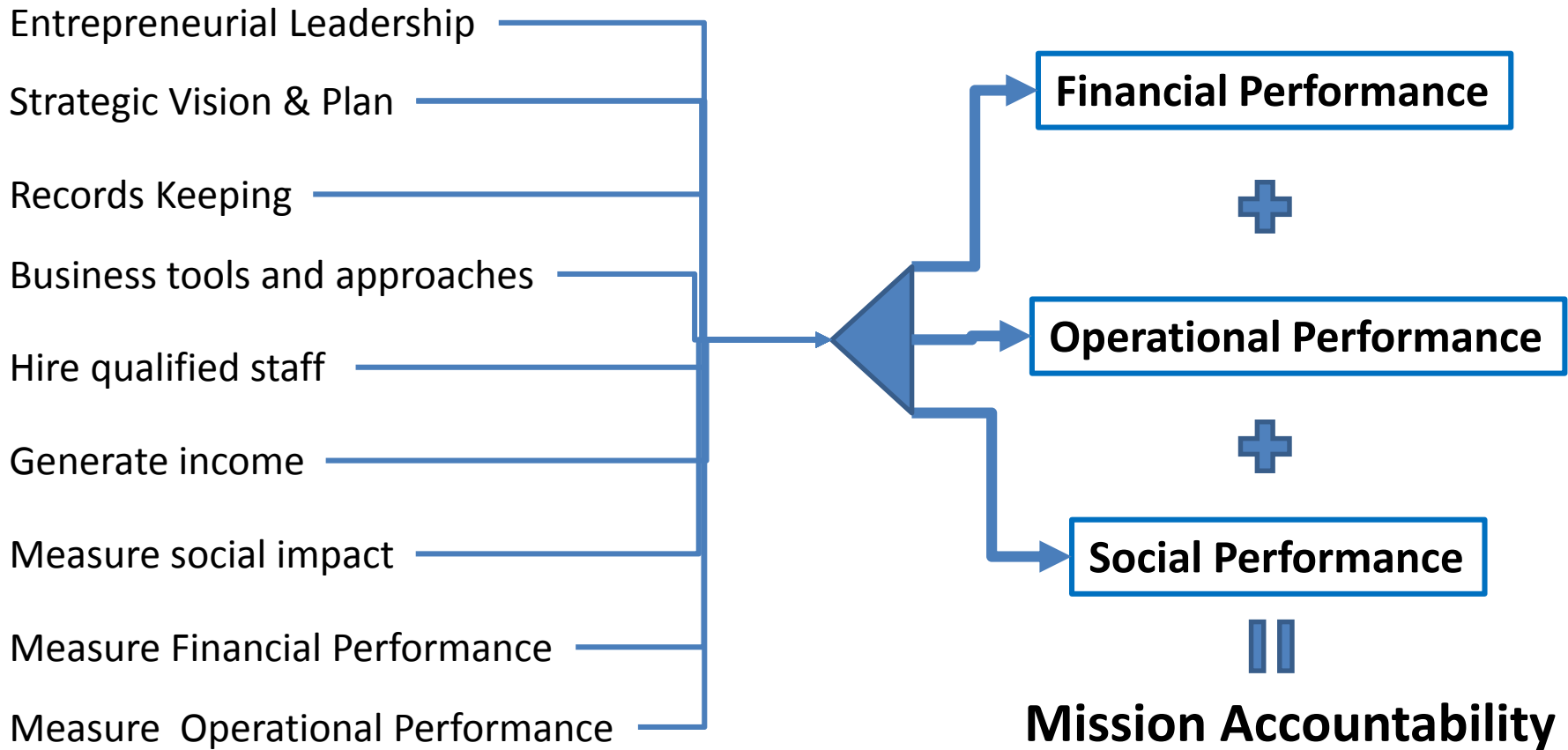
[Source: Measuring Performance in Social Enterprises, Luca Bagnoli and Cecilia Megali, 2009]



[Source: Nonprofit Organizations: Theory, Management, Policy, Helmut K Anheier, 2005]

Source: G. Dees, Emerson, and Economy 2002, Dees, Anderson, and Wei-skillern 2004, Alter 2003/2007, Clark et al. 2004, Boschee 2007, Center for the Advancement of Social Entrepreneurship (CASE) 2008, Smith et al. 2008, Bloom and Chatterji 2009, Defourny and Nyssens 2010).

# Conclusion: SE Practices & Accountability



**Mission** + **Public** + **Legal** = **Accountability**

# Research Question & Objectives

***What is the Relationship between the use of Social Entrepreneurship Practices by NPOs in SIDS and their level of Accountability- Trinidad & Tobago?***

- Objective: Determine if NPOs that operate as social enterprises are more accountable than traditional NPOs.

# Hypotheses

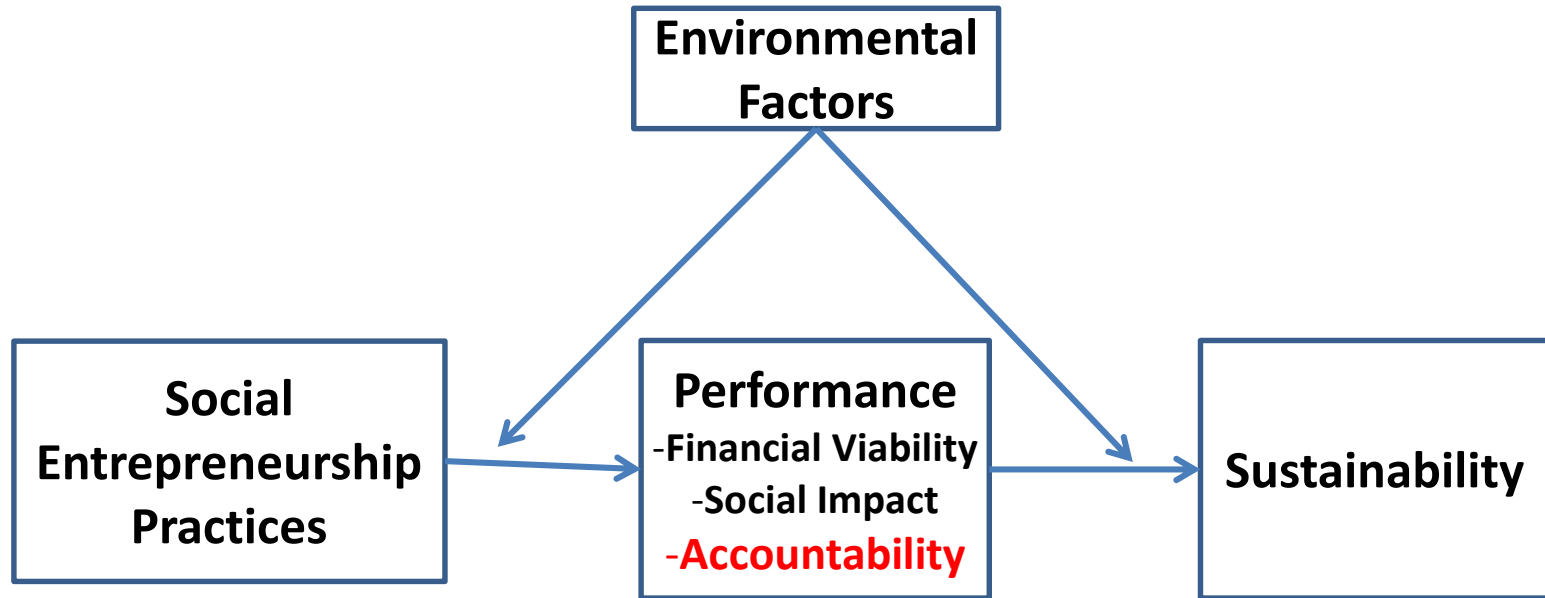
***Being entrepreneurial, instituting systems to monitor and measure performances and publically sharing that information with all stakeholders will provide accountability.*** (Hoogendoorn, Pennings, and Thurik 2010, Alter 2007; Bacq and Janssen 2011).

- **H1:** NPOs that have systems in place to monitor and measure their HR performance, their financial performance and their social programs will demonstrate mission effectiveness accountability; the stronger the quality of systems, the stronger the mission effectiveness accountability.
- **H2:** NPOs that employ social entrepreneurship practices demonstrate mission effectiveness and public accountability; the stronger the practices employed, the stronger the accountability systems.



# Conceptual Framework

Doctoral research paper - “Relationship between Social Entrepreneurship Practices and Non-Profit Organizations Sustainability in SIDS: Trinidad & Tobago.



<b>Independent Variables</b>	<b>Social Entrepreneurship Practices- Entrepreneurial leadership, Business practices, Earned Income, Performance systems</b>
<b>Moderating Variable</b>	<b>Environmental Factors – Perception of Institutional supports</b>
<b>Dependent Variable</b>	<b>Accountability- Social, Financial &amp; HR Performances, Public Reporting</b>

# Data Profile

**Population: 562    Surveyed: 286    Response: 52%**

<b>Items</b>		<b>Percentage [%]</b>
<b>Staff Size</b>	Range: Micro - Large <b>Small [6 – 25]</b>	<b>44.1</b>
<b>Ownership</b>	Range: Individuals - Groups <b>Group</b>	<b>60.4</b>
<b>Num of Missions</b>	Range: 1 – 9 <b>1</b>	<b>29.1</b>
<b>Mission Area</b>	Youth Development Community Development	53.4 43.9
<b>Years in Operations</b>	Range: >5 - <50 <b>11 – 20</b>	<b>31.8</b>

**Reliability: Split Half- Cronbach's Alpha:  
Full: 0.869 Part1: 0.808 Part 2: 0.823**

# Survey Results

**Variations: Financial Performance Measurement**  
**Reported vs Importance: - 7.4%**  
**Reported vs Formal Systems: - 32.6%**

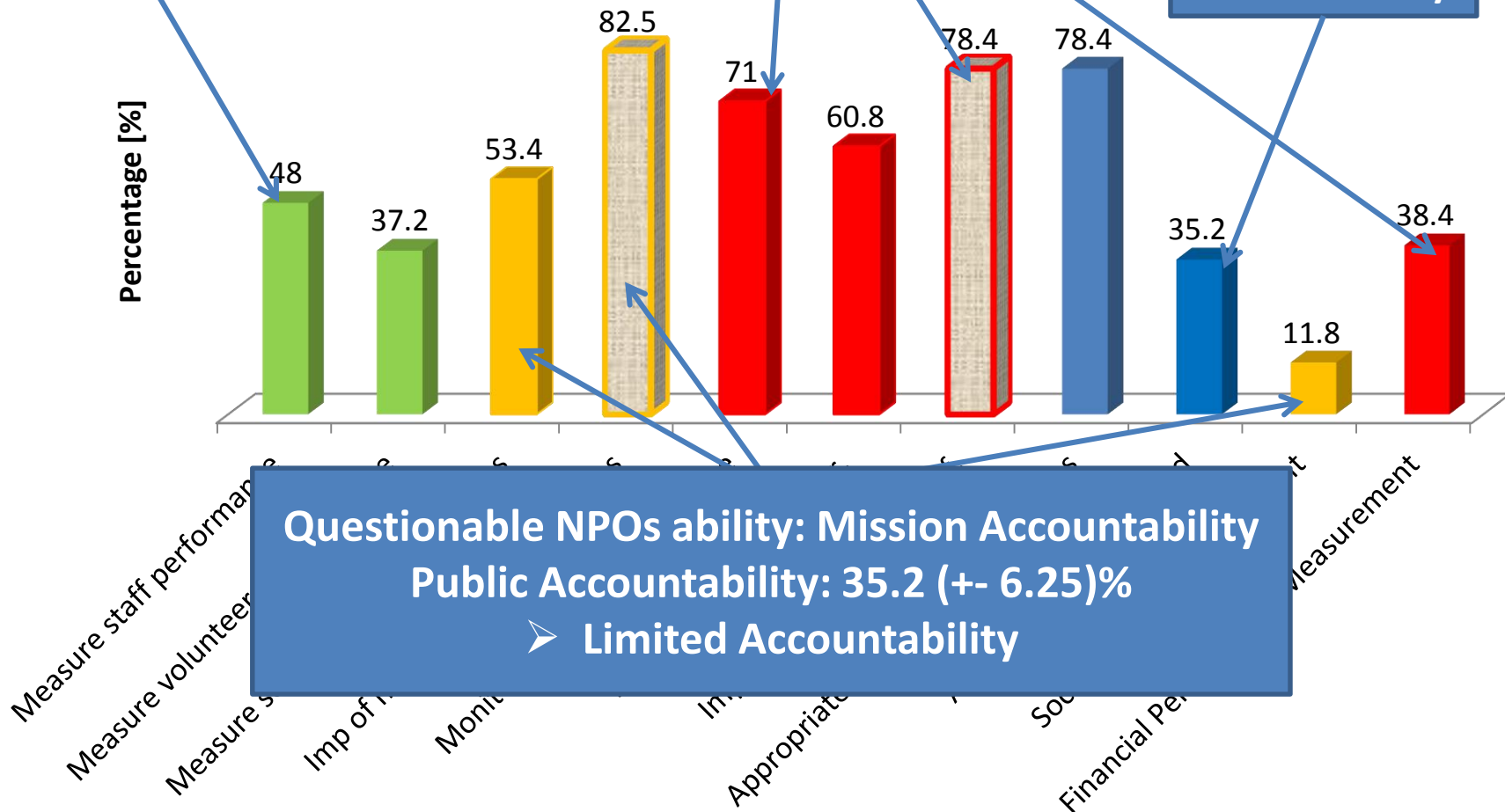
# Accountability

**HR Performance**

## Performance Information

**Public Accountability**

Percentage [%]



**Questionable NPOs ability: Mission Accountability**  
**Public Accountability: 35.2 (+- 6.25%)**  
**Limited Accountability**

Internal Reliability: Cronbach's Alphas > 0.7

Composite Reliability CR > 0.5

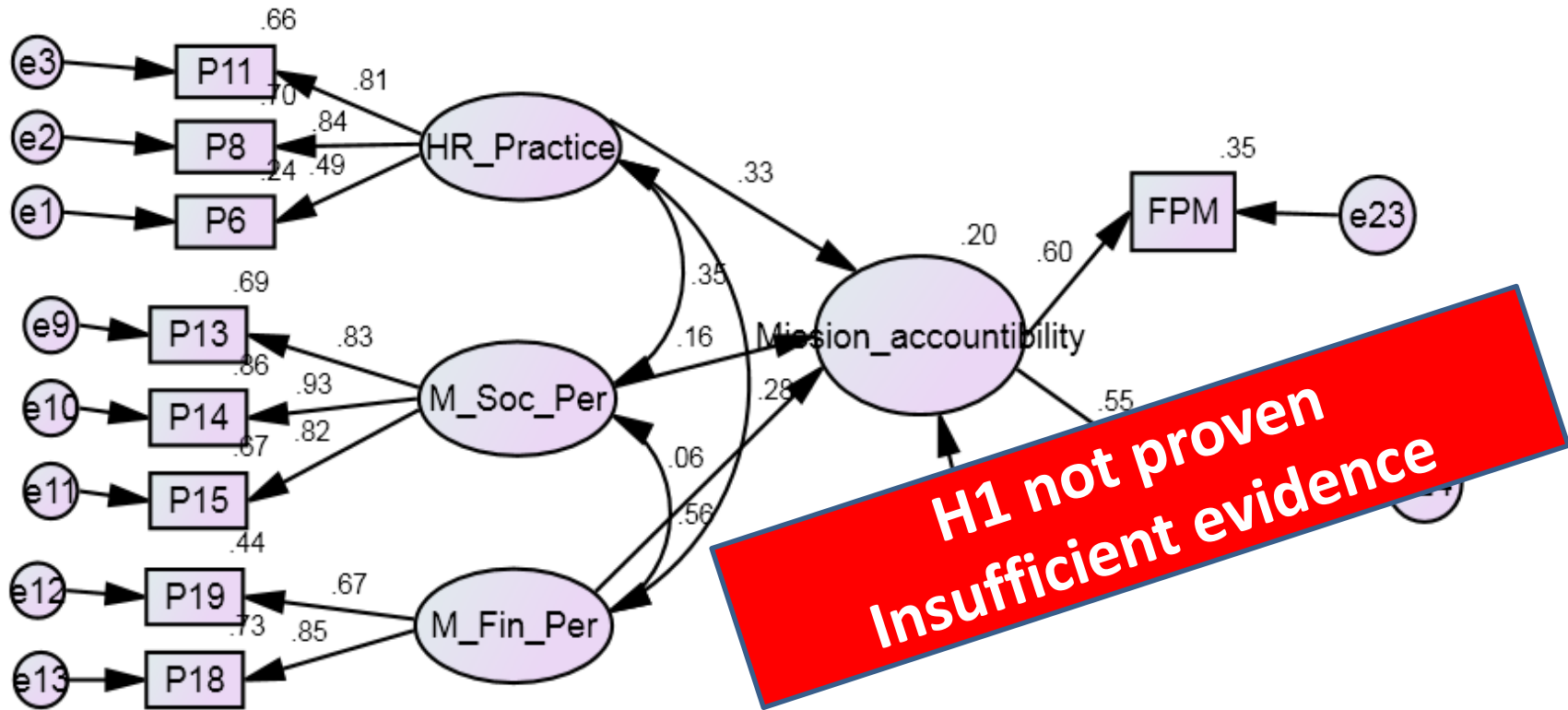
Convergent Validity: AVEs > 0.5

Divergent Validity: MSVs & ASV < AVEs

# Reliability & Validity

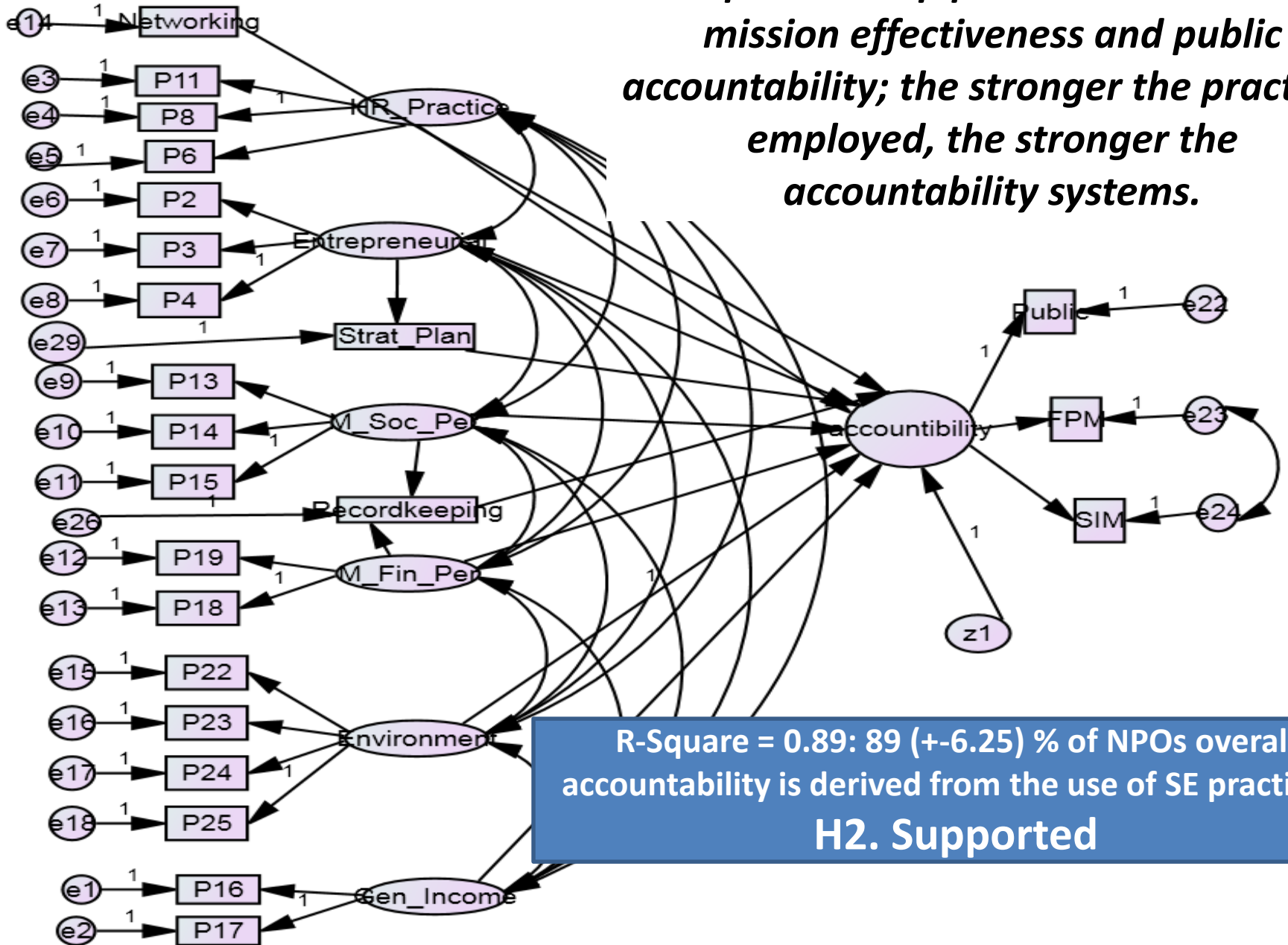
<b>Factors</b>	<b>Mean</b>	<b>Cronbach's Alpha</b>	<b>MSV</b>	<b>ASV</b>	<b>AVE</b>	<b>CR</b>
<b>Fac1:</b> Environmental Factors	3.56	0.83	0.26	0.12	0.55	.55
<b>Fac2:</b> Demonstrate Entrepreneurship	5.45	0.754	0.26	0.14	0.51	0.51
<b>Fac3:</b> Measure Social Performance	4.6	0.892	0.32	0.19	0.74	0.74
<b>Fac4:</b> Measure Financial Performance	4.65	0.711	0.31	0.18	0.60	0.60
<b>Fac5:</b> Generate Income	3.79	0.83	0.26	0.09	0.73	0.73
<b>Fac6</b> HR Practices	3.82	0.746	0.13	.08	0.54	0.53
Model Fit	P-Value:0.001; CMIN/DF:1.473; RMSEA: 0.057; GFI:0.894; AGFI:.844; NFI:0.872; CFI:0.954; P- Close:0.273					

***H1: NPOs that have systems in place to monitor and measure their HR performance, their financial performance and their social programs will demonstrate mission effectiveness accountability; the stronger the quality of systems, the stronger the mission effectiveness accountability***



**R-Square= 0.2 : Only 20 (+/-6.25) % of NPOs mission accountability could be explained by their Social, Financial and HR practices**

***H2: NPOs that employ social entrepreneurship practices demonstrate mission effectiveness and public accountability; the stronger the practices employed, the stronger the accountability systems.***



**R-Square = 0.89: 89 (+6.25) % of NPOs overall accountability is derived from the use of SE practices;  
H2. Supported**

# Correlation

	Ent	MSP	MFP	Env	GI	HRP
Entrepreneurial	1	<b>0.568</b>	<b>0.608</b>	<b>0.314</b>	<b>0.152</b>	<b>0.312</b>
M_Soc_Per		1	<b>0.619</b>	<b>0.417</b>	0.188	<b>0.358</b>
M_Fin_Per			1	0.108	0.297	<b>0.324</b>
Environment				1	<b>0.526</b>	<b>0.301</b>
Gen_Income					1	-0.066
HR_Practice						1

**NPOs that are entrepreneurial have systems to measure their financial and social performances. They employed good HR practices by hiring staff with business experiences, provided training to their staff and employed systems to measure their staff performances. They also generate income to cover their operating and program expenses.**

**Support :**

➤ **Theory of social entrepreneurship** (Dees, Emerson and Economy 2002, Alter 2007, Brooks 2009, VanSant 2009)

➤ **Hypothesis 2**

# Limitations & Recommendations

- Limitations
  - No data on Legal accountability, Limited data on public accountability
  - Missing data
- Repeat
  - Different context area
  - Full stakeholder accountability: Public, Legal & Mission



**Thank You**

**Question Invited**

