

Social Entrepreneurship Strategies and Sustainability of Non-Profit Organizations in Small Island Economies: The Trinidad & Tobago Archetype

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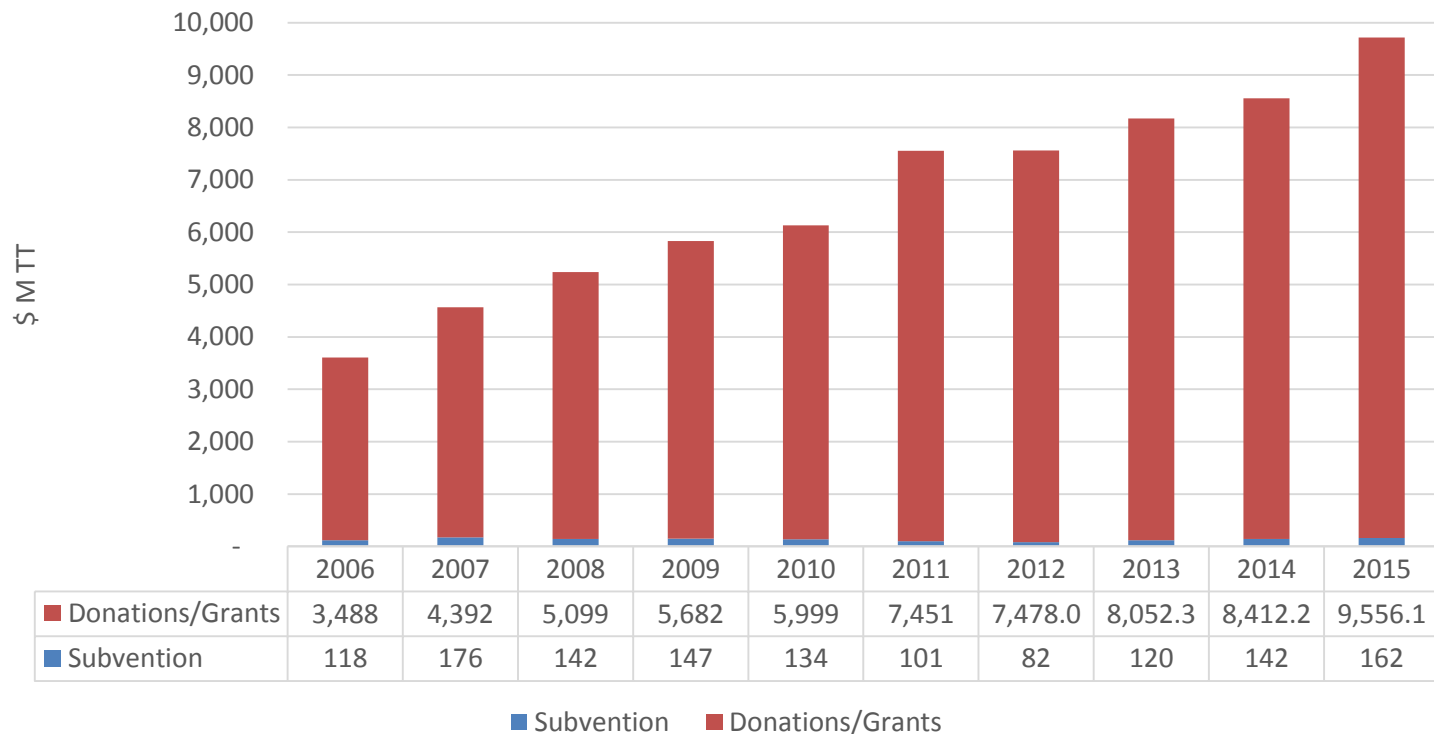
Traditional NPOs

OECD Funding 2012 (The Center for Global Prosperity 2013)

Global: US\$577 B

Developing Countries: US\$196

Funding to Civil Society: Trinidad & Tobago



👉 **Increased dependencies on Government & Private Sector BUT noted General Decline in Social Conditions** (ECLAC 2004, UNDP 2009, UNESCO 2012)

Caribbean NPOs Situation

Global Economic Crisis

- Reduction in Governments & private sector expenditures
- Consequential increased social unrest
- Reductions and eliminations of funding to the social sector
- Resultant reduced programs efforts together with staff & program cuts

[Hanfstaengl 2010; Shahin, Woodward, and Terzis 2013]

Caribbean NPOs

- Trade deficits, geographic limitations – increased negative economic and social impact [Mohan and Watson 2015]
- Failures by Caribbean States to provide adequate institutional and infrastructural support (ECLAC 2004, UNDP 2009, UNESCO 2012)
- NPOs challenged to do more with less
- Financial dependencies impact operational and program sustainability

Social Entrepreneurship Strategies Viable Option but Relatively Untested

[Dees 2001; Dees, Emerson, and Economy 2002; Emerson 2003; Boschee 2007; Alter 2007; Brooks 2008] (Short, Moss, and Lumpkin 2009)

Research Question & Objectives

What is the Relationship between Social Entrepreneurship Strategies and Caribbean NPOs Sustainability- Trinidad & Tobago?

- Objectives
 - Extending academic discussions from both a contextual and generalisation perspectives
 - Address information deficit noted by ECLAC and UNDP; essential for policy development

Social Entrepreneurship & Sustainability

Sustainability is an achievement realized from the **inter-relationship** and continuous **re-alignment** between organisational strategic intent, its **resources capabilities** and **process strategies**.

(Hele 2003; The Natural Edge Project 2005a; Peters and Waterman 2006; Uygun and Sumerli 2013))

Social Entrepreneurship is the use of **Innovative** market solutions and **Entrepreneurial Business** practices to create **Social Value**.

Earned income leveraged through **Efficient Business Processes** will ensure NPOs **operational and program sustainable** i.e.

Financial and Social sustainability (Dees and Elias 1998; Dees, Emerson, and Economy 2002; Emerson 2003;

Boschee 2007; Brooks 2008; Alter 2011).

Social Entrepreneurship & NPOs

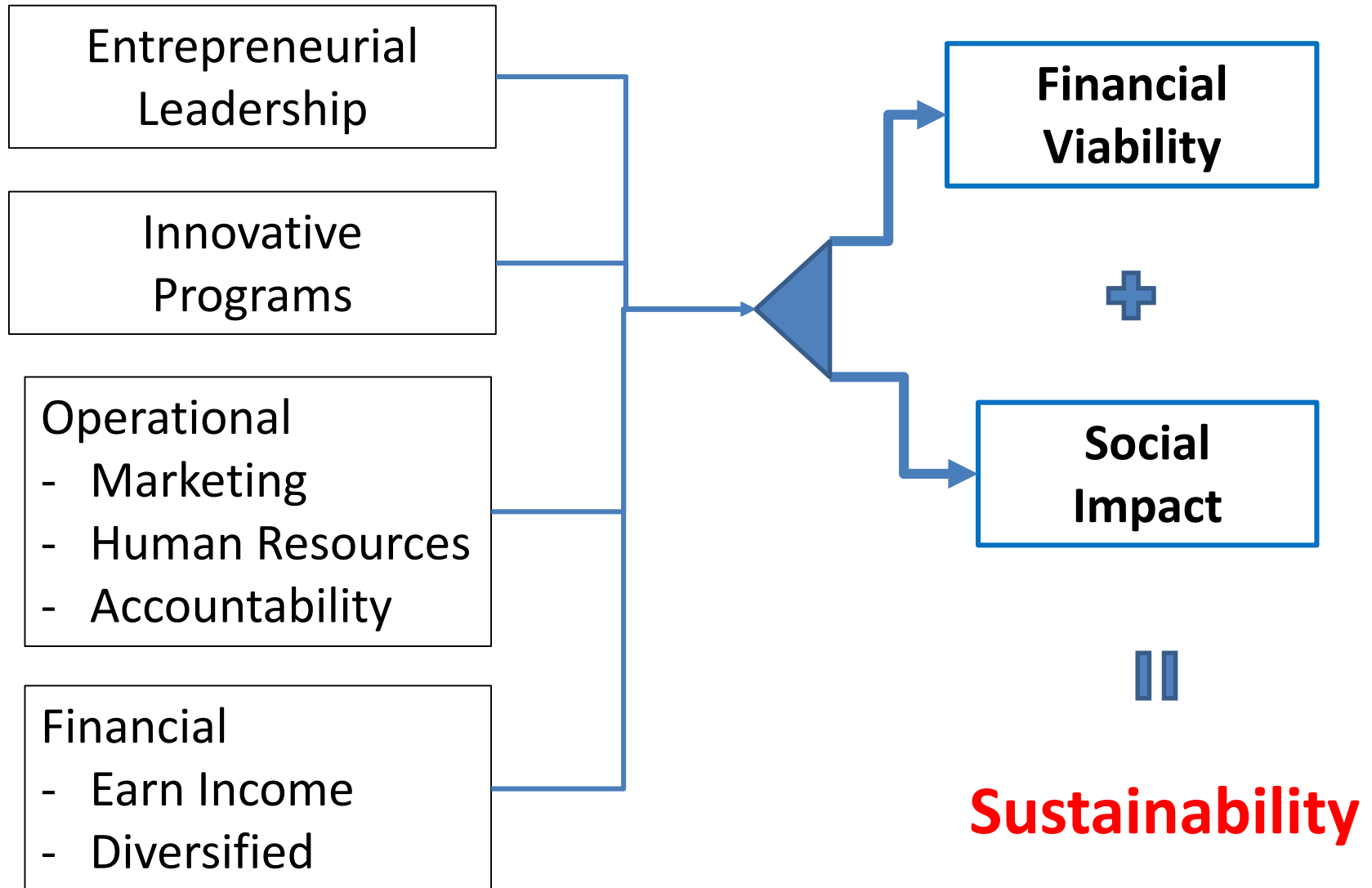
“Social entrepreneurs are no different to Business Entrepreneurs”

Both: Vision + Innovative Actions = Value

[Bill Drayton – Pioneer Field of Social Entrepreneurship (Bornstein 2007), Gregory Dees – Pioneered Academic Field (Dees 1998/2001)]

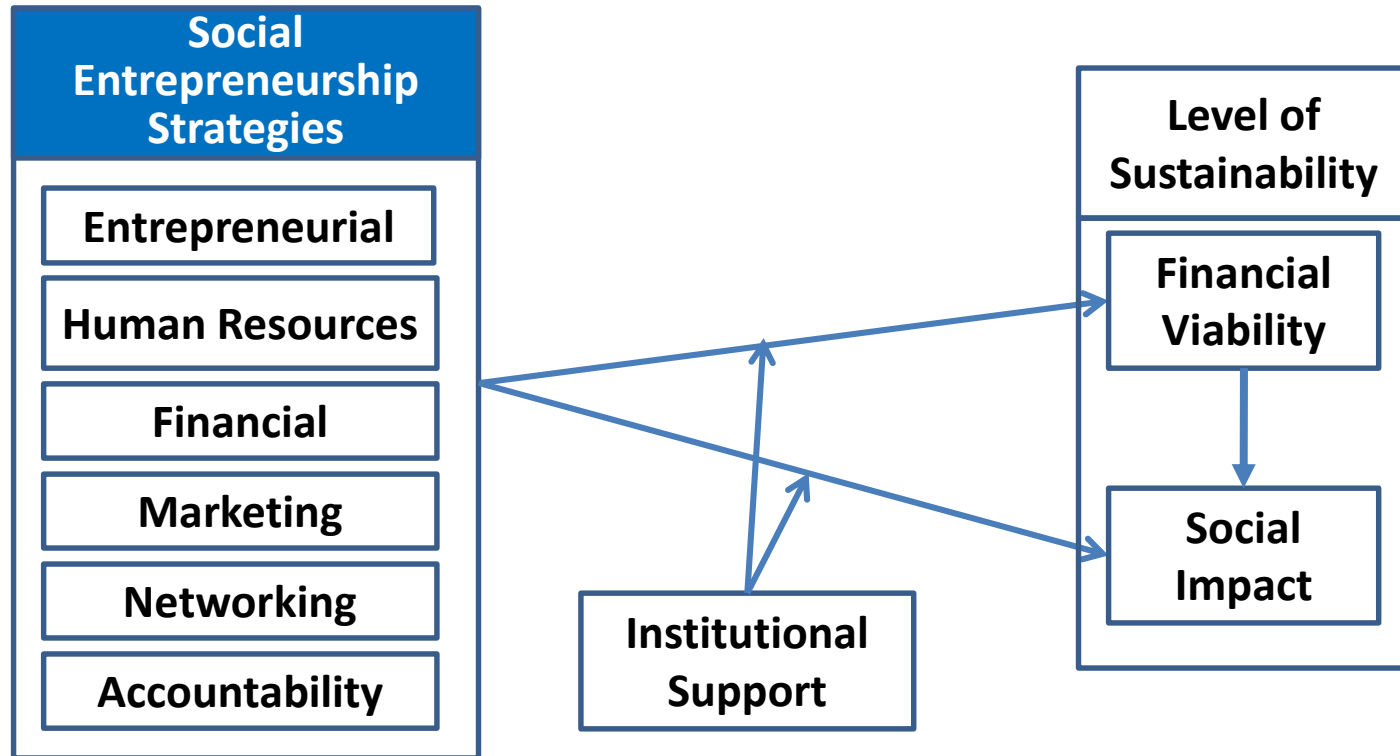
Non-profit organizations are Private.. **Self-governed...**
Produce goods that are sold on the market... **Earned**
income ... Non-profit-distributing (United Nations 2003)

SE Strategies For NPOs Sustainability



Conceptual Framework

Excerpt from Doctoral research paper



Independent Variables	Social Entrepreneurship Strategies- Entrepreneurial leadership, Operational strategies, Financial Strategy
Moderating Variable	Environmental Factors – Perception of Institutional supports
Dependent Variable	Sustainability- Financial Viability, Social Impact

Hypotheses

Entrepreneurial NPOs which employ businesses-like strategies that are leverage by their earned income strategies are financially viable and create sustained social impact, resulting in their levels of sustainability

(Dees 1998; Dees 2001; Dees, Emerson and Economy 2002; Anheier 2005; Alter 2007; Boschee 2007; Brooks 2008; Bagnoli and Megali 2009; Hoogendoorn, Pennings, and Thurik 2010; Bacq and Janssen 2011).

- **H1:** NPOs that are entrepreneurial employ business-like SE strategies; the greater the level of demonstrated entrepreneurship, the greater the employment of SE strategies
- **H2:** The interrelationship of NPOs SE strategies impact their levels of sustainability as measured by the equal contribution of their levels of financial viability and their creation of social impact; the stronger the SE strategies, the higher the level of sustainability

Data Profile

Population: 562 Surveyed: 285 Response: 52%

Confidence Interval of 7 at 95%

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

Dataset: Good Internal Consistency and Reliability

Cronbach's Alpha: Full: 0.90, Split Half Part1: 0.80 Part 2: 0.82

Constructs Reliability and Validity

Factors/ Data Constructs	Mean	Alpha	MSV	ASV	AVE	CR
Entrepreneurial Social Responsibility (ESR)	3.87	0.754	0.260	0.137	0.513	0.758
Social Accountability Strategy	4.39	0.892	0.317	0.177	0.740	0.895
Financial Accountability Strategy (Fin_Acc)	4.89	0.725	0.317	0.150	0.594	0.741
Human Resource Management (HRM)	3.82	0.813	0.126	.078	0.535	0.767
Institutional Support (Inst_Sup)	3.13	0.83	0.269	0.121	0.531	.817
Level of Financial Viability (Fin_Via)	2.49	0.83	0.269	0.079	0.734	0.844
Model Fit	CMIN=145.86; P-Value=0.004; CMIN/DF=1.416; RMSEA= 0.053; P-Close=0.380; GFI=0.898; AGFI=0.849; RMR=0.137; SRMR=0.0653; CFI=0.960; TLI=0.947					

Reliability
Alpha > 0.7

Convergent Validity
AVE > 0.5

Divergent Validity
MSV & ASV < AVE

Survey Results

Revenue Sources		Measure: Social Performance	
Government Subvention	34%	Not Done	15%
Government Grants & Donations	45%	Observations & Feedback	62%
Donors/ Philanthropist Grants & Donations	69%	Formal Systems	23%
Mission & related earning (Fees, Sales, Dues)	53%		
Commercial Enterprise Earning - Profits	11%	Measure: Financial Performance	
Public Giving/ Charity	62%	Not Done	11%
Parent/Affiliates Grants	21%	Compare Income & Expenses	41%
Fundraising	74%	Formal System	48%

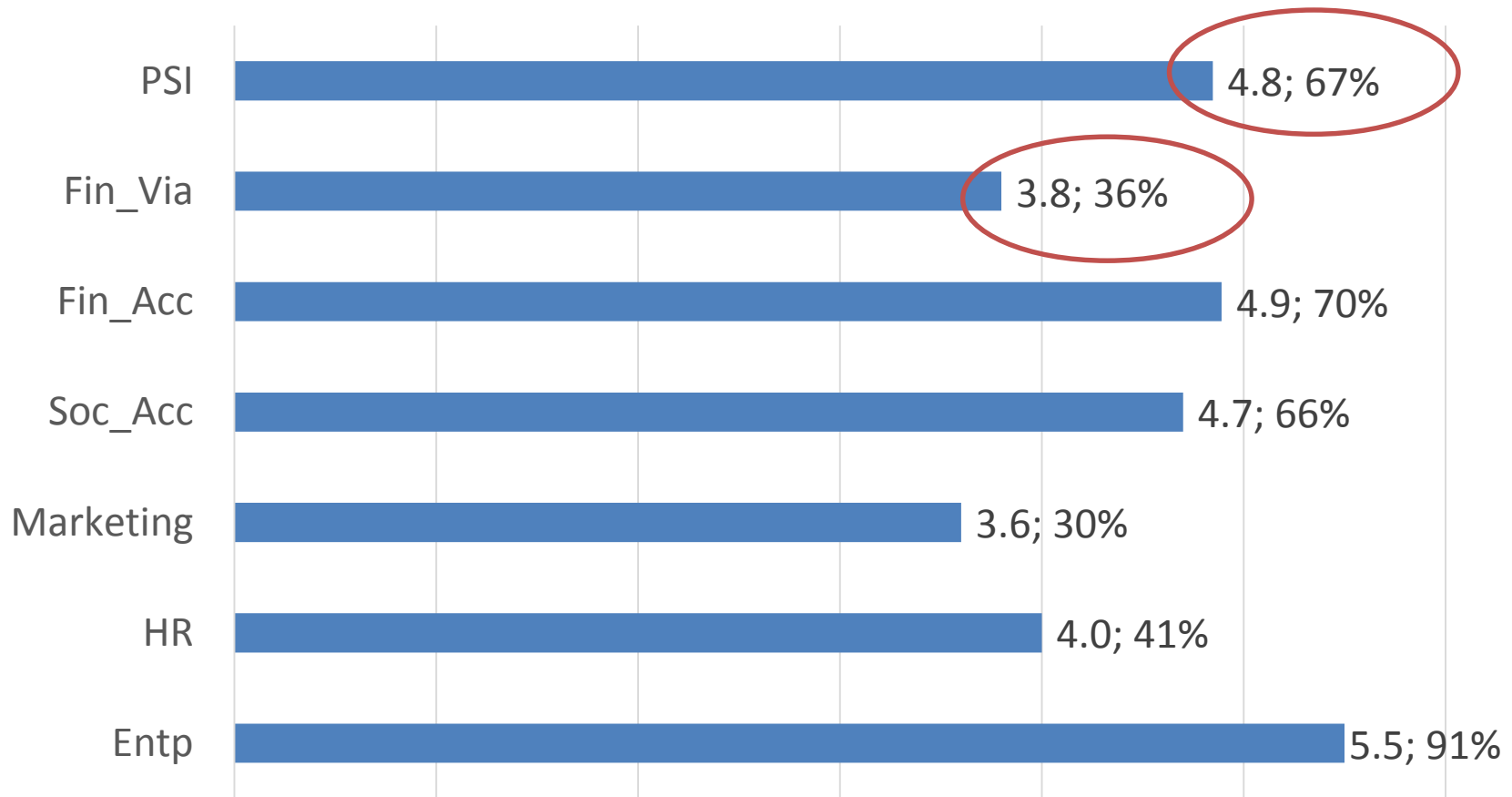
Positive Directions

Diverse Revenue Stream

Concerns

May not be measuring social performances

Survey Results: Measures of SE Strategies & Sustainability



Non-empirical measurement used in NPOs determination of their social impact

Correlation between SE Strategies & Measures of Sustainability

	Entp	HR	P1	P5	P20	Fin Acc	Soc Acc	Fin Via	PSI
Entp	1	.363**	.426**	.344**	.231**	.591**	.587**	.133	.129
HR		1	.205*	.224**	.134	.325**	.405**	-.075	.109
P1			1	.280**	.131	.360**	.457**	.182*	.025
P5				1	.184*	.256**	.257**	-.003	.071
P20					1	.347**	.230**	.125	-.174*
Fin_Acc						1	.634**	.325**	-.075
Soc_Acc							1	.168*	.094
Fin_Via								1	.022
F4									.046
PSI									1

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

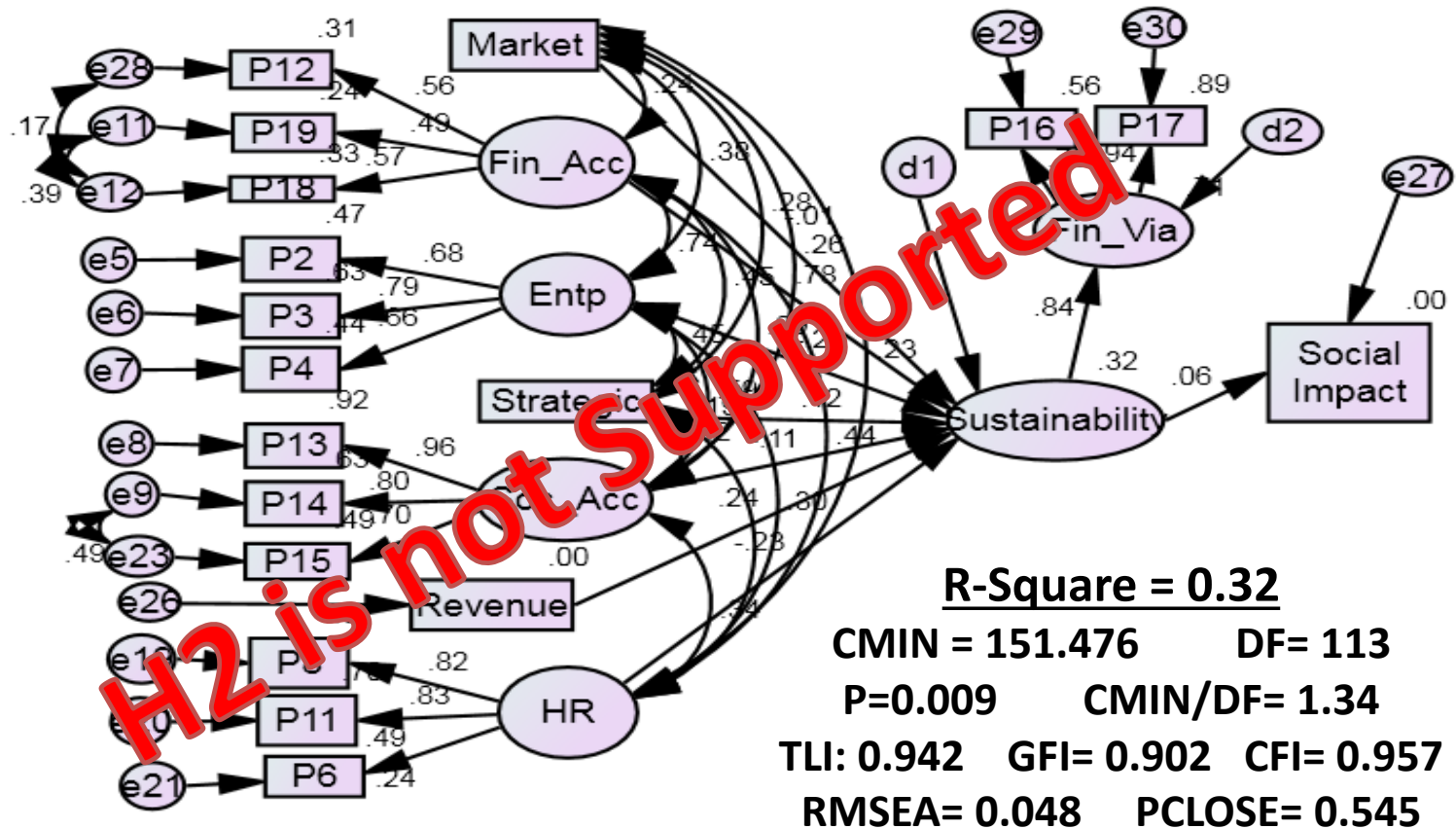
**Support for H1: NPOs
that are Entrepreneurial
have greater potentials
of behaving business-like**

Deviation away from SE concepts

No relationships exist between Fin_Via & PSI

No significant relationships between Fin_via & PSI with all observed SE strategies

***H2: The interrelationship of NPOs SE strategies impact their levels of sustainability.
The stronger the SE strategies, the higher the level of sustainability***



$$\text{NPOs Sustainability} = 0.236 \text{ F5} + 0.776 \text{ Fin_Acc} + c''$$

**Suggest NPOs levels of sustainability is dependant on their Financial Strategy
Support earlier finding of lack of relationship between SE strategies and
measures of sustainability**

Conclusions

- Caribbean NPOs behaving like traditional NPOs
- HR strategy could be negatively impacting performances
- Address information gap on social sector
- Extend field of Social Entrepreneurship

Limitations & Recommendations

- Limitations
 - Possible flawed data for measure of social impact
 - Conclusion on H2
- Repeat
 - Control for ambiguities
 - Different context area



Thank You

Questions Invited

