THE INFLUENCE OF LEADERSHIP STYLES AND SOCIAL CAPITAL IN ORGANISATIONAL EFFECTIVENESS: A STUDY OF SOCIAL ENTERPRISES IN VIETNAM

A thesis presented for the degree of Doctor of Business Administration

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2022

DECLARATION

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

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STATEMENT 1

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ACKNOWLEDGEMENTS

ABSTRACT

Vietnam's economy has rapidly transformed over the past few decades. Despite this, the country has faced social problems and the need for environmental sustainability. Social enterprises are businesses aiming to address these social challenges. Nevertheless, the academic literature in terms of social entrepreneurship and social enterprises in Vietnam has been found limited. Specifically, there is no research exploring the importance of leadership and social capital in social enterprises in Vietnam. Therefore, the goal of this study is to increase awareness of social enterprises, explore the role of leadership styles and social ties in the existence and success of a social enterprise in a specific context of a lower-middle-income country that had been recognised as one of the world's poorest countries before, and further inspire the Vietnamese Government's planning and enforcement of more practical and effective social policies. In order to achieve these aims, there are three research questions being constructed: *Research question 1: What are the influences of leadership styles on organisational effectiveness in selected social enterprises? Research question 2: What are the influences of social capital on organisational effectiveness in selected social enterprises? Research question 3: What state policy can be recommended for enhancing the effectiveness of social enterprises in Vietnam through leadership and social capital?*

A qualitative research approach was undertaken in the study. A wide range of views and perspectives from different relevant stakeholders were collected through in-depth semi-structured interviews. In addition, there were short questionnaires completed by employees in each social enterprise in order to identify their social entrepreneur's leadership styles. The results of the questionnaires supported the theme which is the extent to which leadership styles influence the effectiveness of a social enterprise.

In the findings, regarding the data collected from questionnaires and interviews, in the first phase of data analysis, leadership styles, and different social ties were identified and classified. In the second phase, a conceptual framework was used in order to assess the organisational effectiveness of social enterprises, along with analyses of leadership styles and social capital themes.

This study contributes to the existing literature on social entrepreneurship and social enterprises in Vietnam by adding new practical knowledge in terms of the impacts of leadership styles and social capital on organisational effectiveness which has been found difficult to assess in social enterprises as opposed to commercial firms. In particular, it is expected that the unexplored areas and new knowledge can offer inspirable lenses for theoretical discussions among Vietnamese third-sector scholars, practitioners, and policy-makers.

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CHAPTER 1

INTRODUCTION

1.1. Introduction

In this chapter, the first part provides a background of the study in which the evolution and development of social enterprises around the world and particularly in Vietnam are revealed. Having perceived problems arising from the context, the researcher provides motivations for doing this study, followed by a statement of research objectives and research questions. After that, the significance of the study is presented. Next, there is an initial discussion on the relationship among key terms of the research, including leadership styles, social capital, and organisational effectiveness. The research methodology then provides a big picture of research design, data collection, sampling, and data analysis, followed by a clear structure of the study with a diagram and a summary of the chapter.

1.2. Background of the study

1.2.1. The evolution and development of social enterprises (SE) in the world

The UK is a leading country in social enterprise introduction and movement in the world. Social enterprises have been first introduced in the UK since the 17th century. According to Grieco (2015), the very first recorded social enterprise model became apparent as a consequence of the plague (Black Death) pandemic in 1665. At the time, Thomas Firmin introduced a manufactory with his own money to provide employments for poor people. His mission very clearly stated that the profit will transfer to charitable funds. By the late 18th and early 19th centuries, the number of social enterprises in the UK was very small but can be divided into two main groups, including wealthy people providing employment with training to the poor, and models allowing employees have more rights in the businesses.

According to Bidet and Defourny (2019), in the 20th century, the wave of social enterprises experienced a slight decrease following the Great Depression, but its trend gained a flourishing development throughout the UK in 1979 when Prime Minister Margaret Thatcher limited the State role in supporting social welfare. The Government system is more likely bureaucratic; as a result, they cannot provide high-quality services as those have been based on local communities. Moreover, as the social problems have been increasingly complex, it demonstrates the limitation of the State in providing social welfare and the importance of the Third sector in addressing social issues (Denny and Seddon, 2014).

As austerity in the public sector has started to suffer, it is also remarked the inequality growth among industries in the private sector in which reform and transformation are keywords across all sectors (Ridley-Duff and Bull, 2011). They also noted that financially, the social investment market has experienced to see a huge number of improvements, many of which have responded to the detailed picture of the actual needs of social enterprises. Furthermore, as the markets are networked globally and increasingly alert to social and environmental issues, social enterprises can provide a substantial contribution (Ridley-Duff and Bull, 2011). In particular, social enterprises combine a sustainable business model with a clear social aim, working and addressing the most challenging areas. Social enterprises can use most effectively the resources in communities, in human resources, in supply chains and in investment to make real changes in the world which is more global and more local than it has ever been (Ridley-Duff and Bull, 2011).

Social enterprises have expanded dramatically beyond borders and become a social movement with real social impacts on a global scale in the last 30 years (British Council, 2022). There are main factors that have contributed to the movement. First and foremost, globalisation has fostered global networks for social enterprises to connect, share intangible and tangible resources, and multiply models beyond countries' borders (Kerlin, 2010). Secondly, the acknowledgement of humanity's values has been significantly promoted in which the role of civil society and post-industrial society are well discussed (Nguyen et al, 2012). At this point, along with social enterprises, other social movements such as Corporate Social Responsibility, Fair Trade, environmental protection, human development index, and Millennium goals have experienced new developments. Third, Kerlin (2010) also claims that social impact investors, those investors are focusing on social impact rather than traditionally maximising profit, provide inter-national networks to collaborate and support social enterprises globally. The presence of those investors brings opportunities to the development of social enterprises, particularly in developing nations where lack of capital and capacity building.

The UK is a leading country in social enterprises and its contribution to the UK economy. Government statistics in 2015 show that there are about 70000 social enterprises in the UK with a contribution of £24 billion to the economy and nearly a million people being employed (Social Enterprise UK, 2015). According to (British Council, 2022), the estimated number of social enterprises in the UK has reached nearly 100 000 in 2022. On a global scale, the social enterprise movement has become increasingly popular. The acknowledgement of social enterprises has been identified widely in many countries where social enterprises are also

supported and nurtured through the regulatory framework and promulgated policies to support the state's social missions more efficiently. The presence of social enterprises has been spread through East Europe and North American nations in different models such as micro-finance, social housing and cooperatives. The expansion of social entrepreneurship only strongly developed into an international wave of the current scale in 1980, when a welfare state model was replaced by an innovative view (Nguyen et al, 2012).

A report carried out by the British Council in 2022 has sought to estimate the number of social enterprises in many countries. The estimate includes all organisations that met social enterprise characteristics in a country within the NGO, co-operative and micro, and from small to medium-sized enterprise communities.

Table 1. 1 The estimated number of social enterprises in many countries

Country / territory	Estimated no. of social enterprises	Population (approx.)
Bangladesh	150,000	150 million
Ethiopia	55,000	100 million
Ghana	26,000	30 million
Greece	1,500	10 million
Hong Kong, China	4,000	7 million
India	2,000,000	1.3 billion
Indonesia	342,000	260 million
Kenya	40,000	50 million
Malaysia	20,749	30 million
Pakistan	448,000	210 million
Philippines	164,473	100 million
Singapore	6,000	5 million
Sri Lanka	10,000	20 million
Sudan	55,000	40 million
Thailand	115,000	70 million
UK	100,000	65 million
TOTAL	**3,537,722**	**2.447 billion**

Source: British Council, 2022. *More in common: The global state of social enterprise.* [online] pp.12-39. Available at: <https://www.britishcouncil.org/sites/default/files/more_in_common_global_state_of_social_ enterprise.pdf> [Accessed 30 August 2022].

The table above presents the number of social enterprises per capita figures for the diverse nations, which accounts together for over a third of the total global population. The range is from one social enterprise per 600 people in the Philippines to one social enterprise per 2000 people for Sri Lanka.

In addition, British Council (2022) also provided an estimate of the number of social enterprises in other countries. For instance, there are 20 000 social enterprises in the total population of 25 million people in Australia or 205 000 social enterprises for 126 million Japanese. The estimates were made in other countries such as Italy (102 000 for population 60 million), Belgium (18 000 for population 18.5 million), or France (96 603 for population 67 million). It can be seen that per capita, the figure represents one social enterprise per 600 to 1600 people, which is quite similar to the range calculated in the above table. Regarding the figures above, it was suggested that the provisional estimates of the total number of social enterprises in a global scale. If taking the average figure generated from the table above and combining the total global population of around 7.9 billion, it is possible to estimate about 8.6 millions social enterprises around the world.

In terms of policy and support ecosystem, according to (British Council, 2022), there have been policies and strategies that have been developed by many governments around the world to facilitate the development of social enterprises over the last decade. Moreover, a range of approaches from funds and special programs of support and adjustments to the law have been explored. On the basis, the research revealed the notable developments in the policy environment that have been introduced for the last decade in over 20 nations (British Council , 2022). For instance, the Bangladesh government have encouraged banks and other investors to investigate impact investment, while the government in Indonesia has recognised the significance of government in building and nurturing the social entrepreneurship ecosystem. The report also claims that there have been interventions in legislation in Pakistan, the Philippines, and Ghana to support social enterprises. It also is suggested that Vietnam is one of the countries that present remarkable developments in the Enterprise Law in which social

enterprises are officially recognised as a distinct type of organisation and they are promised to receive favourable conditions such as investment incentives or the right to access foreign non-governmental aid (British Council, 2022).

1.2.2. Social enterprises in Vietnam

In Vietnam, social enterprises have developed since the Vietnamese economy experienced a remarkable transformation in 1986 which the 'Open Door' (Doi Moi) policy was first introduced (Pham et al., 2016). Vietnam is a developing South East Asian country where people are facing social challenges such as poor education, unequal public healthcare, poverty, and environmental sustainability, particularly in the economic transformation over the past few decades. Furthermore, in the context of the economic crisis in the country, the Government refers to implementing solutions for fiscal tightening and decreases of government debt, to resolve arisen complex social and environmental problems. It is believed that the development of social enterprises has been supporting the development of a sustainable country. Social enterprises are found as having potential breakthroughs and benefits and being effective partners of the State to meet its social objectives (British Council, 2019)

The figure below presents the country's gross domestic product (GDP) per capita in Vietnam has increased remarkably since 1990 after the policy 'Doi Moi' was established. In 2021, with a total population of 97, 468, 029 people, the GDP per capita of the country was $3, 694, which increased by 2.6% compared to the figure in 2020 (GDP growth (annual %) - Vietnam, 2021).

Figure 1.1 Gross domestic product per capita in Vietnam

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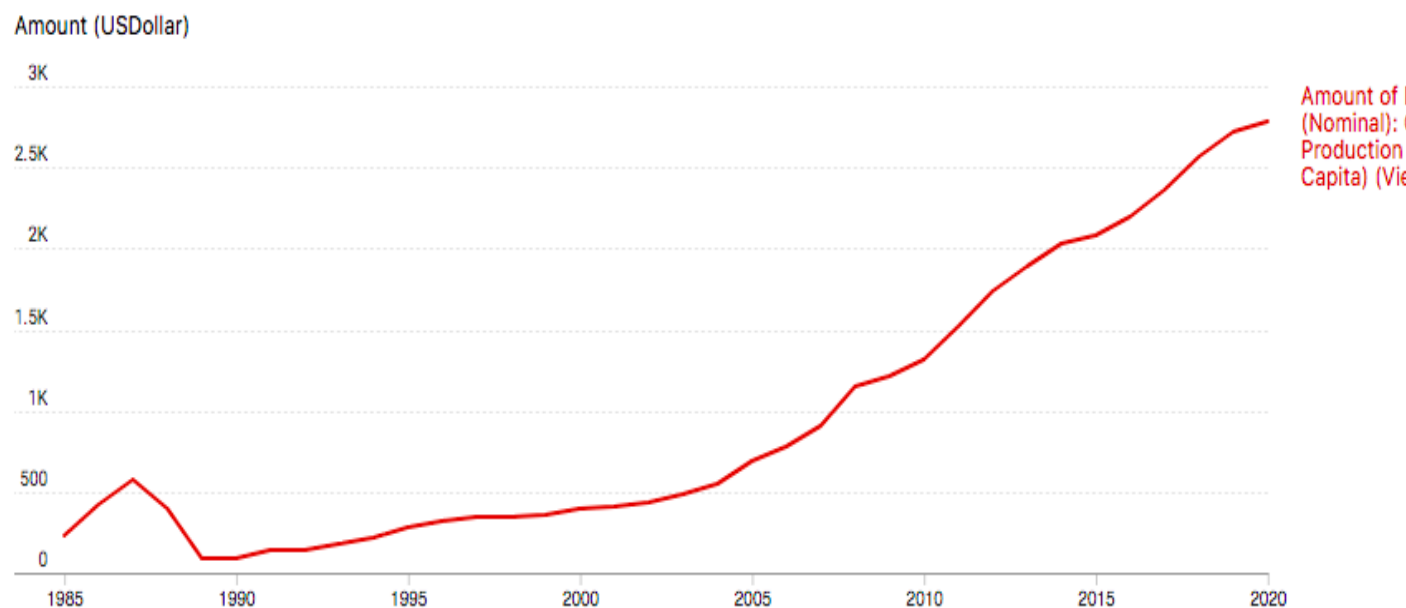
Source: datacatalog.worldbank.org

In the past decade, it demonstrates that social enterprise and social entrepreneurship have expanded dramatically in Vietnam among both nascent entrepreneurs and non-governmental organisations, supporters, policymakers and academics. Furthermore, the important milestone in the development of social enterprise in Vietnam is its official recognition in the Vietnam's Enterprise Law, which can allow the ecosystem access to support from a wide range of stakeholders.

According to a report undertaken by British Council (2019), the number of social enterprises in Vietnam has been estimated based on the number of organisations that have social enterprise characteristics including SMEs, co-operatives and NGOs. The table below shows the estimated total number of social enterprises in Vietnam in 2019.

Table 1. 2 An estimate of the number of social enterprises in Vietnam in 2019

Source	Quantity	Prevalence rate	Expected total number of social enterprises	Notes
SMEs	508,083	1.1%[1]	5,589	- SMEs account for 98.1% of the 517,924 enterprises[2]; - 1.1% is the prevalence rate of nascent social entrepreneurial activity (SEA-SU-BRD) in Vietnam.
Cooperatives	12,536	100%	12,536	- GSO Economic Census 2017 - Co-operatives can be considered social enterprises.
NGOs (including associations, charities, funds, clubs)	n.a.	n.a.	1,000	- CIEM, CSIP and BC (2012); CSIE and UNDP (2018) - No official figure for the number of NGOs exists, so we have taken a cautious estimate based on input from expert stakeholders.
Total number			19,125	

Sources: British Council, 2019. *Social Enterprise in Vietnam*. Social enterprise. [online]

Hanoi, pp.17-64. Available at: <https://www.britishcouncil.vn/sites/default/files/social-enterprise-in-vietnam.pdf> [Accessed 30 August 2022].

Considering the provisional estimate of the total number of social enterprises of 19, 125 and the total population of 96, 462 108 in 2019, it can be seen that the figure indicates one social enterprise per 5043 people. The average figure in Vietnam is much far from the average range of 600 to 2000 people calculated in Table 1.1. Therefore, it can be highlighted that compared to other countries, it is still crucial to promote the acknowledgement of the society and the State of the significance of social enterprises to expand its scale in the country. On this basis, doing research in the field of social enterprises and social entrepreneurship is needed.

Figure 1.2 Social enterprise sector in Vietnam
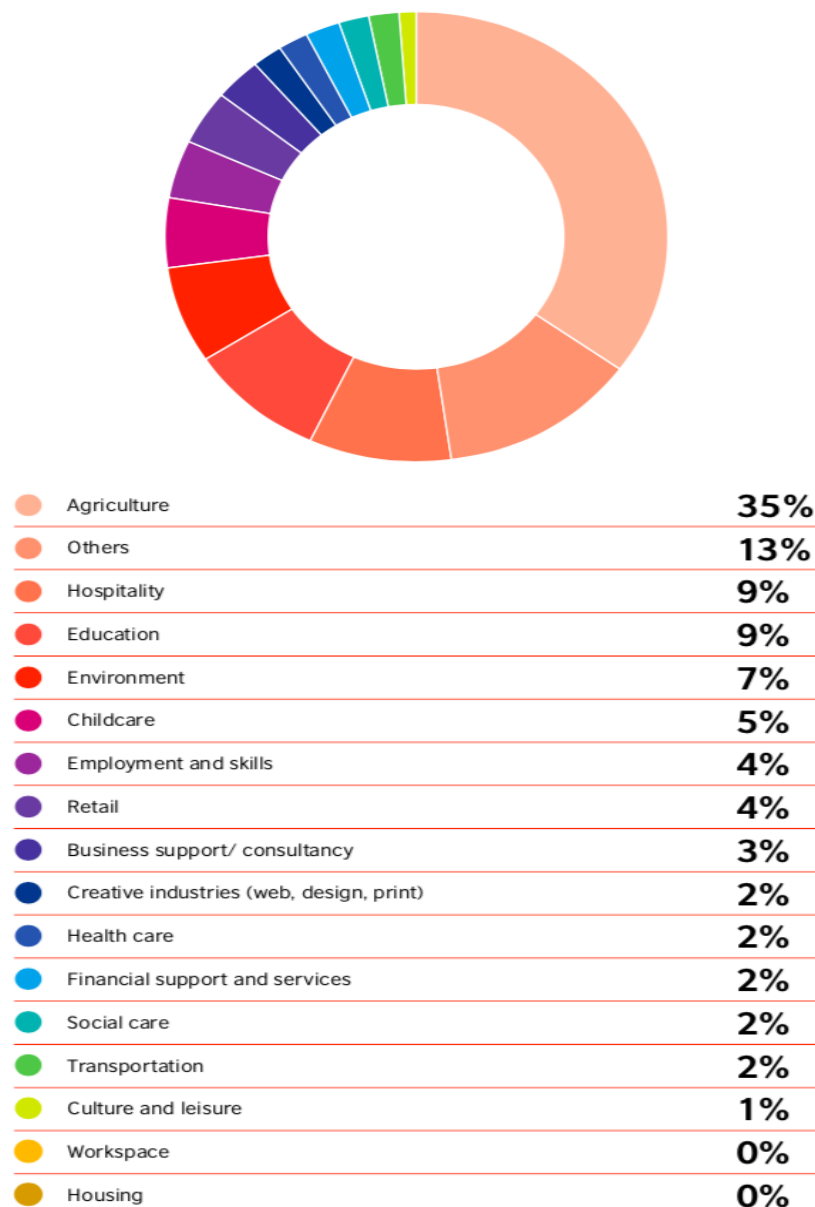
● Agriculture		35%
● Others		13%
● Hospitality		9%
● Education		9%
● Environment		7%
● Childcare		5%
● Employment and skills		4%
● Retail		4%
● Business support/ consultancy		3%
● Creative industries (web, design, print)		2%
● Health care		2%
● Financial support and services		2%
● Social care		2%
● Transportation		2%
● Culture and leisure		1%
● Workspace		0%
● Housing		0%

Source: British Council, 2019. *Social Enterprise in Vietnam*. Social enterprise. [online] Hanoi, pp.17-64. Available at: <https://www.britishcouncil.vn/sites/default/files/social-enterprise-in-vietnam.pdf> [Accessed 30 August 2022].

It can be seen that social enterprises in Vietnam are most commonly working in agriculture with 35%, followed by hospitality and education with the same 9%. It is suggested that most of the social enterprises tend to work in sectors that have a low level of skills, innovation and technology (British Council, 2019).

According to British Council (2019), social enterprises in Vietnam have created a great social impact in the country. It is claimed that on average, there are about 2000 vulnerable people supported by each social enterprise in Vietnam. The figure below indicates different types of direct beneficiaries supported by social enterprises. Specifically, it was reported that 27% of social enterprises bring benefits for people with physical disabilities, followed by another 27% of them supporting long-term unemployed and 25% reported that their beneficiaries are people with learning or mental disabilities.

Figure 1.3 Types of direct beneficiaries
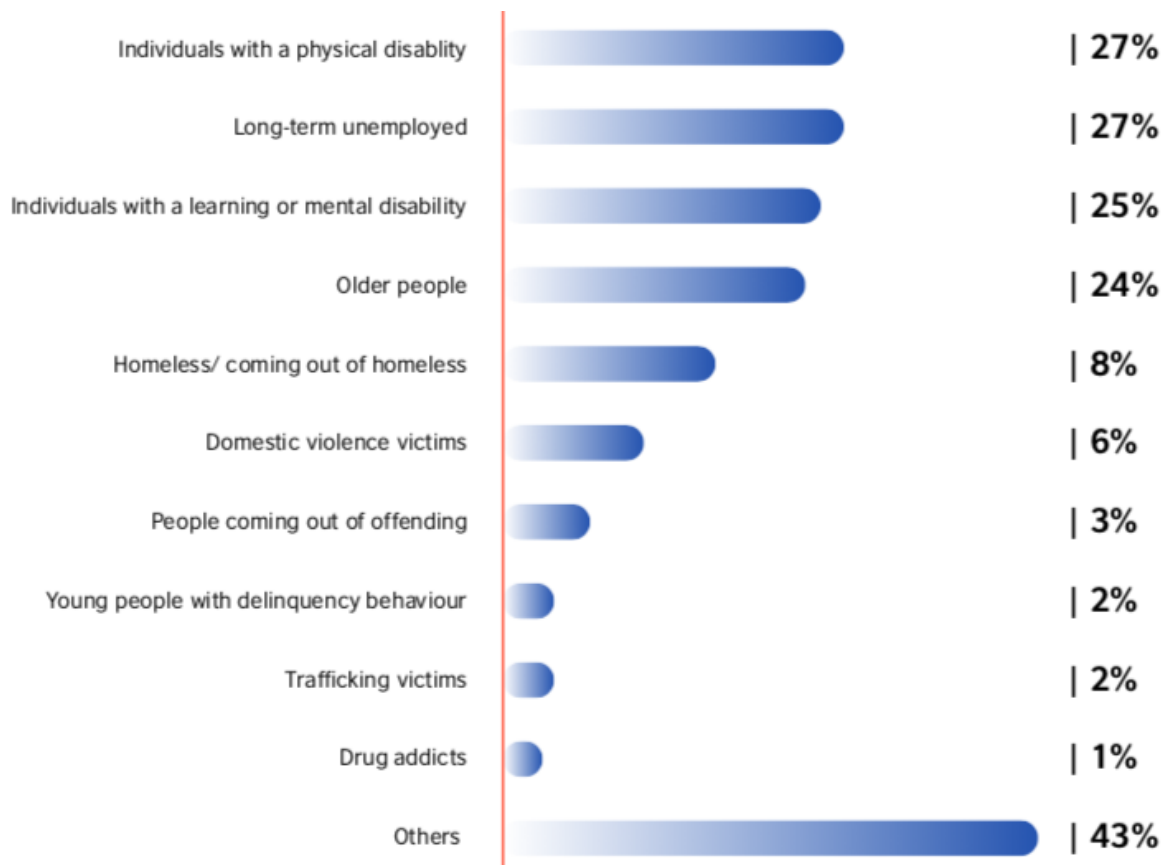
Individuals with a physical disablity	27%
Long-term unemployed	27%
Individuals with a learning or mental disability	25%
Older people	24%
Homeless/ coming out of homeless	8%
Domestic violence victims	6%
People coming out of offending	3%
Young people with delinquency behaviour	2%
Trafficking victims	2%
Drug addicts	1%
Others	43%

In addition, job creation is one of the most common social missions of social enterprises in the country, for more than 60% of social enterprises were reported to provide job opportunities for vulnerable people. It was investigated that each social enterprise can employ 42 full-time employees, with a median of 15.

However, it is reported that social enterprises have dealt with a wide range of challenges preventing them from scaling up their businesses and even surviving in the market.

Figure 1.4 Profit/ surplus of social enterprises in 2019
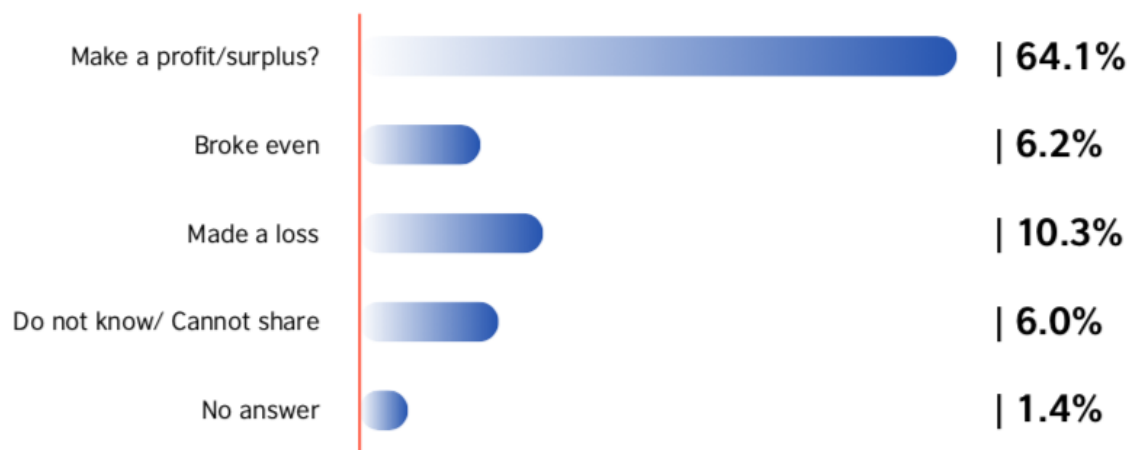
Make a profit/surplus?	64.1%
Broke even	6.2%
Made a loss	10.3%
Do not know/ Cannot share	6.0%
No answer	1.4%

A report of social enterprises in Vietnam undertaken in 2019 shows that 64.1% of the respondents claimed that they make a profit/surplus, and the rest of them just reach broke even or make a loss. Furthermore, in the report on social enterprises in Vietnam undertaken by the British Council (2019), there is a variety of barriers that social enterprises are facing in which recruitment of skilful employees and financial management are the most difficult challenges, followed by a shortage of business skills of social entrepreneurs, lacking various forms of

finance, and lacking of business support. Similarly, funding and finance remain the significant inherent barrier at both the start-up stage and sustainability reported by social enterprises. They have difficulties accessing various sources of finance.

Figure 1.5 Sources of funding and finance of social enterprises
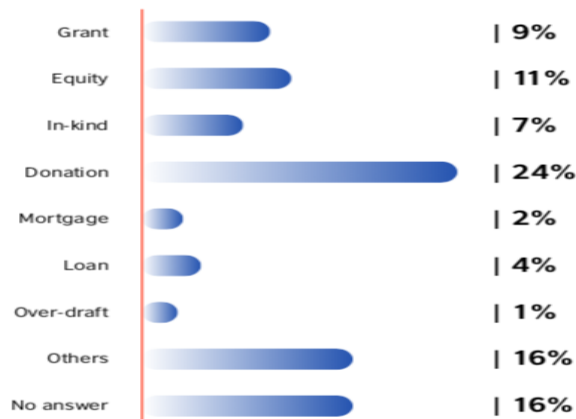
Source	Percentage
Grant	9%
Equity	11%
In-kind	7%
Donation	24%
Mortgage	2%
Loan	4%
Over-draft	1%
Others	16%
No answer	16%

Source: British Council, 2019. *Social Enterprise in Vietnam*. Social enterprise. [online] Hanoi, pp.17-64. Available at: <https://www.britishcouncil.vn/sites/default/files/social-enterprise-in-vietnam.pdf> [Accessed 30 August 2022].

In terms of external funding and finance, the donation was found to be the most common source, followed by equity investment with 11% and grants with 9%. Additionally, it was reported that social enterprises have dealt with some financing constraints as shown in the figure below.

Figure 1.6 Financing barriers of social enterprises
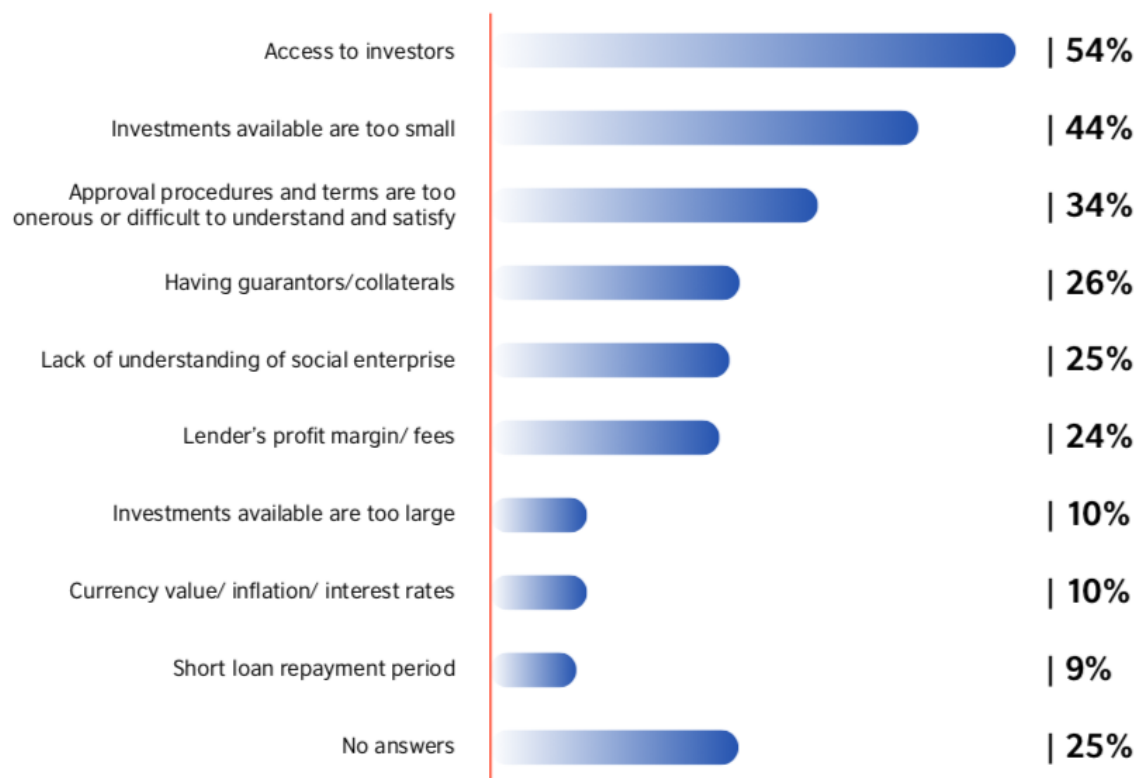
Barrier	Percentage
Access to investors	54%
Investments available are too small	44%
Approval procedures and terms are too onerous or difficult to understand and satisfy	34%
Having guarantors/collaterals	26%
Lack of understanding of social enterprise	25%
Lender's profit margin/ fees	24%
Investments available are too large	10%
Currency value/ inflation/ interest rates	10%
Short loan repayment period	9%
No answers	25%

Source: British Council, 2019. *Social Enterprise in Vietnam*. Social enterprise. [online] Hanoi, pp.17-64. Available at: <https://www.britishcouncil.vn/sites/default/files/social-enterprise-in-vietnam.pdf> [Accessed 30 August 2022].

It can be seen that more than half of social enterprises in Vietnam have struggled with access to investors (54%) and narrow scope of available investments (44%). Moreover, inappropriate procedures and terms are a challenge for them (34%), followed by difficulties to obtain guarantors (26%) and lacking knowledge about social enterprises (25%). Thus, it has stimulated the need for doing research, which is expected to provide fundamental information and knowledge for young potential social entrepreneurs in Vietnam, and recommendations for policymakers to promote the development of social enterprises in the country.

1.2.3. Definitions of common terms

This subsection will provide with the meanings of common key terms which are used throughout the thesis. It is beneficial to make content-specific words easily accessible to the readers and also aims to help the readers gain a better understanding of the problem.

Table 1. 3 Definitions of common terms

Term	Definition
Social enterprise (SE)	Social enterprise refers to a business that is created to resolve critical social or environmental problems in a financially sustainable and potentially profitable way (British Council, 2019). Compared to profit-oriented businesses, social enterprises tend to use their revenue-generating strategies to achieve their mission of delivering social values (Abu-Saifan, 2012).
Transformational leadership	Transformational leadership is defined as a process that can change and transforms people. Transformational leaders are strong role models for followers, inspirationally motivate them to achieve higher expectations and be creative, and pay attention to individual needs of followers (Northouse, 2021).
Transactional leadership	Transactional leadership is identified as an exchange process in which effort made by followers is exchanged for rewards (Northouse, 2021).
Social capital	Social capital is simply identified as the connections within social networks (Burt, 1992). Social capital can foster information sharing, mutual actions, social networks, as a result of mutual norms, values, and trusts (Van Bastelaer and Grootaert (2001) The European Union defined this term as elements of social organisation such as networks, norms, and social trust, which can facilitate co-operation for mutual benefits (Dakhli and De Clercq, 2003)
Organisational effectiveness	The term is identified as the extent to which an organisation with its social system, given resources and means can accomplish its

	objectives without incapacitating its means and resource, and without putting too much stress upon its members (Georgopoulos and Tannenbaum, 1957). Organisational effectiveness is also simply defined as the ability of an organisation to effectively achieve its shared goals and objectives (Selden and Sowa, 2004).

1.3. Motivation for the research

There are some personal motivations giving the researcher driving forces to do this particular research. First of all, the researcher's research and development interests are based on topic areas related to social entrepreneurship, social investment, and sustainability. Before undertaking this DBA course, the researcher had about one year of exploring this field, which can be considered as a fundamental step for the decision of doing this specific research.

More importantly, after discovering social enterprise literature in many contexts, the researcher has realised that the social enterprise sector in the researcher's home country- Vietnam is far from common. Thus, this fact has strongly motivated the researcher to do the research as my desire to promote the acknowledgement of social enterprise in Vietnam where people are facing social challenges. The researcher also knows that doing research in such new areas in Vietnam could be very difficult; however, the love of the motherland is a reliable source of strong mental motivation for the researcher to overcome all challenges along the way.

Specifically, compared to the figure of one social enterprise in an average of 600-2000 people, in Vietnam this number is one social enterprise per 5043 people in 2019. Therefore, with the desire of promoting the acknowledgement of social enterprise in the country, the researcher asserts that doing research in this field is fundamentally needed. Particularly, one of the most common barriers to social enterprises in Vietnam is a lack of leadership/management knowledge (British Council, 2019). Thus, the researcher is desirable to stress the importance of leadership on the success of a social enterprise as well as provide basic knowledge in terms of different leadership styles and its influences on organisational effectiveness in a social enterprise, especially in the Vietnamese context. From the researcher's knowledge, there have been limited works of literature related to social enterprises focusing on the term 'organisational effectiveness', particularly in Vietnam (Nguyen et al., 2012). This term is evaluated differently between commercial businesses and social enterprises (Mayberry, 2011). Thus, this is a motivation for the researcher to do this study with the desire of contributing to the variety of

social enterprise studies in the country. Last but not least, the researcher believes that this research will provide fundamental practical knowledge for future social start-ups and ventures as well as policymakers to contribute to the development of social enterprises in Vietnam.

1.4. Objective of the study

The study is undertaken based on the Vietnamese context; thus, the research boundary is within this context. The literature focuses on the research areas related to social entrepreneurship, organisational effectiveness, social capital, and leadership styles. Therefore, existing literature related to these key themes is reviewed to build the foundation on which inclusive guidelines can be established in the literature section.

This study aims to examine the influences of leadership styles and social capital on organisational effectiveness in social enterprises in Vietnam. From that, the research ultimately aims to provide recommendations for policymakers in Vietnam to conduct future programs to support social entrepreneurs in terms of leadership training, expanding social capital, and relatively increasing social enterprise's organisational effectiveness.

There are three main research questions risen in the study.

- *Research question 1: What are the influences of leadership styles on organisational effectiveness in social enterprises in Vietnam?*
- *Research question 2: What are the influences of social capital on organisational effectiveness in social enterprises in Vietnam?*
- *Research question 3: What state policy can be recommended for enhancing the effectiveness of social enterprises in Vietnam through leadership and social capital?*

Based on these stated research questions, the main objectives of this project can be stated as follows:

- Identify, compare and contrast leadership styles and social capital types possessed by selected social entrepreneurs in Vietnam
- Explore the influences of these leadership styles and social capital on the organisational effectiveness in selected social enterprises.
- Provide suggestions for policymakers in order to improve organisational effectiveness in social enterprises in Vietnam through leadership and social capital.

1.5. Significance of the study

Compared to commercial entrepreneurship, social entrepreneurship has been under-studied, particularly in Vietnam (Nguyen et al., 2012, British Council, 2019, British Council, 2016).

Therefore, undertaking research in terms of social enterprises is needed in order to spread knowledge and raise awareness of the term over the country. Particularly, the study in terms of the roles of leadership and social capital in organisational effectiveness in the social enterprise sector has been under-researched. In Vietnam, most studies only emphasise the policy, concept, context, and corporate governance without any concern about leadership and social capital (for instance, Pham et al., 2013; Nguyen et al., 2012). In addition, social capital is a crucial element significantly rising to the success of a social enterprise (Boaga and Sforzi, 2014); however, the relationship has been under-studied (Dawson et al., 2011).

The research is believed to spread the importance of social capital in all stages of social entrepreneurship. It is vital to assess the social capital of social entrepreneurs because the more social capital accumulated the more opportunities for social entrepreneurship are found (Matsunaga, 2013, Dawson et al., 2011). Social capital is defined as the connections within social networks (Burt, 1992). It is often described through the presentation of networks, sometimes identified by the level of tie strength (Davidsson and Honig, 2003). Social capital can generate networks which foster the identification of opportunities, gathering, and distribution of scarce resources (Birley, 1985; Xu, 2016). Similarly, social capital helps nascent entrepreneurs expose new and innovative ideas, world views, and ventures (Aldrich and Zimmer, 1986; Romano et al., 2017). Furthermore, social capital also plays a crucial role in organisational effectiveness when it contributes to improving the legitimacy and resource allocation (Davidsson and Honig, 2003; Lang and Fink, 2019). As mentioned, social enterprises in Vietnam are dealing with challenges such as financial management, and shortages of skill and business support. On this basis, the more social networks gained the more chances for social entrepreneurs are opened in order to help them to overcome their obstacles. According to Northouse (2021), leadership is a universal topic which has been studied in various aspects. In particular, social entrepreneurship and organisational effectiveness are also inherently reliant on leadership (Mayberry, 2011). According to Parry and Proctor-Thomson (2003) and Alsayyed et al., (2020), transformational leadership has a close relationship with organisational effectiveness and productivity. Additionally, Waldman et al., (2001) found that the degree of uncertainty in the social enterprise sector would call for transformational leadership. They also suggested that transformational leaders are capable of positively dealing with inherent barriers and challenges in the sector such as financial stability, disadvantaged employees, inadequate resources, and so on. Nevertheless, research on leadership, transformational leadership in particular is very far from common in Vietnam. It is also reported that a lack of business skills like leadership skills is the key challenge for social

enterprises in Vietnam (British Council, 2019). Thus, it is believed that the research will figure out the positive relationship between leadership and the effectiveness of social enterprises, which further provides potential social entrepreneurs with the knowledge of leadership and its importance to the success of their businesses.

Transactional leadership is also found to enhance organisational effectiveness, even though it is not studied as much as transformational leadership (Odumeru and Ognonna, 2013). Specifically, transactional leaders are found to have strong positive correlations with employee performance (Kalsoom et al., 2018; McCann, 2008), achieve business objectives and goals (Elenkov, 2002), and increase teamwork effectiveness (Avolio et al., 1988), and increase company revenue (Ensley et al., 2006). In addition, Yukl (2008) suggests that transactional leadership would stimulate the productivity and progressions of an organisation. Therefore, it is likely that transactional leadership would have positive impacts on financial stability, which is one of the biggest challenges in the social enterprise sector reported by British Council (2022). However, Al Khajeh (2018) undertook a quantitative approach and found an opposite research outcome that transactional leadership styles have a negative correlation with organisational performance. Therefore, the connection still needs to be paid more attention, and there is no significant linkage forecasted. Similarly, laissez-faire leadership is anticipated to have no connections with organisational effectiveness (Mayberry, 2011). Although both transactional and laissez-faire leadership styles were found to have no significant relationship with the organisational effectiveness in social enterprises, these studies were undertaken in different countries with different business cultures and backgrounds. Thus, it is still important to explore those connections in Vietnam where has different contexts compared to other countries.

1.6. Initial discussion on the relationship between leadership styles, social capital and organisational effectiveness

In social enterprises, organisational effectiveness is accessed quite differently as opposed to this in for-profit enterprises (Mayberry, 2011). There is a wide range of indicators to measure organisational effectiveness in a for-profit business such as sales growth, gross margin, profits or employment development, while in the research, there are three main elements to measure the organisational effectiveness of a social enterprise, including mission accomplishment, legitimacy and financial stability.

As mentioned above, lacking leadership and management skills is one of the inherent barriers preventing social enterprises from growing in the market (British Council, 2019). Here, in the

literature review, it was found that leadership has been indicated as a crucial factor contributing to the success of a social enterprise(Prabhu, 1999; Wronka-Pośpiech, 2016) . More important, the transformational leadership style was found to have positive influences on organisational effectiveness in social enterprises (Mayberry, 2011; Matsunaga, 2013). In addition, according to Wiltshire, Malhotra, and Axelsen (2018); and Waldman et al., (2001), transformational leadership has been demanded in social enterprises to deal with distinctive changes and degree of uncertainty in the sector. They also found that transformational leaders are able to deal with inherent barriers in the social enterprise sector, for instance, scarce resources, financial instability, or working with disadvantaged employees.

Transactional leadership was found to enhance organisational effectiveness in for-profit enterprises such as increasing employee performance (Kalsoom, 2018), achieving goals and objectives (Elenkov, 2002), strengthening teamwork effectiveness (Avolio et al., 1988) or better job satisfaction (Brown and Moshavi, 2002). However, there has been very limited research on the impacts of these leadership styles on organisational effectiveness in social enterprises.

Social capital also has a positive relationship with organisational effectiveness. As mentioned above, lacking knowledge is one of the barriers of social enterprises. On the basic, social capital was found to have impacts on organisational effectiveness in social enterprises by addressing the shortage of knowledge resources. According to Weerakoon, et al., (2019), knowledge transfers and creation are facilitated by cognitive social capital. Similar to this, social capital can provide social entrepreneurs with opportunities to access valuable information and resources (Granovetter, 1985). Furthermore, in the social enterprise sector, social capital also plays an important role in enhancing legitimacy and resource allocation (Davidson and Honig, 2003). Similarly, according to empirical research such as Gundry et al., (2011), Yli-Renko et al., (2001) suggested that the effective allocation of organisational resources, organisational performance and managerial networking have positive connections with social capital. It is also claimed that the external networks obtained by top managers in an enterprise is a crucial factor for the company's growth (Collins and Clark, 2003).

Last but not least, the relationship between social capital and leadership styles is strongly supported by some studies. For instance, transformational leadership positively influences internal social capital through trust in which leaders can foster trustful relationships among followers (Cho and Dansereau, 2010); through information sharing which it was found that transformational leaders tend to stimulate followers to transfer knowledge and information (Carmeli et al., 2013), foster effective communication (Tjosvold et al., 2009); through shared

goals and visions (Gupta et al., 2011). Furthermore, transformational leaders can be considered as a 'linking-pin' that facilitates their followers to connect with external social networks (Chen et al., 2016).

1.7. Research methodology outline

The research was undertaken by a phenomenological approach and qualitative method. The research methodology was found suitable for the study because qualitative methods can generate human behaviours in which unique individual experiences of participated social entrepreneurs can be emphasised. Here, in-depth semi-structured interviews were chosen to gather the data. Before the interview was conducted, both participated employees and social entrepreneurs had been invited to complete MLQ leadership questionnaires to examine what leadership styles they are applying in their social enterprises. From that, different perspectives on leadership styles perceived by employees and leaders were generated, which helped the research probe for additional questions or explanations in the interviews to understand the differences. All of the interviews were conducted online via Skype and Zoom.

The research used purposive non-probability sampling in which a number of social enterprises were selected in a purposive way. There are 12 social enterprises participated in the research. They were chosen based on two elements: at least 5 years of operation and expected to be in different industries. There were 17 interviews conducted in total with social entrepreneurs and employees and a total of 137 respondents completed the MLQ questionnaires.

The common leadership styles were generated from the outcomes of the MLQ which were completed by both employees and leaders. It was analysed based on a score range in the questionnaire. Thematic analysis was used to identify and analyse common patterns within the data collected from the interviews. To some pitfalls of this type of qualitative analysis, narrative analysis was alternately used to explain the confusion and specific situations. The research methodology is discussed in further detail in Chapter 4.

1.8. Structure of the study

The structure of the study is presented in a diagram below.

Figure 1.7 Structure of the study

CHAPTER 1
Introduction

CHAPTER 2
The development and evolution of SE in Vietnam

CHAPTER 3
Literature Review Social entrepreneurship, Leadership styles, Social capital, Organisational effectiveness and its relationships

CHAPTER 6
Discussions

CHAPTER 5
Research Findings on the relationships between leadership styles, social capital and organisational effectiveness

CHAPTER 4
Research Methodology Justifications for qualitative and phenomenological approach

CHAPTER 7
Conclusions, Contributions, Implictions Recommendations

Having outlined the background, objectives, significance of the research, and motivations and ideas underpinning this thesis, followed by an initial discussion on the relationship of key concepts and an overview of research methodology in this chapter, the following will describe the remaining chapters.

Chapter Two provides the development and evolution of social enterprises in the nation and also emphasis understanding key players in the Vietnamese social enterprise ecosystem as well as the main barriers preventing them from expanding their scales.

Chapter Three presents a literature review in which it focuses on a survey of the previous studies of each key term related to the research. It describes 'social entrepreneurship' and 'social entrepreneurs' and the key distinctions between for-profit and social enterprises. Moreover, other key terms such as 'leadership', 'social capital' and 'organisational effectiveness' are discussed intensively from definitions, models, and how to measure them, followed by in-depth discussions to express their relationships, especially in the social enterprise sector. The chapter is ended with a conceptual framework of the research which demonstrates the connection between leadership styles, social capital, and organisational effectiveness.

Chapter Four presents and justifies the qualitative methodology chosen for the research. The philosophical, ontological, and epistemological stances are discussed in order to generate the qualitative-interpretivist phenomenological approach which is found as the best fit for the research. Chapter Four also describes the qualitative data collection method, purposive non-probability sampling, and the combination of thematic and narrative data analysis. The chapter is ended with an exploration of its reliability, validity, and ethical considerations.

Chapter Five presents the research findings generated from collected data and they are categorised to address the research questions. They are also divided into three parts, including the first part aims to explore the leadership styles of social entrepreneurs, the second part objects to find out the connections between leadership styles and organisational effectiveness and the last part figures out how social capital influences organisational effectiveness.

Chapter Six describes the Discussion of the thesis in which it includes the interpretation of the findings through the lens of secondary data generated from the previous studies.

Chapter Seven is the final chapter that presents the Conclusions emerging from the research and recommendations to address issues and eliminate barriers and suggest for further research.

1.9. Chapter summary

This first chapter Introduction has set out the fundamental understanding of the study. As such, it has outlined the background and context of the research as well as delivered a strong rationale as well as the significance for conducting of this exciting research. After providing research aims, objectives and research questions, an initial discussion about the relationship among key terms, the outline of research methodology, and the overall structure of the study are given. The next chapter will provide the social enterprise sector in Vietnam in more detail.

CHAPTER 2

THE DEVELOPMENT OF SOCIAL ENTERPRISES IN VIETNAM

2.1. Introduction

This chapter first provides the development of social enterprises in Vietnam which is divided into three main periods: before 'Open door' policy in 1986, from 1986-2010, and from 2010 to now. After that, organisational forms and legal status is presented, followed by areas of focus in which social enterprises are classified regarding their social objectives and sectors. The legislation and policies that are relevant to social enterprise sector are also noted. The ecosystem of social enterprises in Vietnam is then revealed in terms of different areas such as financial support, incubation and co-working spaces, cooperate sector's roles, and the role of media. Last but not least, it is important to identify the challenges and barriers that social enterprises in the country are dealing with, followed by a chapter summary.

2.2. The development of social enterprises in Vietnam

First and foremost, it is important to provide an overall country profile. Vietnam is identified as one of the most dynamic nations in South East Asia. In 1986, the 'Open door' policy which is called Doi Moi renovation, was adopted. It has transformed the country from one of the world's poorest countries to a lower-middle-income nation. According to General Statistics Office (2019), the transformation has generated job creation and income. In 2018, the gross domestic product (GDP) went up to 7% as a result of a significant expansion in the service sector which accounts for over 40 per cent in the total national GDP. Strong industrial and the development of construction and strong exporting fields are the main contributors to the national economy. Currently, the Vietnamese population is young in which 70% of the population is under 35 years of age; however, it is expected that the population is ageing quickly as the percentage of the middle class is predicted to increase from 13% in 2020 to 26 per cent by 2026. The labour force is up to nearly 50 million people, with only 2% of the unemployment rate. It is expected that future employment has still depended on both traditional and emerging sectors. The World Bank suggested that the Vietnamese government should focus on the business environment to attract more valuable foreign direct investments, foster innovations and ensure domestic enterprises can take part in global and regional value chains. The current and future economic development in Vietnam is predicted to grow quickly; however, the advantages of the growth do not spread all over the areas of Vietnamese society. Currently, Vietnam is recognised as a highly ethnically diverse nation with 54 different ethnic

groups. The Kinh ethnic group accounts for the majority of 85.5 per cent of the total population, whereas 53 other ethnic groups have around 13.4 million people. There are many of these ethnic minority groups based in geographically remote and mountainous areas throughout the nation. It can be seen that inequalities between the most popular group like Kinh group and other groups are wide and persistent, particularly in equal education, employment, healthcare and other fields. In this context, it is calling for social enterprises to address these problems.

2.2.1. Main stages in the development of SE in Vietnam

In Vietnam, before having official recognitions for social enterprises, some businesses had been introduced to serve the public interest, vulnerable communities in particular. CSIP, the British Council and Spark undertook a study in 2011, which found that among almost 200 organisations recognised with all features of social enterprises in Vietnam, the oldest established organisation is the Humanitarian Co-operative which was known as Hanoi Disabled People Association founded in 1973. There are three main stages in the development of social enterprises in Vietnam as follows:

(i) Prior Innovationn 'Doi Moi' in 1986, social enterprises were not recognised and they linked with collective ownership and worked in the form of Cooperative addressing the needs of disadvantaged groups of people.

-Before 1986, Vietnam was recognised as a centralised planning economic system in which only the State had the accountability and responsibility to ensure the provision of social services to citizens. At the time, the establishment and operation of any socio-political organisations, for instance, the Women Union, or the Youth Union and so on were completely under the leadership of the Communist Party, and strongly associated with state management. It can be seen that these organisations were the only channels for citizens to take part in community activities.

-The context at the time reinforced the development of cooperatives which were the only best-fit form of economic-social organisations to address special needs of its members with the spirits of community: Cooperation, sharing and mutual benefits. There are two main features of a cooperative: being recognised as a community owned, and operating as an independent economic unit. Thus, it can be found that the cooperative form can be identified as the very first and earliest social enterprise model in Vietnam

(ii)   From 1986 to 2010, social enterprises had shown a further step by associating closely with NGOs and being mainly funded by foreign organisations.

- After the implementation of the Doi Moi policy made in 1986, social enterprises have entirely started to do their business activities that reach for social goals with the fundamental features of the social enterprise model. This can be considered as a remarkable point that made social enterprises recognised as a new economic sector as well as the state capitalist economy, small business owners, and private capitalist economy.

- There were policies which encouraged the fundamental establishment of social funds, and charity funds such as Decree 177/1999/ND-CP and Decree 148/2007/ND-CP, whereas community organisations paid attention on the supply of basic daily services such as poverty reduction, health care, education, environment protection, and waste and water management. Particularly, the state also emphasised cooperation between international NGOs and national organisations, oversea and local governments.

- Innovation played a crucial part in the development of non-state organisations and particularly social organisations including social enterprises. Nevertheless, the gap between economic activities and social counterparts existed not only in mindset but also in actual operation, which has restricted the establishment of the hybrid model as social enterprises

(iii)   From 2010 to now, when Vietnam has moved from a low-income country to a middle-income nation, social enterprises have been officially recognised in the country and operated regardless of market principles; gradually earning income from internal business activities rather than depending on external financing.

-In the context at the time, social enterprises were divided into three groups:

(1) *The NGOs*: change the operating strategy of NGOs to introduce strand as a social enterprise in order to

- Generate income to create independent funding sources; and
- Effectively use and manage resources to provide community services depending on the market mechanism.

(2) Groups of companies pursuing shared value: these organisations aim to not only create economic value but also social value by addressing social needs and challenges. Here, the share value is identified as a new method to achieve economic success rather than an actual social responsibility or charity. Particularly, the social value lies in the core

value chain of these enterprises, which is considered as an indispensable characteristic in competitive capability. There are some common orientations of these firms as below:

- Fair Trade: social enterprises like Mai Vietnam Handicraft in Ho Chi Minh city focus on supplying handicrafts, products made of natural ingredients, providing jobs and educational opportunities for poor women throughout Vietnam. This social enterprise was also invited to take part in the research.

- The business group pay attention to the Base of the Pyramid Group (BoP): creating and identifying business ventures by serving the needs of poor citizens with affordable service.

- Social enterprises purpose to address social and environmental problems

(3) Group of new social enterprises: Since the social enterprise concept was first penetrated in Vietnam, this sector was significantly encouraged and supported by intermediary organisations such as CSIP and Spark- the most popular social enterprise nurturing and promoting centres. As a result, more individuals have created their ventures through social enterprises in which they can operate in various forms, for example, NGO or limited companies, Joint-stock companies, co-operatives, funds and associations. These social enterprises have common characteristics as below:

- Created and led by social entrepreneurs with high autonomy

- Supporting creative and innovative social solutions

- Transparent social and environmental objectives and they are core objectives and aims of the enterprises

- Optimising not maximising revenue, most of their profits intend to reinvest and improve social impact not to be shared to investors

- Collective and community ownership with a high level of democracy, empowerment, and participation of individuals sharing needs and goals

- Willing to face high risks

- Before 2014, the concept of social enterprises was still new and not widely known in Vietnam. At the time, some social enterprises were introduced but had not recognised until July 2015 when the forms of social enterprises were officially identified for the first time.

-According to Article 10 Enterprise Law (British Council, 2019), social enterprise is defined as 'an enterprise that is registered and operates to resolve some social and environmental issues for social purpose; and reinvests at least 51 per cent of total profits to resolve the registered social and environmental issues' (p. 22)

More details of these development stages are included in **Appendix A**. Main stages in the development of SE in Vietnam in detail.

2.2.2. Organisational forms and legal status of SEs in Vietnam

The structure of social enterprises in Vietnam was revealed in the study called 'Vietnam Mapping of Social Enterprise' carried out by CSIP Vietnam, the British Council and Spark in 2011. The quantitative study gathered data from 167 different social enterprises throughout 25 provinces of the country in which the majority of them based in the two biggest cities in Vietnam, Hanoi (accounting for 41%) and Ho Chi Minh city (13%). Other social enterprises in other provinces are minimal as there is a lack of support for development, and inadequate knowledge and awareness.

Social enterprises run their businesses under different organisational forms and various legal statuses, from normal SMEs to associations or clubs.

Table 2.1 Organisational forms/ legal status of social enterprises in 2011
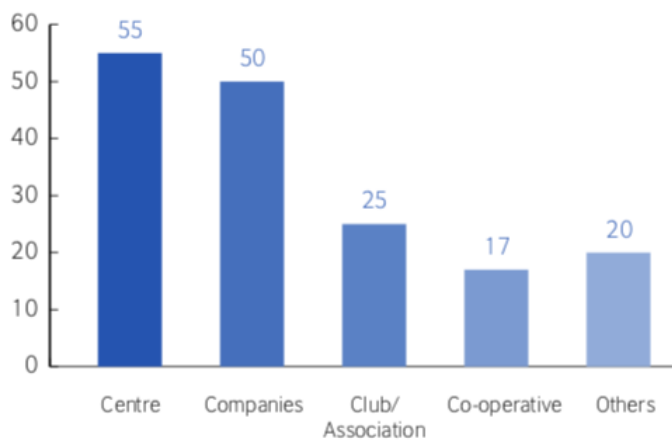
Source: CSIP, British Council Vietnam, Sparks, 2011. *Mapping exercise report on social enterprises in Vietnam*

It can be seen that the most popular organisational/legal status was 'Centre' as at the time operating under this organisational form had lots of benefits regarding the establishment, access to funding and even tax-free. At this point, 'Centre' is mostly identified as form of NGOs. 55 organisations out of 167 registered in the form of NGOs, which accounted for 33 per cent. The number of social enterprises registered under 'Companies' was 50 and it made up for 30 per cent.

After 8 years, there was another study about social enterprise in Vietnam was undertaken by the British Council with the support of CSIP in 2019. This study indicated some dramatic changes in the organisational forms and legal status of social enterprises. With the participation of 142 organisations, 30 per cent of the respondents have been operating since 2015, 31 per cent and 25 per cent of the total 142 have had about 10 years of operation and over 10 years respectively.

Figure 2. 1 The organisational forms/ legal status of social enterprise in 2019
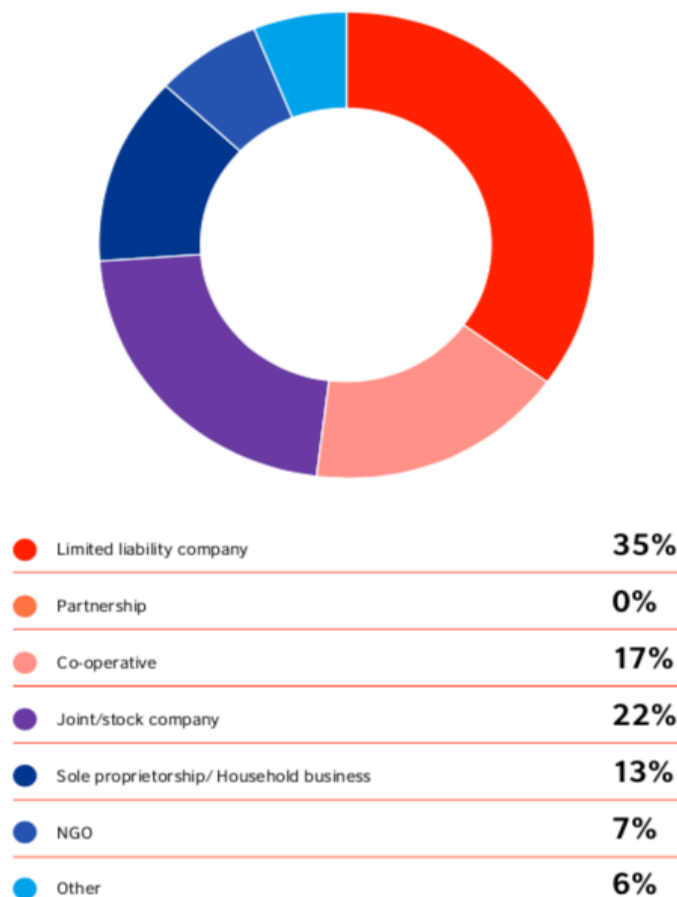
🔴 Limited liability company	**35%**
🟠 Partnership	**0%**
🌸 Co-operative	**17%**
🟣 Joint/stock company	**22%**
🔵 Sole proprietorship/ Household business	**13%**
🔵 NGO	**7%**
🔵 Other	**6%**

Source: British Council, 2019. *Social Enterprise in Vietnam*. Social enterprise. [online] Hanoi, pp.17-64. Available at: <https://www.britishcouncil.vn/sites/default/files/social-enterprise-in-vietnam.pdf> [Accessed 30 August 2022]

In the comparison between Table 2.1 and Figure 2.1, it can be seen that the number of organisations with NGO organisational form/legal status significantly decreased, from 33 per cent in 2011 dropped to only 7 per cent in 2019; whereas, the number of social enterprises registered under limited liability company, and joint stock company dramatically increased

from just 30 per cent in 2011 to 57 per cent in 2019. it is believed that these changes were promoted by Vietnamese policies which were adopted to encourage the establishment of social start-ups and innovation.

2.2.3. Areas of Focus (Sector)

Objectives

Regarding the reports (social enterprise 2019), creating employment opportunities is the most common objective of social enterprises in Vietnam, accounting for 60 per cent of respondents reported. Improving a particular community and supporting vulnerable people are the second and the third popular social objectives. All other objectives are shown in the figure below.

Figure 2. 2 Social Enterprises' objectives

Objective	Percentage
Creating employment opportunities (including for members)	60%
Improving a particular community	55%
Supporting vulnerable people	42%
Protecting the environment/ saving energy	32%
Providing access to quality products/ services	31%
Promoting societal inclusion	30%
Promoting another model for work	23%
Fighting inequalities	20%
Supporting women and girls/ gender equality	20%
Improving health and wellbeing	16%
Promoting education and literacy	16%
Supporting vulnerable children and young people	12%
Addressing financial exclusion	12%
Supporting other social enterprises	10%
Providing affordable housing	0%
Others	7%

Source: British Council, 2019. *Social Enterprise in Vietnam*. Social enterprise. [online] Hanoi, pp.17-64. Available at: <https://www.britishcouncil.vn/sites/default/files/social-enterprise-in-vietnam.pdf> [Accessed 30 August 2022].

Sectors

In Vietnam, it was reported that social enterprises intend to operate in fields that require labour intensive, with relatively low skills, technology and innovation. In the report undertaken in 2019, about 35 per cent of social enterprises working in the agriculture sector, followed by 9 per cent in Hospitability, 9 per cent in Education, and 7% in the Environment. The figure below shows the pig picture of most sectors that social enterprises in Vietnam are operating in.

Figure 2. 3 Social enterprise Sectors
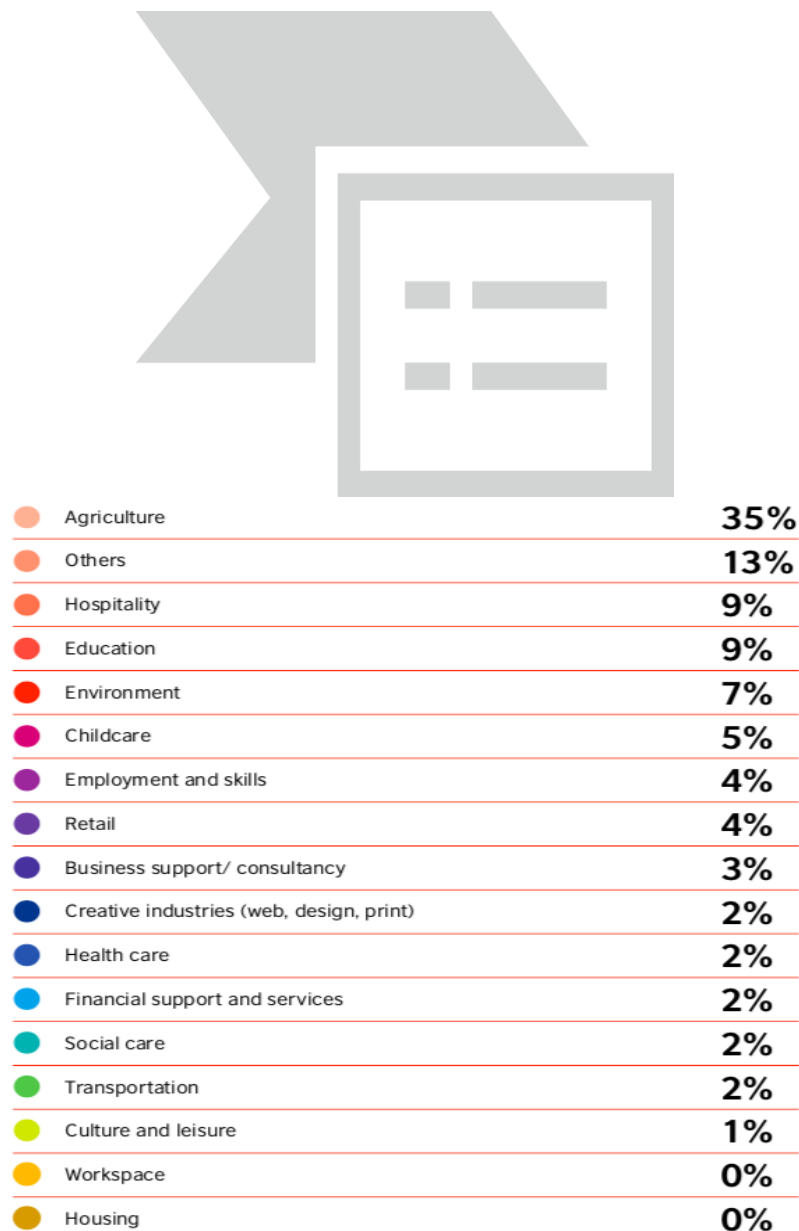
● Agriculture	**35%**
● Others	**13%**
● Hospitality	**9%**
● Education	**9%**
● Environment	**7%**
● Childcare	**5%**
● Employment and skills	**4%**
● Retail	**4%**
● Business support/ consultancy	**3%**
● Creative industries (web, design, print)	**2%**
● Health care	**2%**
● Financial support and services	**2%**
● Social care	**2%**
● Transportation	**2%**
● Culture and leisure	**1%**
● Workspace	**0%**
● Housing	**0%**

Source: British Council, 2019. *Social Enterprise in Vietnam*. Social enterprise. [online] Hanoi, pp.17-64. Available at: <https://www.britishcouncil.vn/sites/default/files/social-enterprise-in-vietnam.pdf> [Accessed 30 August 2022].

2.2.4. Geography of SE Operations and Reach

According to British Council (2019), there are almost 300 registered social enterprises across Vietnam. Most of them are commonly based in urban areas, which is similar to the general pattern of businesses in major cities. From the figure below, it can be seen that 30% and 21% of social enterprises respectively are located in Hanoi and Ho Chi Minh City- the two biggest cities in the country; whereas under half of all social enterprises are located in rural areas across the rest of 61 provinces. Surprisingly, there are only 9% and 8% of social enterprises operating

in the central provinces and the southern provinces respectively, although the need for social intervention in these rural areas is found much greater than that in major cities.

Figure 2. 4 Geography of SE operations
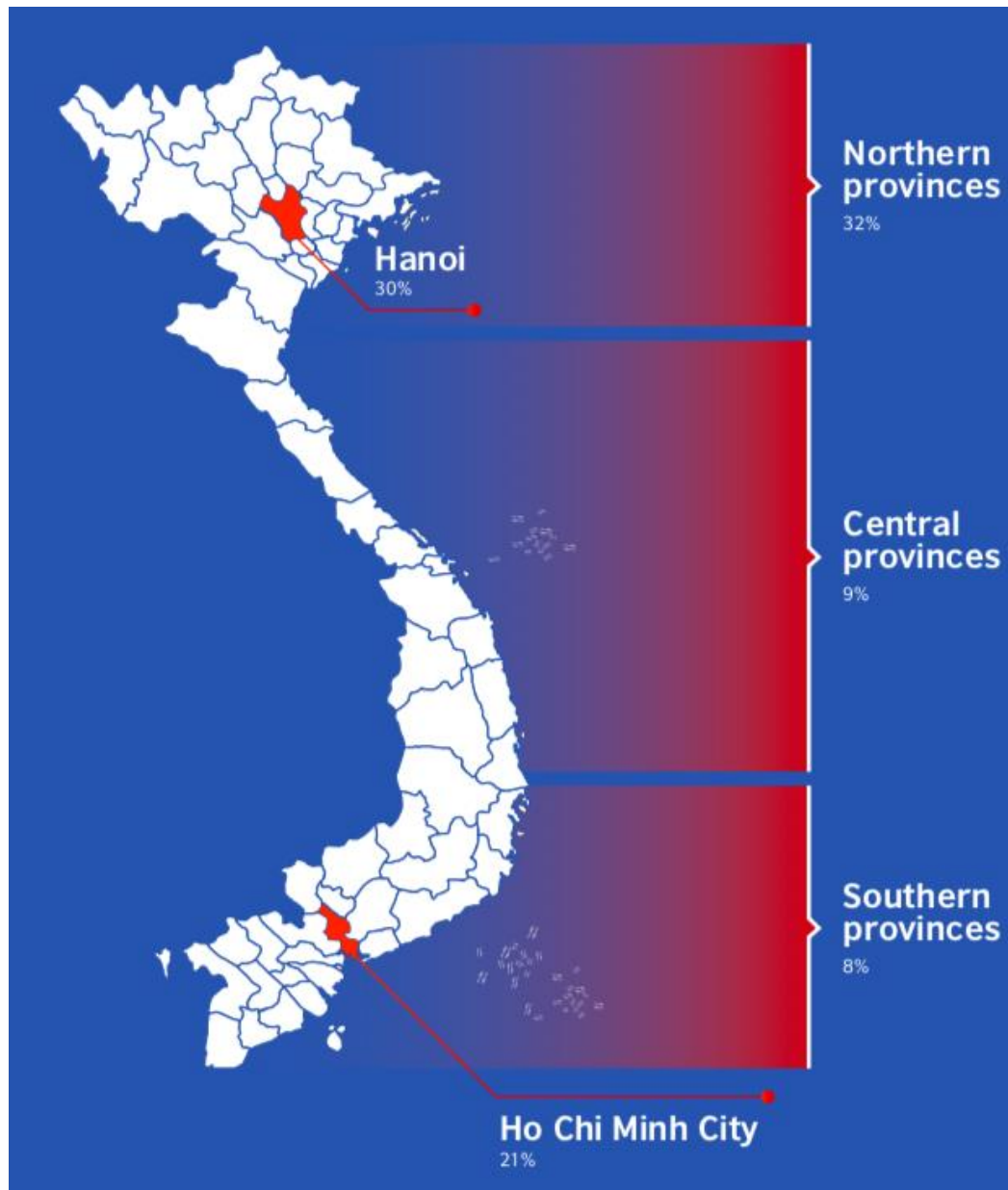
Source: British Council, 2019. *Social Enterprise in Vietnam*. Social enterprise. [online] Hanoi, pp.17-64. Available at: <https://www.britishcouncil.vn/sites/default/files/social-enterprise-in-vietnam.pdf> [Accessed 30 August 2022].

The difference between the geographic spread of the needs of Vietnam citizens for social intervention and the actual locations of social enterprises is also presented in the Figure 2.5

Geographical Reach. Particularly, while there are 30.2 % and 21.7% of total number of social enterprises operate in national and international markets, particularly in urban areas, only 11.6% of them operating within their local districts or urban areas. Most of social enterprises in rural areas run as co-operatives working to directly solve social issues within their local community, for instance, to deliver sustainable livelihoods for indigenous minority-ethnic people. However, these organisations have dealt with a range of difficulties such as poor administration, and low levels of management skills among leaders, of whom only 2% have a graduate degree (British Council, 2019). At this point, it could be a reason for the slow development of social enterprises in these areas in which Vietnamese policymakers can take into account and the researcher can consider it in the recommendation part in Chapter 7.

Figure 2. 5 Geographical Reach

Source: British Council, 2019. *Social Enterprise in Vietnam*. Social enterprise. [online] Hanoi, pp.17-64. Available at: <https://www.britishcouncil.vn/sites/default/files/social-enterprise-in-vietnam.pdf> [Accessed 30 August 2022].

2.2.5. Legislation and policies relevant to social enterprises in Vietnam

In the context of the development of social enterprises in Vietnam, the Government has prioritised and promoted business for sustainable development (Truong et al., 2018). 'Socio-Economic Development Plan of Vietnam' and the United Nations SDGs are two promising projects to achieve sustainability. Furthermore, Sustainable Development Strategy was released in 2012 and has been adopted until now. In addition, Vietnam's government also announced the National Action Plan in 2017 to ensure the implementation of the 2030 Agenda for Sustainable development.

Social enterprises in Vietnam are advantageous from a range of policies that apply to SMEs, enterprises providing public services, and specific policies for social enterprises. First and foremost, for social enterprises registered as SMEs, support from credit institutions can be leveraged to increase SME loans such as credit guarantees. SMEs also have lower corporate income tax rates and they can receive tax and accounting support. There are also lots of opportunities for them to access technological supports in terms of training programs, consultancy and technology transfer, support for human resource development such as training courses for start-ups, corporate governance, and vocational training for employees working at SMEs. Additionally, SME-registered social enterprises can leverage the support for market expansion in which more than 80% of SMEs with their supply chain manufacturing their products in Vietnam can get land rent and non-agricultural land reduction, an exemption or reduction of corporate income tax for a while.

Social enterprises supplying public services such as social and environmental areas may be given support under Resolution No. 05 released by the Government which aims to encourage education, culture, healthcare, and physical training activities. The policy Decree No. 69 shows that enterprises providing public services may be eligible to get exemption from registration fees for the use of land rights and ownership of land-related assets; tax reduction and exemption, for instance, 10% corporate income tax rate, tax exemption for first 4 years and a 50% cut-off for the subsequent 5 years; reasonable export and import tax; and VAT exemption for healthcare organisations providing medical services, import of machinery and equipment used for scientific research, or aid.

Apart from leveraging advantageous policies applied for SMEs and public service organisations, social enterprises in Vietnam also have specific policies in order to encourage their development. For example, under the Law on Enterprises released in 2015, social enterprises are entitled to advantageous policies shown in Decree No. 96/2015/ND-CP in which they are given favourable conditions, investment incentives, access to international non-governmental aids, particularly for enterprises and individuals target their businesses at serving social and environmental problems. However, according to (British Council, 2019), although there are governmental policies to support the development of social enterprises in Vietnam, their influences appear to have been relatively minimal.

2.2.6. Key players in the social enterprise ecosystem in Vietnam

Key players in terms of financial support

Social enterprises in Vietnam can access a range of funding options. Government is one of the key players supporting funds for social enterprises. Social enterprises recognised as SMEs with business plans in priority sectors can receive the SME Development Fund regarding Decision 601/QD-TTG policy. Apart from it, Abilis and Thrive are two charities providing financial support to social enterprises. For instance, Abilis aims to provide grants of $10 000 to $20 000 to organisations supporting disabled people each year, whereas Thrive lend money to SMEs to buy machinery at 0% interest rates. In addition, some crowdfunding platforms are being developed to support social enterprises such as ig9.vn, comicola.com, and firstep.vn, Fundstart.vn or FundingVN.com. However, the amount of each donation is still very modest. Moreover, risks exist when running these platforms such as risks of being closed down as a cause of scepticism in the community, lack of legal frameworks, or start-up ideas are not attractive enough. Last but not least, students in universities can be funded for start-up training courses, relevant competitions, and seed funding to pilot and scale up inventions related to social enterprises.

Key players in terms of incubation and co-working spaces

There are intermediaries specialising in incubating social start-ups through providing business development services, training programs and mentorship. These organisations normally have five to ten years of experience. CSIP, Spark, HATCH! Ventures, Evergreen Labs and Seed Planters are leading organisations in this field in Vietnam. Recently, there are newly-established incubators, for example, DNES, SiHUB, BKHUP, UP and The Vuon, sYs. They have been leveraged from a range of government initiatives, consisting of Start-up Nation programs which have fostered the development of social enterprises in Vietnam. Additionally, giving spaces and free Wi-Fi for young start-up entrepreneurs is popular in big cities throughout Vietnam; however, the co-working free spaces should be given more to peri-urban or rurally based young citizens.

Moreover, international organisations operating in Vietnam have significantly contributed to the growth of social enterprises. For instance, the British Council has provided programs as such advocacy, social enterprise growth programs, and social innovation across Universities in Vietnam since 2009. Also, UNDP has played an important role in fostering the thriving social start-up ecosystem to explore new market-based paths to achieve sustainable developments. Particularly, this key player also provides awards of seed funding for impact new ventures, followed by a 12-month business incubation and impact speeding up the program for them.

The corporate sector's role in the social enterprise ecosystem

Social enterprises in Vietnam are also supported by large international and domestic corporations through their Corporate Social Responsibility (CSR) funds. Unilever, Hoa Phat Group, VinGroup, and Coca-Cola are leading corporations having developed approaches and strategies to encourage the growth of social enterprises in Vietnam. For instance, Coca-Cola has promoted EKOCENTRE project since 2017 in which they have built some community centres across the country, using a community-based business model run by women from local communities.

The role of media

Nowadays, media plays an important role to help a company penetrate the market. Nevertheless, the media has only represented a small role in raising awareness of social enterprises in Vietnam. Some main channels have had some pioneering works about social enterprises such as Vietnam Television (VTV), Hanoi Television (HNTV) and some newspapers. Each week HNTV has a 20-minute program for social enterprise and development in order to disseminate the knowledge about social enterprises. Nevertheless, there are very little relevant activities in the local community.

The list of key players in the social enterprise ecosystem in Vietnam will be provided in **Appendix B.**

2.3. Challenges and barriers for social entrepreneurs

2.3.1. Social issues and resources in Vietnam: Making challenges become Opportunities

Vietnam has experienced a high growth rate for about two decades. However, the nation is still a developing country with a low average income. In this case, Vietnam is not only dealing with social problems inherent in a poor country but is also faced with an increase of new issues as a result of transformational economic growth. The country is paying the price for the quick growth as prominent economic and social problems have experienced an increase for a long time. Here, this challenge can be transferred to opportunities if the country can effectively connect national potential resources with social objectives through promoting social enterprises.

According to British Council (2019), poverty reduction has been one of the fundamental challenges for Vietnam for a long time. It was estimated that there were more than 10 million poor people who can earn under 2 dollars per day and more than 5 million people in the poor threshold or at risk of poverty in 2018. Here, the need of creating sustainable livelihoods for the poor is alarming, which allows social enterprises to effectively address the problems. For example, Mai Handicrafts is a popular social enterprise that creates jobs and provides training courses for poor women. Many other social enterprises are working in this area such as Mekong Quilts, Microventures Bloom, etc.

Currently, there are about 7 million disabled people in Vietnam, and 69 per cent of them are of working age. This is one of the major social economic issues for disabled people themselves, their families, and the State welfare policies. it is not only a waste of human resources as many people with disability can work certain jobs but also unequal job opportunities for them. Furthermore, many employers are willing to give disabled people jobs, but they do not have connections and do not know where to start. On this basis, social enterprises can take the opportunities to serve their needs. For instance, The Will to Live centre was established to provide people with disability with IT training courses, help them connect with suitable employers and find jobs.

In terms of the ageing population, the amount of elderly people is increasing quickly, which is considered as one of the major social problems in near future in the country. This challenge can be opportunity to introduce social enterprises to address the issue. In addition, Vietnam is one of the countries that have a high number of people with HIV/AIDS in which there are almost 280, 000 people being infected and the number increases every year. On the basis, social enterprises play an important role in creating new jobs for those people who are treated

unequally in society, providing them with advice and communication, and also increasing awareness of the disease across the country. One of the social enterprises working on the area is LIFE Centre where people with HIV/AIDS can be equipped with the knowledge, training courses, and opportunities to have jobs.

Although Vietnam has social problems that crave for social enterprises to work on, there are many barriers in every stage of its social entrepreneurial process. All of them will be discussed below.

2.3.2. Difficulty that social enterprises are facing in Vietnam

There are many difficulties that social entrepreneurs have faced. In the UK Social Enterprise Report in 2015, there is a list of the top 10 barriers social entrepreneurs experienced on start-ups. Obtaining grant funding, cash flow, and obtaining debt or equity finance are the most challenging parts for social enterprises in the UK (Social Enterprise UK, 2015). Compared to this, a report investigating social enterprises in Vietnam in 2019 shows that recruiting staff or volunteers, cash flow, and shortage of business skills are top barriers for social enterprises in the country (Nguyen et al., 2012).

Furthermore, at the very early stage of the social entrepreneurship process, nascent social entrepreneurs may deal with a range of challenges such as a lack of support from stakeholders, a lack of resources and even their own emotional biases (Renko, 2012). Moreover, although having ideas for new ventures, they also are prevented from establishing a social enterprise because the legal framework for a social model has not been completed yet in Vietnam (Nguyen et al., 2012). As a result, social enterprises are confused and face problems when running a combined model in an incomplete legal regulation. Furthermore, this is also an underlying reason why it is challenging for social enterprises to access investments, support, and funding. Similarly, Social Enterprise UK (2015) reported that funding and finance are considered as a key barrier for social enterprises of all sizes. Here, it also was found that navigability, confidence, and accessibility are more likely challenges to accessing social investment than the cost of capital and legal structure. In addition, according to Pham et al., (2016), lacking effective management capability and suitable support services for capacity building remains a challenge for social enterprises. Most of the Vietnamese social enterprises are nascent start-ups and young organisations; therefore, they often lack organisational and management experiences, for instance, product development, people management, marketing capabilities, and financial management capacity. As a result, many social enterprises find it difficult to persist in the early phases of starting up and doing a social business.

Figure 2. 6 Barriers to growth of SE in Vietnam

Barrier	Percentage
Recruiting staff or volunteers	40%
Cash flow	35%
Shortage of business skills	35%
Obtaining other forms of finance	30%
Lack of access to business support and advice	29%
Government regulations and administrative burdens	22%
Availability of suitable premises or workspace	16%
Lack of awareness of SEs in Vietnam	11%
Obtaining grants	10%
Poor commission and procurement of public services	9%
Others	23%

Source: British Council, 2019. *Social Enterprise in Vietnam*. [online] Hanoi. Available at: <https://www.britishcouncil.vn/sites/default/files/social-enterprise-in-vietnam.pdf> [Accessed 9 May 2021].

Figure 2. 7 Barriers experienced on SE start-ups in the UK
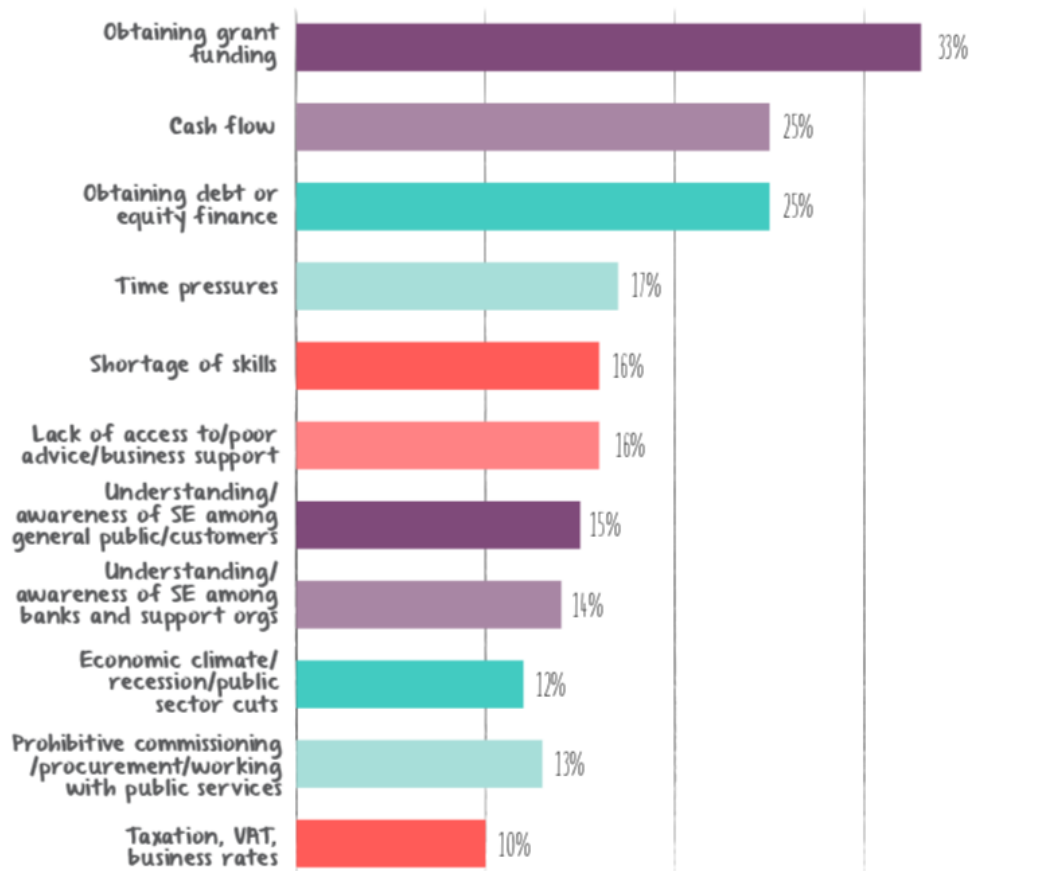
Source: Social Enterprise UK, 2015. *Leading the world in Social enterprises*. [online] Social Enterprises UK. Available at: <https://gmsen.net/sites/default/files/StateofSocialEnterpriseReport2015.pdf> [Accessed 9 May 2021].

2.4. Chapter Summary

This chapter provided a big picture of social enterprises in Vietnam in which it presented the development stages of this sector, organisational forms and legal status along with relevant policies and legislations, various fields that social enterprises are operating in, and more importantly the whole ecosystem of social enterprises in the country. Although social enterprises have developed significantly in Vietnam since 2010 and this sector has been recognised and supported by the government, there are challenges and inherent barriers that social enterprises have dealt with such as a lack of human resources, cash flow, and a shortage of business skills. To understand more about social enterprises, the next chapter will provide literature reviews in terms of social entrepreneurship and social entrepreneurs, followed by the

literature review of three main concepts of this study, consisting of leadership styles, social capital, organisational effectiveness, and their relationships.

CHAPTER 3

LITERATURE REVIEW

3.1. Introduction

This chapter provides an overview of previous research and literature on social entrepreneurship, leadership styles, social capital, and the relationship of these concepts with organisational effectiveness in social enterprises. It introduces the framework for the study that comprises the main focus of the research. The main aim of this literature review is to survey the previous studies of each mentioned term, which further purposes to scope out the data collection requirement for the research. Apart from providing directions for the data collection stage, working on the secondary data sources may help the researcher to maintain throughout the study a sense of the research topic's perspective. Finally, a synthesis of the earlier work can raise the opportunities for expressing critical analysis of the real 'meaning' of data gathered when it reached the data analysis stages.

There are five main headings in this literature review chapter. First of all, the heading focuses on the terms 'social entrepreneurship' and 'social entrepreneur'. The differences between commercial entrepreneurs and social entrepreneurs will be discussed. On the basic, it is important to reveal the boundaries of social entrepreneurship. Secondly, the previous studies on leadership will be discussed. Here, the definition of leadership, characteristics of each leadership style and its models, and leadership instruments will be overviewed. In addition, the strengths and criticisms of leadership models will be also reviewed to obtain an in-depth understanding of the term. The third main heading pays attention on reviewing the literature on social capital. It is important to obtain the definition of this term in the general context and social entrepreneurship. Here, the relationship between social capital and social entrepreneurship will be revealed, which is to understand the significance of social capital in creating new ventures and helping social enterprises in the development stages. After that, there is a discussion about how to measure social capital. Secondary data sources about organisational effectiveness will be critically analysed in the next heading. After discussing different models of organisational effectiveness, the measurements of the term will be revealed in which four main indicators are being used in the research, including financial stability, mission accomplishment, legitimacy, and internal congruence. In this part, literature on the relationship between leadership styles, social capital and organisational effectiveness in social ventures is significant. More importantly, after discussing the literature about the four main concepts of the study, the researcher will present what is missing from the existing reviewed literature in terms of this research focus and how this study will fill these gaps. The last heading

is the conceptual framework of the research, which is considered as a whole picture of the study.

3.2. Social entrepreneurship
3.2.1. Definition of social entrepreneurship

The term 'social entrepreneurship has become increasingly popular. However, there has been still existed confusion and uncertainty noted about the definitions of social entrepreneurship and social entrepreneur (Choi and Majumdar, 2014; Dacin et al., 2011), its theoretical concerns (Agafonow, 2014), and the methodological challenges of this sector (Stevens et al., 2015; Kroeger and Weber, 2014). Thus, there is a calling to better define the terms 'social entrepreneurship' and 'social entrepreneur', and other areas as such how are social entrepreneurs distinctive from other entrepreneurs? What constitutes social entrepreneurship and what does not?

First of all, it is important to understand what is known about entrepreneurship to better define social entrepreneurship (Abu-Saifan, 2012). Regarding the business management literature, entrepreneurship is identified as a set of activities undertaken by individuals with an exceptional mindset in the purpose of maximising profit. Abu-Saifan (2012) attempted to compare the definition and characteristics of social entrepreneurship with the general term 'entrepreneurship' and its other types. By doing this, he stated that the eventual goal of entrepreneurship is creating wealth, while the priority of social entrepreneurs is to achieve the social mission. However, in the definition of social entrepreneurship, Abu-Saifan (2012) focused only on the ultimate goal of the process, whereas Austin et al., (2006) emphasised two points: innovation and contexts.

Social entrepreneurship has been defined from varying degrees from broad to narrow. Regarding the former, social entrepreneurship is accounted for innovative activity with social aims in either the for-profit sector, for example in social-purpose commercial projects (Dees & Anderson, 2003) or in corporate social entrepreneurship (e.g., Austin et al., 2004); or in the Third sector, or across sectors such as hybrid structural forms that have both for-profit and non-profit approaches (Dee, 1998). Regarding the narrow definition, social entrepreneurship commonly refers to the application of business expertise and specific market-based skills in the non-profit sector, for instance, when social enterprises obtain creative business methods to make profits (Reis, 1999; Thompson, 2002). In the later studies, social entrepreneurship has been identified as a powerful system to resist poverty (Ghauri, Tasavori and Zaefarian, 2014), catalyse social transformation (Alvord et al., 2004), promote inclusive development in subsistence markets (Azmat et al., 2015).

The common points throughout all definitions of social entrepreneurship are the underlying purpose of creating social value, rather than individual or shareholder earning (Doherty et al., 2014; Pache and Santos, 2013) and the creation of innovations rather than a replication of existing practices. The main driver for social entrepreneurship is creating solutions for social problems; thus, the organisational forms of social enterprises are decided based on which structure the resource is most effectively mobilised to address the problem. This is also a reason why social entrepreneurship is not normally defined by legal forms because it can be operated through a variety of vehicles.

In addition to definitional problems, social entrepreneurship has not been given clear depersonalization, which makes it difficult to '*capture the heterogeneity of a unit of analysis in terms of its key characteristic that relevant implications for outcome'*(Foss and Saebi, 2017, p. 211). As a result, the lack of an agreed-on definition and dimensionalization of social entrepreneurship lead to the widely differing operationalization in its literature (Dwivedi and Weerawardena, 2018; Kroeger and Weber, 2014). Moreover, the ambiguous term of social entrepreneurship has challenged the ways that can distinguish it from other fields such as charity and philanthropy (Acs, Boardman, and McNeely, 2013), sustainability and corporate social responsibility (Nicolopoulou, 2014) or commercial entrepreneurship (Schneider, 2017; Lurtz and Kreutzer, 2017).

Therefore, it is necessary to distinguish between social entrepreneurship and commercial entrepreneurship. Austin et al., (2006) suggested that commercial entrepreneurship refers to the identification and exploitation of prospects that ultimately result in finance-related outcomes. By contrast, social entrepreneurship represents the identification, assessment, and manipulation of chances that lead to social significance (Austin et al., 2006). More formally, social entrepreneurship is defined as creating innovative and socially purposed activities throughout the social-purposed ventures, commercial businesses or government sectors (Doherty et al., 2014). As can be seen that there are two main vital points in this description. First, the role of innovation is closely concerned with social entrepreneurship. This attention on creativity is similar to the Schumpeterian understanding of entrepreneurship (Cassion, 2005). Similarly, Mair and Noboa (2006) also confirmed the role of continuous innovation and adaptation in the social sector. The second focus is on the various contexts in the social entrepreneurship can take place. In other words, social entrepreneurship can involve individuals, organisations, or governments, which means there is no solo form of a social entrepreneur.

Austin et al., (2006) also used four different features to compare the two sectors. First and foremost, in terms of market failure, he maintained that when there is a social-market failure, the commercial market does not refer to meet social needs due to the people who need the services are unable to afford the costs. Here, social entrepreneurs see this issue as an opportunity to start a venture rather than a problem as the commercial entrepreneur takes. Thus, Austin et al., (2006) suggested that market failure can differentiate entrepreneurial opportunities for social and commercial entrepreneurship. Secondly, the difference between two sectors is very clear when it comes to its mission. The fundamental mission of social entrepreneurship is bringing social values for the public good (McMullen and Warnick, 2016; Miller et al., 2012), while the commercial one purposes to create profit ending in private gain. Moreover, human and financial resource mobilization is considered as a differentiating feature between social entrepreneurship and its commercial counterpart (Austin et al., 2006). Particularly, social entrepreneurs have limits to assess capital markets compared to commercial entrepreneurs due to the non-distributive restriction on surpluses made by non-profit enterprises and social-purpose events of for-profit or hybrid forms of social enterprise (Mair and Schoen, 2007). In addition, social entrepreneurial ventures normally make it hard to compensate employees as competitively as in commercial companies. It was found that many employees in social enterprises place significant value on their non-cash remuneration from their work. Austin et al., (2006) also stated that performance measurement of social impact is an important differentiator. It is easier for commercial entrepreneurs to measure their company performance as it can rely on tangible and quantifiable tools such as financial indicators, customer satisfaction, service quality, or market share, while the social purpose of the social entrepreneur makes it difficult to measure their performance. According to Cornor and Ho (2010), compared to the commercial counterpart, social enterprises have more various financial and nonfinancial stakeholders they are readily accountable; which can lead to more complexity in managing these collaborations. Furthermore, the difficulty of measuring social change is higher as there are non-quantifiability, multicausality, and different perspectives and dimensions of the social impact generated.

3.2.2. Social entrepreneurs

Entrepreneurs are defined as people who can perceive the world differently and visualise the future better than others do (Peredo and McLean, 2006). They can take valuable opportunities that others cannot see and they can also perceive and accept risks in their distinguished ways. In the business literature, entrepreneurs are differentiated from other business people by

comparisons such as compared to business people who 'satisfy needs', entrepreneurs 'creates needs' (2010 Global Report; Global Entrepreneurship Monitor, 2011).

The term social entrepreneur has grown rapidly for a few decades as the interest has stemmed from the roles of social entrepreneurs in solving social problems and the commitments they express to increasing the well-being of society (Zahra et al., 2008). The interest in social entrepreneurs not only exists in the public but also marks a dramatic increase in the research environment. Here, the definitions and core characteristics of a social entrepreneur are compared and contrasted. The social entrepreneur is identified as a person who can take risks, innovativeness, and can recognise opportunities and resourcefulness (Austin et al., 2006; Zahra et al., 2009). In addition, a social entrepreneur also was found to have characteristics related to prosocial behaviour, such as strong ethical fiber, moral agency, and a sociomoral stimulation (Nicholls, 2008; Bornstein, 2004). The following table will present the main differences and one similar point in all perspectives is the priority of social entrepreneurs of fulfilling social missions.

Table 3. 1 Different definitions and core features of a social entrepreneur

Sources	Definitions	Core characteristics
Bomstein (1998)	A social entrepreneur is a path breaker with a powerful new idea who combines visionary and real-world problem-solving creativity, has a strong ethical fiber and is totally possessed by his or her vision for change	- Mission leader - Persistent
Thompson et al (2000)	Social entrepreneurs are people who realise where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet and who gather together the necessary resources (generally people often volunteers, money, and premises) and use these to 'make a difference'.	- Emotionally charged - Social value creator
Dees (1998)	Social entrepreneurs play the role of change agents in the social sector by: - Adopting a mission to create and sustain social value - Recognising 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 - Exhibiting a heightened sense of accountability to the constituencies served for the outcomes created.	- Change agent - Highly accountable - Dedicated - Socially alert
Brickerhoff (2009)	A social entrepreneur is someone who takes reasonable risks on behalf of the people their organisation serves.	- Opinion leader

Leadbeater (1997)	Social entrepreneurs are entrepreneurial, innovative, and 'transformatory' individuals who are also leaders, storytellers, people managers, visionary opportunists and alliance builders. They recognise a social problem and organise, create, and manage a venture to make social change.	- Manager - Leader
Zahra et al (2008)	Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities to enhance social wealth by creating new ventures or innovatively managing existing organisations.	- Innovator - Initiative taker - Opportunity alert
Ashoka (2012)	Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are both visionaries and ultimate realists, concerned with the practical implementation of their vision above all else.	- Visionary - Committed

In terms of the definition of a social entrepreneur, according to Austin et al., (2006), social entrepreneurs are people who have an in-depth understanding of social needs and can satisfy these needs through creative organisations. However, this definition only focuses on the understanding of social values and creativity possessed by social entrepreneurs. From all the definition above, Abu-Saifan (2012) built on his definition that capture key significant factors of a social entrepreneur. Here, Abu-Saifan (2012) suggested that four main distinctive elements make social entrepreneurs different from other forms of entrepreneurship, which are mission-driven of delivering social values, act entrepreneurially, entrepreneurially oriented companies with a philosophy of revolution and openness, and economically independent organisations that deliver social value while ensuring financially self-sufficient. Based on these factors, the social entrepreneur is defined as 'a mission-driven individual who uses a set of entrepreneurial behaviours to deliver a social value to the less privileged, all through an entrepreneurially oriented entity that is financially independent, self-sufficient, or sustainable' (Abu-Saifan, 2012, p. 25).

Furthermore, in order to deeply understand the term social entrepreneur, Abu-Saifan (2012) distinguished social entrepreneurs and profit-oriented entrepreneurs as shown in the table below.

Table 3. 2 Common and distinctive features of profit-oriented entrepreneurs and social entrepreneurs

Distinctive characteristics of profit-oriented entrepreneurs	Common features of both types	Distinctive characteristics of social entrepreneurs
- High achiever - Risk bearer - Organiser - Strategic thinker - Value creator - Holistic - Arbitrageur	- Innovator - Dedicated - Initiative taker - Leader - Opportunity alert - Persistent - Committed	- Mission leader - Emotionally charged - Change agent - Opinion leader - Social value creator - Socially alert - Manager - Visionary - Highly accountable

3.2.3. Boundaries of Social entrepreneurship

As mentioned above, social entrepreneurship is an increasingly popular term. Nevertheless, the definition of the term lacks a consensus among academics. It also means that other regulations

are commonly confused or even mistakenly related to social entrepreneurship. For example, social activists, socially-oriented practitioners, or philanthropists are referred to as social entrepreneurs. Therefore, it is crucial to set the principle of social entrepreneurship apart from other socially-oriented activities and recognise the boundaries within which social entrepreneurs operate.

According to Abu-Saifan (2012), the definition of social entrepreneurship does not include the areas of philanthropists, firms with foundations, or companies that have social responsibility. Although all of them are important and valued, they are not identified as social entrepreneurs. On the basic, Abu-Saifan (2012) built the boundaries of social entrepreneurship in the spectrum of the whole world of entrepreneurship. As shown in Figure 3.1, social entrepreneurs run within the boundaries of two business strategies. The first strategy type is called 'non-profit with earned income strategies', which suggests that a social entrepreneur can operate both social and commercial activities to reach self-sufficiency and then revenues and profits earned are spent to further increase the delivery of social values. On the other hand, following 'for-profit with mission-driven strategies', a social-oriented business running social and commercial entrepreneurial activities simultaneously to acquire sustainability. Here, the social entrepreneurs operate their companies both socially and commercially; the companies are financially independent and the founder may benefit from individual monetary gain.

Figure 3. 1 The Boundary of Social entrepreneurship
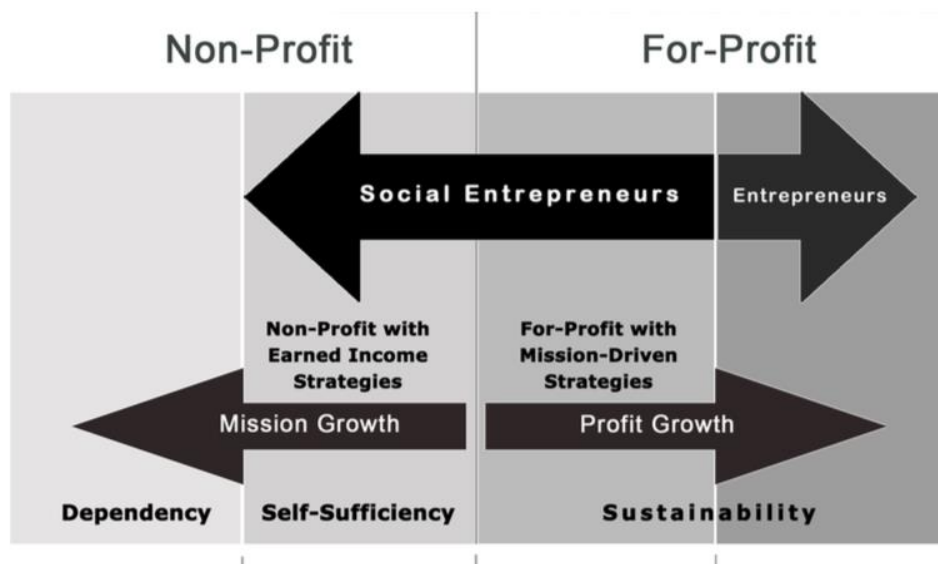
Source: Abu-Saifan, S. 2012. Social Entrepreneurship: Definition and Boundaries. *Technology Innovation Management Review*. February 2012: 22-27.

In summary, from the comparison between the definitions and characteristics of profit-oriented entrepreneurs and those of social entrepreneurs, it can be concluded that the priority of an entrepreneur is to generate economic wealth, whereas the ultimate goal of a social entrepreneur is to achieve their social missions. Social entrepreneurs tend to use their revenue-generating strategies to fulfil their mission to deliver social value.

3.3. Leadership
3.3.1. Leadership defined

According to Northouse (2021), leadership is a universal topic which has been written in a huge number of academic literature and business press. Due to the profusion and complexity, this field has shown challenging obstacles to both practitioners and academics attracted in identifying its nature (Northouse, 2021). Leadership is filled with a wide range of concepts and there is no agreed-upon definitions (Raffo and Clark, 2018). Through the years, there have been various ways to define and conceptualise leadership (Northouse, 2021). For instance, Hemphill and Coons (1957) stated that leadership seems as the activities of a person who is leading a group of individuals to complete a set goal. More specifically, Stodgill (1974) suggested the importance of leaders is to make clear expectations of followers and proper communication channels among individuals. In addition, some defined leadership related to the authority connection between leaders and followers (Janda, 1960). Others perceive leadership as a transformational route that makes employees to complete assigned tasks more than is regularly anticipated of them (Katz and Kahn, 1978). Yukl (2002) suggested that leadership involves influence in which it is viewed as a progression of influencing others in order to recognise the follower's needs and the effective way positively influence them, and the process of assisting others and making shared efforts to undertake a mutual objective. In later studies, leadership is identified as *'the art of mobilizing others to want to struggle for shared aspiration'* (Kouzes and Posner, 2017, p. 153).

Depending on the multitude of ways to define and conceptualise leadership, Northouse (2021) suggested that there are four main components identified in the phenomenon: being a process, involving influence, occurring in groups, and involving in accomplishing common goals. To be more specific, first and foremost, leadership seems as a '*process'* which suggests that leadership is not a trait that a leader is born with, but rather an interactive activity that happens between the leader and the followers. It also means that leaders can influence and are influenced by their followers. On this basic, leadership has become widely defined as it is not restricted to those who have some specific traits. Secondly, Northouse (2021) includes the element '*influence'* in the definition of leadership, implying how the leader affects followers

and without *'influence'*, leadership cannot be defined. Moreover, groups are the environment in which leadership undertakes. Leadership is about one individual leading and influencing a group of others to complete common goals. Here, groups can be from a small task team to a large group embodying an entire organisation. The last element in the definition is leadership involves common goals. By the word 'common', Northouse (2021) suggests that leaders and followers have a mutual purpose in a group. The element 'common goals' overtone the meaning of ethical leadership as it focuses on the need for leaders to work along with followers to accomplish set goals (Rost, 1991). More importantly, attention to mutuality weakens the possibility that followers are forced unethically. All in all, Northouse (2021) simply described leadership as a progression in which a person influences a group of people to accomplish a mutual goal.

3.3.2. Leadership described

Apart from issues arising from the definition of leadership, it is also crucial to pay attention to some other questions describing its nature. As some researchers conceptualise leadership as a trait (Hermann, 2005; Fleenor, 2006; Jago, 1982), while others view leadership as a process (Burns, 2012; Rost, 1991). Thus, the very first question is how leadership as a characteristic/behaviour differs from leadership as an interactive event/ process. The trait perspective implies that special individuals have distinguished inborn characteristics or traits that make them leaders. Some of the traits that are used to describe a leader consist of physical elements (e.g., Height), qualities (e.g., extraversion) and other traits such as Intelligence, and Fluency (Bryman, 1992). It can be seen that in the trait perspective, leaders are seen as those who have a set of properties in varying degrees depending on different people (Hermann, 2005). On this basic, this viewpoint keeps leadership within limits to those who are expected to have specific distinguished inborn traits and talents. By contrast, the process viewpoint conceptualises leadership as an event that occurs in the context of the interactions between leaders and followers and this breaks down the restriction of the trait perspective, which makes leadership available to everyone (Burns, 2012). This viewpoint of leadership also suggests that leadership can be counted in leader behaviours and can be learned (Zaccaro, 2007).

The second issue risen when describing leadership is the difference between assigned or emergent leadership. Assigned leadership refers to leaders as the formal positions in an organisation such as team leaders, administrators, directors or managers; whereas emergent leadership is the way team members respond to a certain person as a leader of the group. Northouse (2021) suggests that an assigned leader does not always become the real leader of a

group in a certain situation. On this basic, the real leader is perceived as the most influential individual of a group or an organisation, regardless of the person's title. This is called emergent leadership which is not assigned by position; rather, it gains over time through communication. According to Fisher (1974), emergent leaders have positive communication behaviours such as '*being verbally involved, seeking other's opinions, initiating new ideas, and being firm but not rigid'*. In addition, it is found that personality is important to gain leadership emergence. Particularly, people who are more intelligent, more confident and more dominant are more likely to be perceived as leaders by other members of a group (Zaccaro, 2007; Smith and Foti, 1998).

Furthermore, it is suggested that leadership emergence may be influenced by gender-biased perceptions. On this basic, Watson and Hoffman (2004) undertook a study of 40 mixed-sex college groups, which shows that women were rated dramatically lower than comparable men were on leadership and the influential women were also rated as less likeable than the influential men were in the study. It also suggests that women have challenges to be perceived as emergent leaders.

Additionally, there is a unique view on leadership emergence, which is explained by social identity theory (Hogg, 2001). This point of view implies that emergent leaders are individuals who fit with the identity of a group as a whole (Hickman and Akdere, 2017). They suggested that when a group prototype grows, they become the most like those prototypes, which makes them attractive to the group and gives them impact over other members. In the research, assigned and emergent leadership are applied equally. When an individual is engaged in leadership, whether they are assigned or emergent. The research will pay attention to the leadership process in which any individual influences other team members in their efforts to achieve a set goal.

The third issue occurs when describing leadership is how the concepts of power, coercion, and management differ from leadership. Firstly, power is defined as '*the capacity or potential to influence'* (Northouse, 2021). Thus, the concept of power has relations to leadership as it plays a part in the influence process. Individuals possess power when they can affect other's attitudes, beliefs, values and actions. According to French and Raven's (1959), there are five crucial bases of power, including expert, referent, legitimate, reward, and coercive. While referent power is based on member's identification and liking for the leader, expert power is evaluated by the follower's perceptions of the leader's competence. Legitimate power is the power of having status or formal job authority such as a judge. Reward power refers to the power of having the capacity to give rewards to others; whereas coercive power is derived from having the capacity

to punish others. Northouse (2021) suggests that in an organisational setting, position power and personal power are the two main types of power. Specifically, people who have position power have higher rank/ status than the followers. For instance, directors and department heads have more power than normal staff do as they hold higher positions in the organisation. This type of power consists of coercive, reward, and legitimate power. Dissimilarity, personal power is identified as the influence capacity that a leader gains from being perceived by followers as likeable and knowledgeable. Take managers who are considered as good role models or highly competent or considerate by the followers as examples. In these cases, the power is derived by followers, depending on how managers are viewed in their interactions with others. Thus, it can be seen that referent and expert power are two subgroups of personal power. Pierro et al., (2013) indicate that transformational leadership can give rise for organisational commitment through its positive influences on willingness to comply with soft (but no harsh) bases of power. Similarly, Northouse (2021) and Burns (2012) demonstrate that power happens in relationships between leaders and followers and it is not an entity that leaders can use to achieve their goals, although it is not far from common that power is conceptualised as a way that leaders may use to reach their own ends. Therefore, the research will focus on how leaders work with their followers to achieve collective goals.

There exists a question about the difference between leadership and management. Although leadership is quite similar to management in many ways such as both of the two concepts involving working with people, influences, actions to achieve goals, and so on; leadership still have distinctive elements that are different from management. According to Kotter (1990) argued that the functions of the two concepts are distinct. He demonstrated that the main activities of management are undertaken differently from the activities of leadership. On the basic, he described that management produces order and consistency, which pays attention on planning and budgeting, organising and staffing, controlling and problem-solving; whereas leadership produces change and movement, which focuses on establishing direction, aligning people, and motivating and inspiring. However, Kotter (1990) also contended that both of the two are essential to have an effective organisation. Without leadership, although an organisation has strong management, the outcome may be bureaucratic. Conversely, without management, it may lead to misdirected change and meaningless outcomes.

In addition, similar to Kotter (1990)'s perspective, Algahtani (2014) maintained that the distinction between the two is very clear. Specifically, it was indicated that management refers to accomplish activities and routines, while leadership is about influencing others and creating visions for changes. Their popular quoted statement '*managers are people who do things right*

and leaders are people who do the right thing' (p.221). Similarly, Bargau (2015) suggested that there has also been one of the proponents of differentiating leadership and management. He argued that whereas leadership is a multidirectional influence interaction, management is identified as a unidirectional authority relationship. Specifically, leaders and followers work together to create real change, while managers and subordinates coordinate to get a job done. Although there are very clear distinctive features between leadership and management; the two concepts overlap (Northouse, 2021). For instance, when managers are demanded in impacting a team to reach its goals, they are identified in leadership. Conversely, when leaders are related to planning, organising, staffing or controlling, they are involved in management. In these cases, both managers and leaders involve impacting a group of people to achieve their goals. Therefore, the research will pay attention on the leadership process and treat the roles of mangers and leaders equally.

3.3.3. Leadership styles

This section will provide literature in terms of leadership approaches used in the study. There are three main leadership styles in the leadership model, including transformational leadership, transactional leadership and Nonleadership. This table below presents an overview of the advantages, disadvantages, and its relevance to social enterprises of each leadership style. The following sections will explain in more detail, along with the reasons for choosing the transformational approach to leadership, definitions of transformational leadership, a comparison between transformational leadership and Charisma, a model of the transformational approach that includes three leadership styles mentioned, a discussion about strengths and criticisms of transformational approach, and leadership instruments used in this study.

Table 3. 3 Advantages and disadvantages of leadership styles and its relevance to SEs

Leadership style	Advantages	Disadvantages	Relevance to social enterprises
Transformational leadership	-Being one of the most commonly used approaches to leadership (Northouse, 2021), have been studied from a variety of perspectives that account for 34% of articles published in Leadership Quarterly (Lowe and Gardner, 2001) -The popularity of transformational leadership through an increasing discussion on intrinsic motivation and employee development (Bass and Riggio, 2006) -Matching with the needs and demand of motivation and empowerment to succeed in today's work, in an uncertain,	-The concept of transformational leadership was considered as an ambiguous concept when it describes a leader who aims to transform in a harmful way. The leaders are exploitive, power-oriented, and with warped morality (Bass and Riggio, 2006) -Shortage of conceptual clarity as it seems to be a broad-based perspective that covers so many elements and aspects, as a result, it is difficult to sort out its parameters (Northouse, 2021) -It is also claimed that the four factors of transformational leadership have a substantial overlap so they are not transparently delimited (Tracey and Hinkin, 1998)	-Play an important role in social entrepreneurship, the high degree of uncertainty in the social enterprise sector would call for transformational leadership (Waldman et al., 2001; Muralidharan, and Pathak, 2018) -Transformational leaders can deal with inherent barriers and difficulties in social enterprises such as shortage of resources, and financial instability (Waldman et al., 2001) -Helping to build an effective group in society through providing people with knowledge along with motivation to make meaningful actions to societal change (Light, 2002) -Transformational leadership can foster a collaborative mindset and team cohesiveness, which contribute to

complex, and ambiguous world (Shields, 2017) → link to social enterprise -Stronger focus on affective factors of leadership (Bryman, 1992), not only sole role of a leader but also an engagement between leaders and followers -Giving a proper process that can transform people, involving a balanced range of factors: emotions, values, ethics, goals, and behaviours toward employees as full human beings, and also include an exceptional form of impacts (Northouse, 2021) -Although transformational leadership focuses on creating changes, leaders and followers	-It is argued that transformational leadership seems to evaluate a leader based on personal characteristics rather than behaviour as it is likely to classify a transformational leader as a unique person who has special traits that can 'transform' others (Bryman, 1992) -Transformational leadership tends to transform people's values to a new vision; nevertheless, there is no one can assess whether the command is good or bad, right or wrong (Northouse, 2021)	social mission achievement in social enterprises (Dorfman et al., 2012) and better employee performance (Muralidharan, and Pathak, 2018) -Employee empowerment is considered as one of the important practices used by transformational leaders to motivate and stimulate the potential of employees, particularly in dealing with uncertainties and challenges which commonly exist in social entrepreneurship (Bodenhausen and Curties, 2016; Richardson and Vandenberg, 2005).

	are highly connected in the process (Northouse, 2021), - Standing out from other approaches is its moral dimension in which followers are fostered to a higher level of moral responsibility (Burns, 1978), motivated to go beyond their own interests for the benefit of whole team (Howell and Avolio, 1993)		
Transactional leadership	-Although not being studied as much as transformational leadership, transactional leadership, especially reward contingent factor, was found to have positive influences in organisational effectiveness (Odumeru and Ognonna, 2013) -Transactional leadership can lead workers to work effectively	- Emphasising on the exchange between leaders and followers but is limited to the exchange of rewards but not paying attention to the needs and development of followers (Northouse, 2021) -There are some opposite perspectives on transactional leadership. It was found that transactional leadership has a	-As mentioned in the advantages, transactional leadership, particularly in the contingent reward factor, has positive effects on financial stability such as revenue, productivity, and employee performance. Financial instability is one of the biggest inherent barriers of social enterprises. Therefore, it is expected that transactional leadership can have

	(Kalsoom et al., 2018), increase company revenue (Elenkow, 2002), achieve business goals and objectives (Elenkov, 2002)	negative correlation with organisational performance (Al Khajeh (2018), is negative to business unit performance (Howell and Avolio, 1993), negative influences on employee well-being, especially due to Management-by-Exception factor (Kelloway et al., 2012)	certain influences on social enterprises in this research, although this has been under-researched.
Nonleadership (Laissez-Faire)	-There are no advantages of this leadership style found in the literature.	-Presenting the absence of leadership, 'hands-off, let-things-ride' approach, in which Laissez-faire leaders tend to resign their responsibility, give no feedback and communication, delayed decisions, and make little effort to satisfy follower's needs (Northouse, 2021)	-There have been no studies confirming the connections between nonleadership factor and social enterprises found in the literature. It is expected to have no relationship with organisational effectiveness in social enterprises in this study.

3.3.3.1. *Transformational approach to leadership*

There are many approaches to leadership such as Trait approach, Skills approach, Style approach, Situational approach and some theories of leadership like contingency theory, Path-Goal theory, Leader-Member exchange theory and other approaches and theories (Northouse, 2021). However, in the research, transformational approach to leadership will be used. There are some reasons for this choice. First and foremost, transformational leadership has been the most popular approach to leadership since the early 1980s (Dinh et al., 2014). These authors reviewed articles that were published in 10 top academic journals and they concluded that transformational leadership theory is one of the most common paradigms as opposed to trait theory, situational theories and behavioural theories. Furthermore, Bass and Riggio (2006) also explained the popularity of transformational leadership through a rising concern of intrinsic motivation and employee development. They suggested that this leadership approach fits the needs of today's work groups, who demand to be motivated and empowered to succeed in uncertain situations. Furthermore, by discussing the emerging role of transformational leadership, Ghasabeh et al., (2015) indicates that transformational leadership plays an important role in organisational innovation in which these leaders not only facilitate new knowledge and ideas through intellectually stimulating employee to approach organisational issues in creative ways but also foster a shared and inspiring vision for future. These tasks are highly necessary when there has been a rise in globalisation like today. Thus, the research will be studying social enterprisers, their social entrepreneurship, and how their leadership affects organisational effectiveness, which is basically considered as their transforming processes. Thus, the transformational approach to leadership is the best suitable tool in the research.

According to Northouse (2021), transformational leadership is identified as a process that changes and transforms people. It is involved in some elements, including emotions, standards, values, ethics, and long-term goals. For instance, this leadership approach consists of assessing follower's motives, fulfilling their needs, and behaving toward them as full human beings. Furthermore, transformation leadership also includes an exceptional form of impact that motivates followers to reach to a point which is more than the expectation from them.

The transformational approach can be used to identify a wide range of leadership, from an effort to influence followers on an individual level, to broad attempts to impact whole organisations and even broader concepts like cultures. Although transformational leadership pays attention to creating changes, leaders and followers are inextricably linked in the process.

3.3.3.2. *Transformational Leadership defined*

Transformational leadership was fundamentally defined by Burns (1978) who distinguished transformational leadership from transactional leadership. First of all, transactional leadership gives attention to the exchanges that happen between leaders and followers. To be more specific, managers who promise to promote employees who exceed their set goals are displaying transactional leadership. Another simple example of transactional leadership implies in the way teachers give students a grade for work finished. He also suggests that the exchange element of transactional leadership is very popular and can be noticeable to many degrees throughout any kind of organisations.

Conversely, Burn (1978) defined transformational leadership as a process in which managers are engaging with followers to create connections that build up the level of motivation and morality in both the leader and followers. In this kind of leadership, the needs and motives of employees are prioritised by the leaders, which aims to help followers to meet their fullest potential. On the basic, Burn (1978) gave an ample example of a transformational leader, Mohandas Gandhi, who raised hopes and demands of his people, in the process, changed himself. In the later studies, transformational leaders are identified as leaders who intend to satisfy basic needs and achieve higher desires by inspiring followers to provide new solutions and create a better work environment (eg. Marturano and Gosling, 2008; Jue, 2004; Chandrashekhar, 2002). In the context of an organisation, Northouse (2021) suggests that transformational leaders could be managers who make efforts to change his or her company values to achieve humane standard of fairness and justice.

However, the concept of transformational leadership set forth by Burn (1978) was perceived as ambiguous when it comes to describing leaders, for example, Adolf Hitler, who were transforming but in a harmful manner. On this point, the term 'pseudotransformational leadership' which refers to a leader who is exploitive, self-consumed, and power oriented, with warped morality was invented (Bass and Riggio, 2006). This kind of leaders pay attention to their own interests rather than that of others, being identified as personalised leadership (Leithwood and Jantzi, 2005; Bass and Steidlmeier, 1999). In addition, Howell and Avolio (1993) also added another type of transformational leadership which is called authentic transformational leadership or socialised leadership which is associated with the mutual good when the leaders surpass their welfares and needs for the benefit of others. In the later study, transformational leadership is defined as *'the process by which a leader fosters group or organisational performance beyond expectations by virtue of the strong emotional attachment*

with his or her followers combined with the collective commitment to a higher moral cause' (Díaz-Sáenz, 2011, p. 299)

3.3.3.3. Transformational leadership and Charisma

At the period Burn's book was launched, House (1976) first introduced the term charismatic leadership which is often identified as similar to transformational leadership (e.g., Hunt and Conger, 1999). Here, charismatic leadership is described as leaders having distinctive charismatic influences on followers (House, 1976). The word 'charisma' was introduced to identify a special gift that an individual possesses that enables them to do extraordinary things. On the basic, in House's (1976) theory of charismatic leadership, he demonstrated that charismatic leaders refer to act in unique ways that influence charismatically to followers. He suggests that charismatic leaders have four main personality characteristics, including dominant, desire to influence, self-confidence, and strong moral values.

The House (1976)'s charismatic theory was revised in 1993 by Shamir, House, and Arthur. They appointed that charismatic leadership can transform follower's self-concepts and is likely to connect the identity of followers to the mutual identity of the group. To achieve this result, the leaders forge this connection by paying attention to the intrinsic rewards of work and reduce the importance of the extrinsic rewards. On this basic, leaders set high expectations for their followers and support them to attain self-confidence and self-efficacy through the process.

Additionally, according to Tucker (2017), the types of behaviours of a charismatic leader include setting a strong role model, showing competence to followers, articulating ideological goals that have moral overtones, communicating high expectations, showing confidence in follower's abilities to achieve the expectation, and arousing task-relevant motives in followers. As a result, charismatic leaders create charismatic influences on followers, for instance, trust in the leader's ideology, mutual beliefs between leaders and followers, follower obedience, emotional involvement, specific goals for followers and raise follower levels of confidence in meeting set goals. In a nutshell, charismatic leadership, which is identified in ways making it similar to transformational leadership, works effectively as it ties followers' self-concepts to the organisational identity (Northouse, 2021).

3.3.3.4. A Model of transformational leadership

After a decade, Bass (1985) developed a more advanced form of transformational leadership depending on the outcome of House (1976)'s work and Burns (1978)'s work. Firstly, he expanded Burns (1978)'s work by putting more attention on followers' needs and separating transactional and transformational leadership as a solo field compared to the previous mutually

independent (Bass, 1985). He also added to House's work (1976) by providing more attention on the emotional elements and the origins of charismatic leaders because he also argued that charisma is essential but inadequate condition for transformational leadership.

According to Bass and Riggio (2006), transformational leaders stimulate their followers to reach their most potential and do more than expected by number of factors. First of all, leaders help followers to increase their levels of consciousness about the great significance of specified and idealised goals. Secondly, it is vital to get followers to go beyond the limits of their self-interest for the benefit of the whole group or the organisation. Lastly, a transformational leader is a person who can move the followers to aim at higher-level needs. The dynamics of the transformation process is included in his model of transformational and transactional leadership (Bass and Riggio, 2006; Bass, 1985; Bass and Avolio, 1993, 1994). The model is further explained by Avolio (1999) in his book 'Full Leadership Development Building the Vital Forces in Organisations'.

Table 3. 4 Leadership factors

Transformational Leadership	Transactional Leadership	Laissez-Faire Leadership
Factor 1 Idealised influence Charisma **Factor 2** Inspirational motivation **Factor 3** Intellectual stimulation **Factor 4** Individualised consideration	**Factor 5** Contingent reward Constructive transactions **Factor 6** Management-by-exception Active and passive Corrective transactions	**Factor 7** Laissez-faire Nontransactional

Source: Northouse, P.G., 2021. *Leadership: Theory and practice*. Sage publications.

From the table, we can see that there are seven different factors incorporating in the model of transformational and transactional leadership. The full range of leadership factor is provided in the Figure 3.2, illustrating these seven factors. Northouse (2021) clarified Bass's model by proving a discussion of each of the seven factors. The discussion is separated into three parts: four transformational factors, two transactional factors, and Laissez-faire nontransactional factor.

Figure 3. 2 Full range of Leadership Model
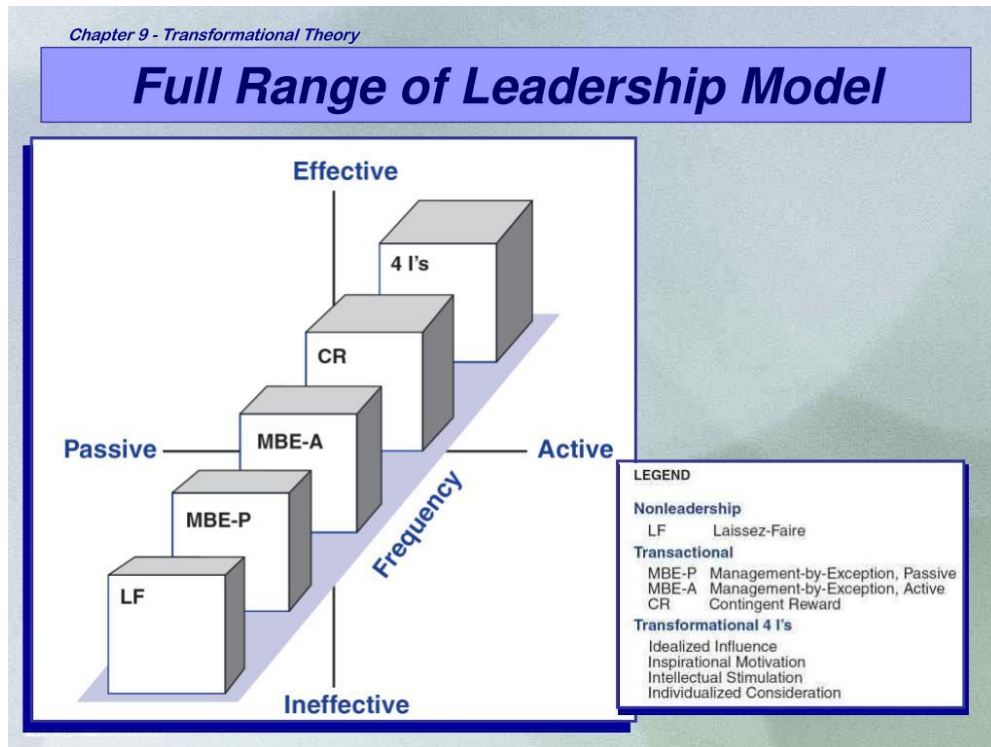
Source: From Bass, B. M., and Avolio, B. J., *Improving Organisational Effectiveness Through Transformational Leadership*, 1994, SAGE Publications, Inc. Reprinted with permission.

a. *Transformational leadership factors*

According to Avolio (1999); Bass and Avolio (1990a), transformational leadership is generally related to the improvement of follower's performance and the development of follower's fullest potential. The first factor of transformational leadership is called 'charisma' or 'idealised influence', which describes a leader who is considered as a very strong role model for followers and an individual that followers attempt to emulate them. Specifically, these leaders are identified as a person who refers to do the right thing and have very high standards of morality. Thus, they are greatly respected and trusted by followers. Additionally, these leaders give followers a clear vision and an idealised mission.

The second factor of transformational leadership is called 'inspirational motivation' in which transformational leaders set high expectations to followers and motivate them to become a part of a shared vision and mission in the organisation. Here, leaders refer to use symbols and emotional attraction to gather mutual efforts of the whole group rather than each member would in their own self-interest. As a result, team spirit is nurtured by this way of leadership.

'Intellectual stimulation' factor is related to leadership that motivates followers to challenge their own beliefs and those of the leaders and the whole organisation. Specifically, this factor inspires followers to be creative and innovative. On the basic, transformational leadership motivates followers to develop creative ways when facing organisational problems in which followers are encouraged to think out of the box and creative innovative problem-solving.

The fourth factor of transformational leadership is 'Individualised consideration'. This concept implies that leaders provide supportive rapport in which they pay attention to the individual needs of followers. Here, leaders are considered as coaches and advisers while attempting to assist followers to complete their assigned specific tasks. On the basic, a leader is the one who spends time supporting each employee in a caring and unique way. For instance, the manager can provide strong specific affiliation to some followers; other employees may be given guidance with a high degree of structure.

Figure 3. 3 The Additive effect of Transformational leadership

Additive Effect of
Transformational Leadership
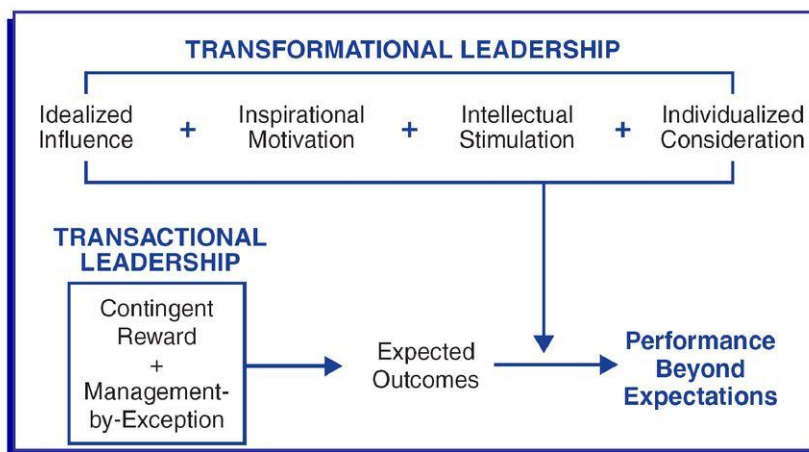
Source: Adapted from 'The Implications of Transactional and Transformational Leadership for Individual, Team, and Organisational Development,' by B.M.Bass and B.J.Avolio, 1990a, *Research in Organisational Change and Development*, 4, 231-272.

According to the Figure 3.3, transformational leadership brings out more influences than transactional leadership. While transactional leadership consequences in expected outcomes, transformational leadership leads to performance that surpasses the expectations. A meta-

analysis of transformational leadership, was conducted based on 39 studies, found that transformational leaders are more effective and have greater work end results than those who are perceived as transactional leaders have (Lowe, Kroeck, and Sivasubramaniam, 1996). These research findings were popular for most levels of leaders and in both public and private settings. Additionally, Bass and Avolio (1990) maintained that transformational leadership stimulate followers to go beyond their own-interests for the good of the group.

Similarly, Rowold and Heinitz (2007) undertook a study of 220 employees at a popular public transport company in Germany and the results came out that transformational leadership increased the effects of transactional leadership on employee's productivity and the company profit. In a larger research of 447 employees in a large multinational organisation, Nemanich and Keller (2007) found that transformational leadership factors including idealised influence, individualised consideration, intellectual stimulation, and inspirational motivation had positive relations to employee's job satisfaction, an increasing in employee's performance, and acquisition acceptance.

b. Transactional Leadership Factors

Dissimilar to transformational leadership, transactional leadership does not pay attention to personal needs and developments of subordinates, instead of that, transactional leaders exchanges benefits with subordinates to level up each party's agendas (Kuhnert, 1994). Transactional leaders are influential as followers are promised to have the best reward if they do what the leaders want (Kuhnert and Lewis, 1987).

The first factor of transactional leadership is the contingent reward. It implies an exchange process in which effort made by followers is exchanged for identified rewards. Here, leaders and followers agree what must be achieved and what the payoffs will be. A simple example of this kind of leadership could be a child and their parents make an agreement on how long the child can watch television after finishing their exercises. Another factor of transactional leadership is called 'Management-by-Exception' which involves corrective activities related to negative feedback, criticism, and negative augmentation. This factor has two forms including active and passive. Regarding the former, leaders carefully observe employee's performance for mistakes and then provide them with corrective actions. Conversely, transactional leaders who use the passive form only get involved after an issue has arisen or the goal has not been achieved. A poor performance evaluation given by the transaction leaders can result in employee's performance. In essence, both active and passive 'Management-by-exception' refer to use of negative reinforcement methods instead of positive ones like contingent rewards.

c. Nonleadership factor

Laissez-Faire is the factor that stands at the right side of the continuum . The factor means there is no leadership at all. The phrase 'Laissez-Faire' implies the leader who have no responsibility, no feedback, delays decisions and no motivation to satisfy follower's needs. Additionally, leaders have no exchange relationship with followers and no attempt to support followers to help them grow as well.

3.3.3.5. *Other perspectives on transformational leadership*

The nature of transformational leadership is identified uniquely by research undertaken by Bennis and Nanus (1985). Their model of leadership was constructed as the result of conducted interviews with the participants including middle- or senior-level leaders, using open-ended and semi-structured questionnaires. From the data collected, Bennis and Nanus (1985) classified four common strategies that they use to transform their organisations. First of all, they found that transformational leaders have a very clear vision of the future of their organisation. It was described as a picture of an attractive, believable, and realistic future (Bennis and Nanus, 1985, p. 89). They suggest that a simple, understandable and beneficial vision can help followers to learn how they match themselves to the direction of the organisation. It also empowers followers because they find themselves as a crucial element of a worthwhile enterprise (p. 90-91). The authors also maintain that a successful vision had to be developed based on the needs of the whole organisation and be claimed by individuals within it. It can be seen that the leader is the one who mainly articulates the vision; however, the origin of the vision is created by both leaders and followers.

The second factor in the model of Bennis and Nanus (1985) is called 'social architects'. Here, transforming leaders create a shape or a structure for mutual meanings individuals kept up within the organisation. The leaders use a way of communication that helps to transform their organisation' values and norms. In addition, these leaders can mobilise followers to adapt to new concepts, new identities or a new philosophy for their organisations.

The third element of a transformational leader is trust. Bennis and Nanus (1985) found that the leaders in their research created trust by keeping their own positions known, being predictable and reliable, even in uncertain situations. Specifically, the leaders also built trust by giving followers direction and invariable implementation even through uncertain time. Bennis and Nanus (1985) maintained that establishing trust in organisations can help organisations to achieve a high level of integrity and a healthy identity (p.48).

According to Bennis and Nanus (1985), a transforming leader knows how to creatively deploy their selves through 'positive self-regard'. Here, they refer to pay attention to their strengths

rather than their weaknesses. Being aware of their own competence, transforming leaders can be occupied in their tasks. In addition, Bennis and Nanus (1985) also found that positive self-regard in leaders can have reciprocal influences on followers, which can build confidence and high expectations on followers. The leaders in the research also reported that they focus on learning and education in their organisation.

The model of transformational leadership was developed by Kouzes and Posner (1987, 2002) with a similar research method to the research undertaken by Bennis and Nanus (1985). They conducted interviews with 1300 middle- and senior-level leaders. Kouzes and Posner's model includes five fundamental practices of a transforming leader. Firstly, transformational leaders know how to 'model the way' in which they first need to be very clear about their own values and philosophy and then express it to followers. They also keep their promises and commitments and comprehend the values they share with followers. Secondly, it is suggested that effective leaders can establish compelling visions that can lead individual's behaviour. They persuade others about positive outcomes in the future and inspire their followers to achieve it. Here, leaders listen to other's dreams and express the ways to make it come true. The third practice in the Kouzes and Posner's leadership model is called 'Challenge the Process'. It basically means being willing to change status quo, innovate, grow, and enhance. The readiness to take risks and learning from on their mistakes are focused in the factor. The fourth factor of the model is 'Enable Others to Act' in which an effective leader emphasises on building trust with followers and promoting collaboration. They actively listen to opponent view points and treat them with dignity and respect. They empower followers to make decisions and support them along the way. 'Encourage the Heart' is the last element mentioned in the model. Here, it is found that leaders motivate the heart by rewarding others for their achievements. The leaders pay attention to the need of supporting and being identified which are considered as basic needs of followers. They refer to use authentic rituals to express appreciation and encouragement to others. As a result, it can lead to greater collective identity and group spirit. In a nutshell, Kouzes and Posner's leadership model focuses on leaders' and followers' behaviours. They also suggest that the model is available to anyone and not restricted to those who have special traits. They also stress that the model is about practice and not about personality.

3.3.3.6. How does the Transformational approach work?

According to Northouse (2021), the transformational approach seems to be a broad-based perspective which covers many dimensions and aspects of the leadership process. The

approach identifies how leaders can commence, develop, and undertake crucial changes in organisations. Specifically, Northouse (2021) suggests there are steps that transformational leaders usually take. Firstly, transformational leaders emphasis on empowering their followers and nurturing them in change. On the basic, leaders establish a working rapport and culture in which followers can feel empowered and followers are motivated to freely discuss and try challenging new things. In the study of 32 Taiwanese organisations, Jung, Chow and Wu (2003) also found that transformational leadership have a direct relationship with organisational innovation.

Secondly, Northouse (2021) maintains that transformational leaders have a highly standard set of moral values and self-determination of identity. Additionally, they are also strong role models of being confident, competent, articulate, and expressing unique ideals. These leaders are active good listeners and not intolerant of conflict points of view. A spirit of collaboration between leaders and followers are built up, which motivates followers to emulate their transformational leaders as they trust and believe in their strong role model.

Furthermore, it is very popular that transformational leaders have their clear vision that is created based on the mutual interests of people and units in an organisation. The vision is considered as a conceptual map for the future of the organisation and it also represents the organisation's identity in which the followers can feel their sense of identity and sense of self-efficacy (Shamir et al., 1993).

Being social architects is commonly found in transformational leaders in which they are clear about the emerging values and the culture of the organisation. They deeply engage themselves in the norms of the organisation and attempt to shape its shared meaning by interpreting the role of each individual and how to contribute to the greater purpose of the organisation.

Last but not least, transformational leaders are very effective when working with people. Building trust and nurturing cooperation with others are their attention. They know the importance of giving encouragement to their followers and celebrating their follower's achievements. As a consequence, people working with transformational leaders could feel their identity, their importance at work, and their contribution to the greater common good.

3.3.3.7. *Strengths and Criticisms of Transformational approach*
a. Strengths

There are some strengths the transformational approach has. First of all, as mentioned above, transformational leadership has been studied from a variety of perspectives in which there are series of qualitative researches of high-level leaders and CEOs in multinational, well-known organisations. Lowe and Gardner (2001) found that research about transformational or

charismatic leadership accounted for 34% of the published articles in *Leadership Quarterly* from 1990 to 2000.

Second, according to Northouse (2021), transformational leadership has intuitive appeal in which it is seen consistent with a popular perception of what leadership is and it seems making sense to them such as leaders are those who advocate changes for others and provide a clear vision for the future.

The third strength of transformational leadership is that it treats leadership as a process occurring between leaders and followers. It means that leadership is not a sole role of a leader but rather an engagement between leaders and followers. Here, the needs of followers are emphasised in the leadership process. As a consequence, followers can feel a more prominent position, their opinions and feedback are instrumental in the development of transformational leadership (Bryman, 1992). Furthermore, Avolio (1999) and Bass (1985) also added that transformational leadership provides a broader picture of leadership model. As mentioned, many leadership models basically pay attention on the exchange between followers and leaders (rewards are exchanged for goal achievements) like a transactional process. Transformational leadership is not limited to the exchange of rewards but rather the leader's attention to the needs for the follower's growth.

Another strength of the transformational approach that makes it stand out from other approaches to leadership is its moral dimension. Avolio (1999) also suggested that transformational leadership is fundamentally morally uplifting. Similarly, Burns (1978) maintained that followers are moved to higher level of moral responsibility by their transformational leaders. Howell and Avolio (1993) and Shamir et al., (1993) agreed with Burns (1978)'s perspective by suggesting that transforming leaders stimulate followers to go beyond their own self-interests for the benefit of the whole team or organisation.

Yukl (1999) concluded the strengths of the transformational approach by giving substantial evidence that transformational leadership is an effective model of leadership. His research outcome was shown that transformational leadership has positive relation to followers' satisfaction, motivation, and performance. Additionally, there is a variety of studies using interviews and observations, reporting that transformational leadership is effective in a wide range of different situations.

b. Criticisms

The transformational approach to leadership also has some weaknesses. One of the most common criticisms is a shortage of conceptual clarity. As mentioned above, transformational leadership encompasses a various range of activities and features; thus, it is challenging to

exactly sort out its parameters. For instance, Tracey and Hinkin (1998) argued that there is a substantial overlap between the first four factors in the transformational leadership model and they also added that the dimensions are not transparently delimited. Additionally, Bryman (1992) maintained that the concept of transformational leadership and charismatic leadership often are identified synonymously, although charisma is only considered as one factor of transformational leadership in some models of leadership as such Bass (1985)'s.

Another criticism involves in the measurement of transformational leadership. The leadership instrument called MLQ being used to measure transformational leadership was criticised because the four factors (idealised influence, intellectual stimulation, inspirational motivation, and individualised consideration) are found highly correlative with each other in some studies (for example, Tejeda, Scandura, and Pillai, 2001).

Although many scholars like House, Bass, Weber maintained that transformational leadership is involved with leader's and follower's behaviours, there is still a predisposition to view this approach from a trait approach. According to Bryman (1992), the transformational approach seems to treat leadership as a personal characteristics or traits rather than a behaviour. It becomes problematic if this is a trait as it could not be taught to people to change their own traits. This problem may happen because the term 'transformational' normally refers to an image of an individual being the most active element in the leadership process. Therefore, it is also an inclination to identify the transformational leaders as unique people who have special traits that can 'transform' others.

Another criticism argued by some scholars that the transformational approach is elitist and antidemocratic (Bass and Avolio, 1993; Avolio, 1999). As mentioned in the previous parts, transforming leaders are viewed as a crucial role in transforming the organisations, creating a clear vision, and promoting new directions; thus, due to this significant impression, the leaders are seen as acting independently over the followers or putting their interests above other's. However, this criticism has been proved to be wrong by the researchers Bass and Avolio (1993) and Avolio (1999).

Additionally, Yukl (1999) argued that transformational leadership is criticised based on a 'heroic leadership'. As a feature of the transformational leaders show that this kind of leader can move followers to do exceptional things, it gives too much attention on the leaders and it has failed to emphasis on shared leadership or reciprocal impacts (Yull, 1999).

Last but not least, Northouse (2021) argued that transformational leadership is about changing individual's values and transforming them to a new vision; however, there is no one can evaluate whether the direction is right or wrong, good or bad. If the changing of human values

is negative, the leadership must be challenged. Therefore, understanding the influence of transformational leadership on follower's psychology and the ways in which these leaders respond to their follower's reactions should be clear and in demand. Burns also maintained that this is considered as one of the most pressing problems in leadership studies today. Conger (1999); and Howell and Avolio (1993) also added that crucial risks exist in the charismatic nature of transformational leadership as people can use it for destructive purposes. This is a reason why transformational leadership could be a burden on people and organisations to be conscious of how they are being impacted and in what directions they are being directed to go.

3.3.4. Leadership instruments

Transformational leadership is commonly measured by Multifactor Leadership Questionnaire (MLQ). This instrument was originally developed by Bass (1985) in which 70 senior executives were being interviewed in South Africa. They were asked to share about leaders who had given them the awareness of broader goals, encourage them to higher motives, or inspired them to prioritise others' interests ahead of their own. After that, they were required to describe the ways leaders behaved to effect changes. Regarding these descriptions and a big number of other interviews with a wide range of stakeholders such as junior and senior executives, Bass (1985) established the questions that create the MLQ. The questions tend to measure follower's perceptions of a leader's behaviour for each of the factors as mentioned in the Full Range of Leadership model above.

The validity of the MLQ was strongly supported in Antonakis, Avolio, and Sivasubramaniam (2003)'s research in which they evaluated the psychometric properties of the MLQ using a large business sample of 3000 raters. Particularly, they identified that the MLQ categorises nine distinct factors in the full range model. Hinkin and Schriesheim (2008) had the same perspective that they undertook an examination of empirical properties of the transactional and the non-leadership factors on the MLQ and found various ways to increase the validity and reliability of the results.

There have been numerous studies that used the MLQ to examine the connection between transformational leadership and outcomes such as effectiveness, particularly Bryman (1992) and Bass and Avolio (1994) have suggested that influential and motivational factors on the MLQ are considered as the most likely to be associated with positive effects, followed by individualised consideration, intellectual stimulation, and contingent reward. Management-by-exception has two forms: passive and active forms in which the former has been found to have

little relationship with outcomes, whereas the latter form has shown its negative relation to outcomes. The last factor in the model is laissez-faire leadership which has been explored to have negative connections with outcomes such as effectiveness and satisfaction in enterprises. In the research, the MLQ (Form 5X-short) will be used to measure leadership styles of each social entrepreneur. As the participants are Vietnamese so the MLQ will be translated to Vietnamese. The full MLQ in English is attached in Appendix E.

3.3.5. Contingency approach to leadership and Organisational Life Cycle

3.3.5.1. Contingency approach to leadership

Contingency theory is a 'leader-match' theory (Fiedler and Chemers, 1974). It is called 'contingency' as it suggests that leader's effectiveness is based on how well their leadership style matches the context. The theory suggests that it is also essential to understand the situation in which they lead. Similarly, Northouse (2021) suggests that effective leadership is contingent on fitting a leader's style to the right setting. The most widely recognised contingency theories are developed by Fiedler (1964, 1967; Fiedler and Garcia, 1987). Contingency theory provides the framework for effectively matching leadership styles and the situation. Here, leadership styles are identified as 'task motivated' or 'relationship motivated'. Task-motivated leaders are basically concerned with achieving a goal, while relationship-motivated leaders focus on developing close interpersonal relationships. Fiedler (1967) developed *Least Preferred Coworker* (LPC) scale in which high LPCs mean relationship motivated, whereas low LPCs are identified as task motivated. Figure 3.4 below presents the framework of the contingency theory.

Figure 3. 4 Contingency Model

Leader-Member Relations	Good				Poor			
Task Structure	High Structure		Low Structure		High Structure		Low Structure	
Position power	Strong Power	Weak Power	Strong Power	Weak Power	Strong Power	Weak Power	Strong Power	Weak Power
Preferred Leadership Style	1	2	3	4	5	6	7	8
	Low LPCs Middle LPCs				High LPCs			Low LPC

Source: Adapted from A Theory of Leadership Effectiveness, by Fiedler, F. E. (1967), New York: McGraw-Hill.

According to Fiedler (1967), situations are characterised based on three elements: leader-member relations, task structure, and position power (as presented in Figure 3.4). Firstly, leader-member relations are evaluated by the group atmosphere and the degree of confidence, trust and attraction that followers feel for their leader. Northouse (2021) also suggests that if the group atmosphere is positive and the followers get along with their leader, the relationship is identified as good. By contrast, if the atmosphere is unfriendly and conflict exists within the group, the leader-member relations are defined as poor.

The second situational element is task structure. According to Northouse (2021), a task is defined as structured when (1) the expectation for the task is clearly stated and followers are informed of these requirements, (2) there are some alternatives in the path to complete it, (3) the accomplishment of the task can be clearly demonstrated, and (4) only limited number of correct solutions for the task exists. He also points out that tasks that are highly structured can give the leaders more control, while unclear tasks decrease the leader's control and influence. The third characteristic of situational factors is position power which refers to the amount of authority a leader has to reward or punish followers. A leader has a strong position power when he/she has the authority to hire or fire or give rises in rank or pay.

The Contingency theory developed by Fiedler (1967) points out that one leadership style is not effective in all situations. Thus, the leadership style should have a good match with the situation in which a leader work in. As can be seen from Figure 3.4, a situation that has good leader-member relations, a defined task structure, and a strong position power fall in Category 1 which is identified as the most favourable situation. This situation prefers a task-motivated leadership

style. Although Category 8- the least favourable situation with poor leader-member relations, a low structured task, and a weak position power, task-motivated leaders (ranked Low in LPCs) can also effectively work. Additionally, low LPCs (task-motivated leadership style) are preferred in Categories 1, 2, 3, and 8; whereas high LPCs (relationship-motivated leadership style) are effective in Categories 4, 5, 6, and 7. The model also suggests that middle LPCs are preferred in Categories 1, 2, and 3.

Indeed, when it comes to the organisational life cycle, Rahimi and Fallah (2015) suggest that leaders of organisations should understand what current stage of their organisations to have effective leadership styles that can match various stages of their evolution. This point will be discussed in the following part.

3.3.5.2. Organisational Life Cycle (OLC) and leader's styles on various stages

a. Organisational Life Cycle (OLC)

Organisations tend to change over time, not only in terms of their strategies but also in their organisational structure, innovativeness, leadership and other areas, which can ensure the existence of the organisation in the market. Most of these changes are subtle from the perspective of the overall life. In this part, the organisational life cycle (OLC) is presented to better understand the current state of an organisation, either a social enterprise or a for-profit enterprise. All beings in life like plants, humans or animals have life cycles starting from birth to death. On this basis, organisations 'have a green and supple youth, a time of flourishing strength, and a gnarled of age' (Gardner, 1965, p. 20). Most organisational life cycle models note that an enterprise's life is a sequence of different developmental stages (Lippitt and Schmidt, 1967; Greiner, 1972; Galbraith, 1982; Churchill and Lewis, 1983). Hanks et al (1994, p.7) identified a life cycle stage as 'an unique configuration of variables related to organisational context or structure'. Additionally, Van De Ven (1992) suggests that OLC obtains a sequence of events that present the way things change over time. Therefore, the organisational life cycle is defined as a theoretical model based on changes that organisations experience as they start, grow, mature and decline (Ford, 2016).

In terms of OLC models, Lippitt and Schmidt (1967) introduced one of the earliest OLC models in which they suggest that enterprises progress through three stages of growth including birth, youth, and maturity. In each phase of development, firms have to complete the main unique managerial concerns before moving to the next. For instance, at birth, enterprises consider the

creation of the system and the achievement of a survival threshold. During the youth stage, stability and reputation are the main concerns, while during the maturity stage, firms have to achieve uniqueness and respond to diverse societal needs. Failure can occur when management is unable to recognise the significant crises arising in the life cycle and solve them in a way that provides a fundamental base for dealing with future crises.

In addition, Miller and Friesen's (1984) model is one of the well-known OLC models. Compared to the model developed by Lippitt and Schmidt (1967) with three stages, this model distinguishes five stages of the organisational life cycle, consisting of (1) birth, (2) growth, (3) maturity, (4) revival, and (5) decline. These stages are interpreted below along with explanations for situational elements of the Contingency model.

Figure 3. 5 Five stages of Organisational Life Cycle
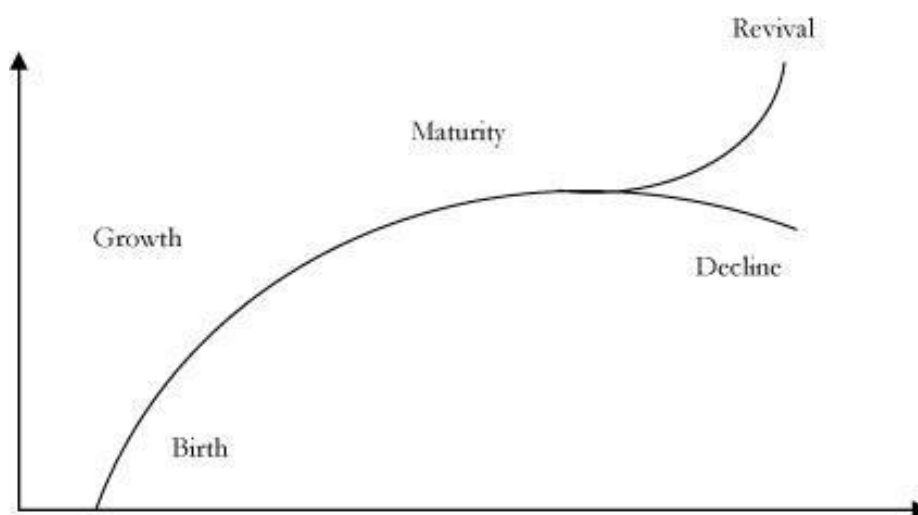
Source: Miller, D. and Friesen, P.H. (1984) A longitudinal study of the corporate life cycle. *Management Science*, 30(10), pp.1161-1183.

Birth

At the birth stage of the organisational life cycle, organisations normally deal with the struggle for survival, mediated by product development and the acquisition of necessary resources (Jawahar and McLaughlin, 2001). At this stage, the organisation does not have power over its external environment; thus, they need to adapt to it (Lyden, 1975). The organisational structure is relatively simple and commonly with centralised leadership (Smith et al., 1985), which can be classified into strong position power as at this stage, the owners take strong authority to hire

or fire, reward or punish the followers. Task structure is defined as low because of the high level of informalisation of processes.

Growth

At the growth stage of the life cycle, when the organisation achieves its distinctive competitive advantage, growth in sales and market share follows. At this stage, the focus moves to manage its expansion (Scott and Bruce, 1987), its production, and proactively approach stakeholders. According to Scott and Bruce (1987), the early growth stage tend to follow a change from an individualistic to a more administrative entrepreneurial style. The structure and processes are gradually formal and it increases the level of decentralisation and delegation (Greiner, 1972). According to Adizes (1979), Churchill and Lewis (1983), and Lippitt and Schmidt (1967), decentralisation is adopted to stimulate followers to follow their initiatives, increase creativity and support product diversification. Nevertheless, Griener (1972) claims that growing enterprises use decentralisation to satisfy the authority of middle managers, they should gain back centralisation in the last two stages of OLC to regain control and reach coordination over firms. Therefore, in the growth and maturity stages, position power can be classified as low due to the adoption of decentralisation, whereas revival and decline stages have strong position power with the regaining of centralisation. In addition, at the growth stage, the formalisation of processes increases, which leads to an improvement in task structure. At the late growth stage, increasing competitive pressure can slow down further growth (Dodge and Robbins, 1992).

Maturity

With the slow speed of growth and more formalised nature, organisations become mature. At this stage, they are stabilised in terms of the need for radical changes. Organisational structure and processes are formalised as management is separated from ownership (Churchill and Lewis, 1983). However, it may not be the situation for small and medium-sized businesses. The stage also represents an ending growth to the start of a decline which is formed by a decrease in the innovativeness of the organisation and an increase in formalization turning it into a bureaucracy (Mintzberg, 1984). Here, the organisation refers to reinvesting its business or entering the decline stage which struggles with the need for change. At this stage, task structure is identified as high due to the high formalisation and low position power due to decentralisation as mentioned in the previous stage.

Revival

The revival stage emphasises a renewal of the organisation by exploring new possibilities. At this stage, the organisation exerts new resources such as individuals skilled in R&D,

engineering, planning or performance analysis (Miller and Friesen, 1984) to make the renewal happen. According to Jawahar and McLaughlin (2001), management tends to take more risks at this stage but is rather informed and analytical (Miller and Friesen, 1984). Organisations with a successful revival stage will experience further development or become stabilised in the mature stage once more. At this stage, task structure is still considered as high and position power is high due to the regaining of centralisation as suggested by Griener (1972).

Decline

At the decline stage, there are some reasons for entering this stage such as the growing adversity of the external environment (Miller and Friesen, 1984), growing internal rigidity or even conflicts caused by overall bureaucracy (Adizes, 1979), unsuccessful changes are made or strongly disagreed (Gray and Ariss, 1985). Additionally, when the competitive advantage of the organisation erodes, the sales relatively decrease (Hanks et al., 1994) and a loss of market position follows (Lester et al., 2003). It is also noted that a vicious of insufficient resources can lead to unsuccessful necessary investment which causes the lower appeal of its products and further a decline in resources (Miller and Friesen, 1984). As a result, at this stage, task structure can be defined as low due to those issues.

According to Jirásek & Bilek (2018), although the decline is commonly the last stage in the OLC models, they suggest that the decline stage may lead to the loss of independence or negatively impact the future organisational existence or it can turn into a successful revival.

b. *Application of Contingency theory in stages of OLC*

The contingency theory of leadership has many applications in the organisational world (Northouse, 2021). Particularly, it is suggested that contingency theory can point to changes in leaders' styles in order to guarantee a good fit between the leaders and a particular work context. On this basis, the application of the contingency approach to leadership can be applied in various phrases of OLC. Based on the interpretations of each stage in section (a) above and the framework of the Contingency model (as presented in Figure 3.4), the table below presents how three situational elements classify each stage of OLC into 8 categories of the Contingency model and relatively provides preferred leadership styles.

Table 3. 5 **Application of Contingency theory in stages of OLC**

Stages of OLC	Task Structure	Position Power	Leader-Member Relations	Preferred Leadership Styles
1. Birth	Low Structure	Strong Power	Good	**Category 3**: -Low LPCs →Task-motivated leadership style -Middle LPCs → Socio-independent, not overly concern with tasks or with relationships
			Poor	**Category 7:** High LPCs → Relationship-motivated leadership style
2. Growth	High Structure	Weak Power	Good	**Category 2**: -Low LPCs →Task-motivated leadership style -Middle LPCs → Socio-independent, not overly concern with tasks or with relationships
			Poor	**Category 6:** High LPCs → Relationship-motivated leadership style
3. Maturity	High Structure	Weak Power	Good	**Category 2:** Similar to the previous one
			Poor	**Category 6**: High LPCs → Relationship-motivated leadership style
4. Revival	High Structure	Strong Power	Good	**Category 1:** Lowest LPCs – the most favourable situation → Task-motivated leadership styles

			Poor	**Category 5**: High LPCs → Relationship-motivated leadership style
5. Decline	Low Structure	Strong Power	Good	**Category 3**: -Low LPCs →Task-motivated leadership style -Middle LPCs → Socio-independent, not overly concern with tasks or with relationships
			Poor	**Category 7**: High LPCs → Relationship-motivated leadership style

It is believed that one leadership style may not work effectively in all situations (Fiedler, 1967). For instance, from the table, it can be seen that at the birth stage, with low task structure, high position power, and good Leader-member relations, Low LPCs (task-motivated leadership style) and Middle LPCs (socio-independent style) are effective in the setting, while at the same stage, if leader-member relations are poor, high LPCs (relationship-motivated leadership style) is the best match. Category 1 is the most favourable situation that can be happened in the Revival stage with a high task structure, strong position power, and good Leader-member relations. On this basic, task-motivated leader's style can work effectively to help firms go through the revival stage and experience further growth. Furthermore, Fiedler (1995) also indicates that if leaders' style does not match the situation, the leader may fail to lead as they may experience stress and anxiety, poor decision-making, and negative work outcomes.

3.4. Social capital
3.4.1. Definition of social capital

It has been two decades since social capital, one of the most focal concepts, has made its remarkable appearance among researchers and authorities. Although it has led to a wide range of attitudes, expectations, and different perspectives, it also expresses the significance of social capital in different contexts.

Social capital has been defined in many different and variable ways. This concept is identified as the physical or nonphysical sources in which an individual or a group of people is allowed to take a more or less expected network of relations for common familiarity or perception (Bourdieu, 1992). On the other side, Putnam (2000) found social capital as a collection of sub-concepts such as confidence, cultures, and networks which can lead to an optimum relationship between the members of a group/ an organisation/ a society and result in their mutual benefits at the end. Social capital is also simply defined as the connections within social networks (Burt, 1992). Van Bastelaer and Grootaert (2001) suggest that social capital is cognitive to people and it can facilitate information sharing, collective action, and decision-making through accepted rules, social networks and other social relationships, which is a result of the formation of mutual norms, values, trusts and beliefs. Similarly, the term 'social capital' has become increasingly common in global debates such as World Bank and OECD in recent years and in the research areas like social enterprises development, social economy and the emerging third sector across Europe. According to Dakhli and De Clercq (2003), the European Union identified social capital as 'features of social organisation such as networks, norms, and social trust that facilitate co-ordination and co-operation for mutual benefits' (p. 3). Therefore, social capital aims to recover social cohesion, foster local networks, and facilitate employment and start-up businesses. What's more, social entrepreneurs and non-profit organisations are the main drivers of creating social capital in their initiatives and developments which contribute to the employment creation and enhancement of social cohesion (Madhoushi, et al., 2015). Specifically, there are many studies and research found the positive influences of social capital, such as reducing community issues and economic development (Krishna, 2000); improving production (Monireh, 2011); entrepreneurial characteristics (Damirchi, Shafai and Paknazar, 2011; Dohl and Edmund, 2011); further contributing to making governments more effective (Putnam, 1993; Woolcock and Narayan, 2000; Portes, 1998).

It is often described through the presentation of networks, sometimes identified by the level of tie strength (Davidsson and Honig, 2003). These authors also suggest that in the context of

entrepreneurs, the term 'social capital' refers to a wide range of relationships between entrepreneurs and their families, associates, friends and communities. Additionally, in the widely cited review of social entrepreneurship, Mair and Marti (2006) point out that social capital can be used for social entrepreneurship in narrow environments, for instance, inner cities.

3.4.2.   Social capital types

More formally, Putnam (2000) pointed out that social capital is constituted by networks which can serve as channels for the spread of knowledge. He also differentiated two categories of social capital, including bridging and bonding. The former refers to networks of heterogeneous groups, on the other hand, the latter to social networks built from homogeneous groups. Bonding social capital derives from strong ties that are supposed to be intensive in trust, common norms, and closure. It is commonly found in family relationships and close-knit groups. Bridging social capital arisen from weak ties that have weak trust and thin networks that cut across different groups (Grannovetter, 1985; Woolcock and Narayan, 2000) and this type of social capital can provide exclusive both tangible and intangible resources (Burt, 2001). Most elements of social capital are based predominantly on the significance of social interaction and voluntary cooperation (Stolle, 2003). On the basic, the high level of people engagement can strengthen governance and economic development. Nevertheless, it is argued by Porte (1998) saying that social capital implies on the ability of actors to ensure advantages by virtue of membership in social networks and other forms. Similarly, Onyx and Bullen (2000) argued that social capital can be developed by the willing participation of citizens within an active community. Apart from two different types of social capital, this concept has some important elements being categorised as the followings.

Trust is perceived as one of the most important elements of social capital. Ostrom and Ahn (2003) suggest that trust and attitude of reciprocity are generated by the mutual review of networks and institutions which are added to the agency of people participating in the area of analysis, rather than by the quality of the interpersonal relationships alone. Additionally, Marconatto and Pedrozo (2013) also found that trust, solidarity, cooperation, and other values contributing to the social capital can emerge, broaden or be repressed.

In addition, social capital of the Board in an organisation can be divided into two types: external and internal social capital. Regarding the former, a board' external social capital can be identified as the degrees to which the board members have outside social connections and potential resources generated from those connections may be sources of competitive advantage

for the firm (Kim, 2005). On the basic, it can be seen that the fundamental function of external social capital tends to be a bridge connecting the firm and the external environment. By contrast, internal social capital refers to internal social networks within an organisation (Kim, 2005).

3.4.3. Relation of social capital with entrepreneurship

The management literature has significantly taken over the individual-level approaches to social capital in which social capital has been identified as the available goodwill that actors can take. It is explained by the factors of the actor's networks, i.e., depending on its structural (for instance, fragmented), relational (for example, lack of trust), and cognitive (e.g., differentiated mental maps). The three-category framework of Nahapiet and Ghoshal (1998) is widely used in empirical studies.

The literature on the influence of social capital and social ties on entrepreneurial ventures has increased. For instance, Sequeira et al. (2007) found that individual networks of supportive strong ties, especially with high entrepreneurial self-efficacy, have a positive relationship with the development of nascent vision and entrepreneurial intentions; whereas, strong ties with practical business information and knowledge have no or negative impacts on nascent behaviour and intentions. They also discovered that there was an increase in the likelihood of nascent behaviour in weak ties with practical business knowledge, but no influences on entrepreneurial intentions.

According to Nasrin and Jalil (2017), social capital plays an important part in the stages of entrepreneurship. In addition to the economic factors, noneconomic elements such as social networks can also affect the entrepreneurship process. Colemen (1998) suggests that social capital can lead to innovation, ideology, and it can nurture creative behaviours and risk-taking attitudes which could be one of the entrepreneurship indicators. Here, he maintains that individuals who have more social capital are more likely to access to the sources and information needed in the development of business and in the penetration of the new market. Therefore, social capital is crucial for entrepreneurs to be successful as it helps them perceive business opportunities more effectively. Additionally, According to Camagni (2004) and Lin et al., (2020), social capital can also provide entrepreneurs the knowledge that they need to reduce the effects of environmental changes and natural ambiguity in the entrepreneurship process.

Social interactions play a crucial part in entrepreneurial activities. According to Nasrin and Jalil (2017), social interactions can facilitate creativity and innovation which are one of the most important elements of entrepreneurship. The connections between social networks, the introduction of new ideas, and creativity have been proved by empirical studies and theorists (Burt, 2001). Additionally, the relationship between the ability to take risks and social interaction in entrepreneurship processes was found positive by Hoogendoorn et al., (2017). Here, it was found that social relations can help entrepreneurs identify possible threats and opportunities. Social relations can lead to the facilitation of knowledge transfer, which benefits not only the participants but also other people to reduce expenses in responding to possible risks.

3.4.4. Measuring social capital

Putnam (2000) suggests that social capital is made up of three factors: networks, trust, and norms of reciprocity. Therefore, measuring social capital will depend on these three elements. According to (Matsunaga, 2013), social entrepreneurs who can trust others will be able to run a business smoothly and enable the business to produce more in many efficient ways, as opposed to individuals who cannot trust others and be trusted by others. In terms of networks, it is defined as the relationships in the area and the interaction with society (Matsunaga, 2013). He also suggested that various networks can enhance social entrepreneurs' sociability, negotiation power and ability to understand people. Therefore, apart from external networks, social enterprises refer to build a network of internal workers within the organisation, which, in turn, can improve the flow of information and communication among employees. The last measurement for social capital is norms of reciprocity which can be described as a social norm in which if someone gives you something, you then return the favour. In the case of social enterprises, the return is what they give back to society, for instance, a percentage of the profit, support, etc.

The crucial elements of social capital can be categorised bellows. Trust is commonly agreed to be an essential component of social capital (Mehrdad and Mohammad, 2015). Trust is considered as a multi-dimensional construct and '*despite the outpouring of interest in trust, there does not yet appear to be a consensus on the role of trust in organisation theory*' (Creed and Miles, 1996, p.17). Similarly, trust was also highlighted as '*trust remains an under-theorised, under-researched, and, therefore poorly understood phenomenon*' (Child. 2001, p. 274). On building trust, it is believed that trust is significant for collaboration and is described as '*lubricant and the glue*' in making and remaining a relationship (Bryson et al, 2006, p.47).

Regarding literature in the organisational behaviour and leadership, there are two perspectives on trust can be presented. The first perspective is called '*transaction cost economics centred'* in the business relationship they emphasis on three vital core areas of trust, consisting of contractual, goodwill, and competence (Seppänen et al, 2007; Ring and Van de Ven, 1994). Furthermore, Bunger (2013) suggested that trust is able to offset business risks, for example risks lie in communication, reputation, accountability, power and control, inequality of resources, and relationship dominance. Labright et al (2010) added that trust is more likely if participants have similar backgrounds such as organisational cultures, contexts, and other backgrounds. The second perspective of trust is '*socio-psychology'* and the interactions between individuals in which trust is viewed as at the interpersonal level (Ring and Van de Ven, 1994).

According to Dakhli and De Clercq (2003), trust within organisations and in inter-organisational settings may create innovation. Regarding the former, trust has been considered as a crucial factor in fostering innovation within the organisation as it can reduce the possibility of rigid control system (Quinn, 1979). It was proven that tight monitoring and system can limit creativity and innovative thinking; whereas flexible job definitions can motivate new ideas. The latter also shows that trust is not only significant through individual interactions within an organisation but also inter-organisational cooperation (Dakhli and De Clercq, 2003). It was found that the development of new processes and products is an end outcome of a collaboration between capabilities which are specific of each enterprise and industry (Dosi, 1988). Here, the high level of trust plays an important part in facilitating the exchange of information, which in turn eliminates possible risks that one party may use the information to other's disadvantage (Knack and Keefer, 1997). More importantly, trust has been found to foster social exchange by cutting off the time needed for monitoring; therefore, individuals and organisations can devote extra time for other beneficial activities and endeavours.

Trust can be built or nurtured if individuals meet, talk and interact in networks. Therefore, the more opportunities people communicate through such networks, social events, and daily rounds lead to more trust being built and nurtured within an organisation and between a company and other parties.

According to Mehrdad and Mohammad (2015), Share norms of behaviour are an important component of social capital. In the definitions of social capital, the term 'norms of behaviour' is quite common, which was regarded as 'values' that can be held by individuals or organisations. It is believed that people who have shared values are more likely to build relationships of trust and easily to work together. Particularly, social enterprises are found to

be more aware of their values and roles in the purpose of strengthening social capital through their social accounting, audit process, and the development of social capital.

Mehrdad and Mohammad (2015) also suggest that shared commitment and a sense of belonging are significant features of social capital. Historically, social capital plays an important role in the very first stages of an enterprise's development and it was properly built based on shared commitment to a set goal and was fostered through networking, mutual communication and information channels. On the basic, obtaining and using information are considered as useful tools to nurture social capital rather than an element of social capital. Thus, social enterprises are likely to take advantage of a culture of information sharing as part of the networking role with other social enterprises. Furthermore, social enterprises are committed to bringing social impacts to the community so that a sense of belonging and accountability is built here.

3.5. Organisational effectiveness and how to measure it in the social enterprise sector

3.5.1. Organisational effectiveness

The term 'organisational effectiveness' is commonly used as an evaluation concept in an organisation, but it is quite complex and needs a careful definition. The early research introduced a goad-centred model of effectiveness. On this vein, organisational effectiveness was thus identified as the extent to which a set goal is achieved (Georgopoulos and Tannenbaum, 1957; Etzioni, 1964; Price, 1968; Hall, 1972). For instance, organisational effectiveness was defined as 'the extent to which an organisation as a social system, given resources and means, fulfils its objectives without incapacitating its means and resources and without placing undue stress upon its members' (Georgopoulos and Tannenbaum, 1957). Similarly, the term is also described as the ability of a company to effectively complete its shared goals and objectives (Selden and Sowa, 2004). Nevertheless, the goal-centred model also has its limitations such as a failure to differentiate descriptive and normative components of organisational action and discriminate successfully between the goals and non-goals of a company (Lowe and Soo, 1980). Similarly, the dissatisfaction with the goal model has increased over time due to the ambiguities and difficulties in defining organisational goals (Miles, 1980; Ott and Shafritz, 1994)

To eliminate these difficulties of the goal-centred model, Seashore and Yuchtman (1967) introduced a systems resource model in which they defined the term 'organisational effectiveness' as in terms of its bargaining power which is the ability of an organisation to exploit its environment in the acquisition of scarce and valued resources. That is to say, an

organisation can reach the highest level of organisational effectiveness when they can maximise their bargaining position and resource procurement. However, it is also criticised that the model faces some difficulties, for instance, an ambiguous understanding of 'valued' and 'scarce' resources in the absence of specific goals (Zammuto, 1984). Moreover, they also suggested that the acquisition of resources depends on the organisational goals; therefore, the absence of a set goal in the concept of organisational effectiveness measurement may result in ineffectiveness.

There are some organisational effectiveness models which were listed in the book written by Cameron and Whetten (1996). For instance, the goal model which suggests that an indicator of organisational effectiveness is an accomplishment of set goals, the internal congruence model which refers to consistency in internal functioning without overloading and strain, the resource dependence model which refers to a successful acquirement of necessary resources, and strategic constituency model in which it is suggested that satisfaction in strategic constituency is the main element to measure organisational effectiveness. However, Cameron and Whetten (1996) suggested that these models are the product of multiple and they maintained that the boundaries of organisational effectiveness are not obvious due to uncertain indicators and criteria that can indicate effectiveness.

However, about two decades after, the work conducted by Gandy (2012) had evidence that there is a substantial positive association between organisational effectiveness and social entrepreneurship. Through Goal model and Resource Dependence model, they used three indicators to assess the organisational effectiveness: strategy adoption, resource allocation, and organisational direction.

Differently, compared to the work of Cameron and Whetten (1996) and Gandy (2012), Mayberry (2011) extended the organisational effectiveness model by adding indicators related to financial perspectives and legitimacy. Mayberry (2011) indicated that three main elements gain the organisational effectiveness of social enterprises: mission accomplishment, legitimacy, and financial stability. According to Mayberry (2011), net income or revenue growth is often considered as an important measurement of financial performance of an organisation. Like for-profit sector, the research will consider financial stability as a criteria of organisational effectiveness in the social enterprise sector. According to Mayberry (2011), a social enterprise has strong financial status when they can access multiple sources of funds such as grants from foundation, donations, financial support, membership dues; and are confident to raise financial capital.

3.5.2. How to measure organisational effectiveness in social enterprises

The measurement of organisational effectiveness in not-for-profit organisations is distinctive. Organisational effectiveness is commonly measured by some indicators in for-profit businesses. As shown in table 3, for instance, Wiklund (1999) listed a number of criteria including sales growth, market values growth compared to competitors, gross margin, profits compared to competitors, cash flow, and employment growth. Garcia-Morales, Llorens-Montes and Verdu-Jover (2008) suggest that return on assets, return of equity, return on sales and market share are indicators of an organisational effectiveness. Howell, Neufeld and Avolio (2005) recommend three clear factors including profit, revenue, and productivity ratio. However, when it comes to social enterprises, apart from above elements, a social enterprise is committed to address social problems as their top priority; therefore, the measurement of organisational effectiveness is different from its of for-profit businesses. According to Herman and Renz (1998), the measurement criteria include financial management, public relations, community collaborations, board governance, human resource management, satisfaction of volunteers, government relations, and fundraising. Schmid (2002) added the factor of the ability to adapt to different needs. Balser and McClusky (2005) argued that apart from stakeholder relations such as funders, community, and clients, a social enterprise should be evaluated based on how they develop financial resources. Brown (2005) added to the argument by saying that the effectiveness of a social enterprise can be measured by financial performance, public support, fund-raising efficiency, and perceived organisational performance (improved quality of service, more products, and goal achievement). As can be seen, while the organisational effectiveness measurement of for-profit organisations has focused on primarily financial returns, the non-profit sector has paid attentions on how to measure social returns.

Table 3. 6 Literature on Organisational effectiveness indicators

Authors	Organisational effectiveness indicators
For-profit research	

Wiklund (1999)	Cash flow, sale growth compared to competitors, profits, employment growth, gross margin and market value growth
Garcia-Morales, Llorens-Montes and Verdu-Jover (2008)	Return on equity, return on sales, return on assets and market share
Howell, Neufeld and Avolio (2005)	Productivity, profit and revenue
Rudsuitti and Swierczet, 2002	Internal congruence model: internal organisational effectiveness (well-managed system, competent internal process) is achieved through highly employee integration, effective employee performance, job satisfaction and commitment
Non-profit research	
Herman and Renz (1998)	Financial management, public relations, community collaboration, working with volunteers, human resource management, government relations and board governance.
Schmid (2002)	The ability to adapt to various needs, organisational performance, service satisfaction.
Balser and McClusky (2005)	Coping with funders, clients, various programs and services and financial resources and deal with community.
Brown (2005)	Organisational performance (improved the quality of service and product, more product range, social goals achievement), financial stability, public support, and fund-raising efficiency.

As mentioned in the definitions and boundaries of social enterprises, it can be seen that social enterprise is in the middle between non-profit and for-profit businesses in which social entrepreneurs tend to use their revenue-generating businesses to deliver their social missions

and social values (Abu-Saifan, 2012). In Vietnam, social enterprises was firstly recognised in 2015 in which it is defined as 'an enterprise that is registered and operates to resolve many social and environmental issues for a social purpose; and reinvest at least 51% of total profit to resolve the registered social and environmental issues' (British Council, p.22). Thus, the indicators for organisational effectiveness in social enterprises will be a combination of indicators in the non-profit and for-profit sectors. Based on the literature on the definitions and theories of organisational effectiveness and other research on organisational effectiveness measurements in the not-for-profit sector and for-profit sector, there are four indicators will be using in the research, namely financial stability, mission accomplishment, legitimacy, and internal congruence as shown in the table below.

Table 3. 7 Indicators of Organisational effectiveness in social enterprises

Financial stability	Mission Accomplishment	Legitimacy	Internal congruence
Assess the diversity and availability of sources of income (foundation, donations, or income from their businesses)	Coherence of mission statement	Ability to manage key stakeholders (both internal and external stakeholders)	Members in the organisation are highly integrated (effective teamwork, communication)
The ability of raising funds	Programs, activities, based on stated mission	Trustworthiness	Employees achieve effective performance
Sufficient cash reserves, cash flow	Effectiveness of mission achievement (how effectively they work with the community or certain group of people they aims to support)	Obtaining adequate resources (tangible resources and intangible resource)	Employee job satisfaction and commitment (the enterprise should be the place to work for the employees)

Profit (in Vietnam, at least 51% of total profit must be reinvested to resolve proposed social and environmental issues)	Employees are motivated to achieve social missions		Effective knowledge transfer

In terms of mission accomplishment, Mayberry (2011) suggests that the first criteria is obtaining a clear mission statement. While for-profit organisations have their missions leading to a financial end, social enterprises have clear missions towards social change that guides them in determining their activities, programs, and how they work with the community. In social enterprises, employees are motivated to effectively achieve the social mission of the organisation, compared to its in for-profit organisations where employees are rewarded in order to increase profits.

As mentioned above, revenue growth or net income is commonly the indicator of financial performance, but neither is an accurate assessment for non-profits. In the research, financial stability is the measurement of financial performance for a social enterprise. First of all, in terms of assessing financial stability, it is important to assess the diversity and availability of sources of income. Basically, social enterprises have various sources of funds, for example, grants from foundation, donations, or income from their businesses. According to Mayberry (2011), a non-profit that has a variety of financial resources is more likely to make social investments that can stimulate social changes. The author also suggests that social enterprises that are able to obtain cash reserves also have more flexibility to invest in new services or programs. Moreover, the ability to raise funds is a measurement of financial stability of a social enterprise as it is believed that the firm will be more likely to innovate entrepreneurial ideas. In a nutshell, there are three components including the diversity of income, cash flows, and ability to raise funds, which can assess the financial stability of a non-profit.

The internal congruence models also were introduced to assess the internal organisational effectiveness which is based on a well-managed system and competent internal processes (Rudsuitti and Swierczet, 2002). An organisation is found to achieve it when its members are highly integrated, employees achieve effective performance and job satisfaction and are committed to the company, and information transfers smoothly (Katz and Kahn, 1966; Cameron, 1986). Similarly, Lawler (1996) also suggested that the organisation must be a place

to work for the employees. According to Meyer and Herscovitch (2001), organisational commitment can serve as a main determinant of organisational effectiveness and employee well-being, because high employee commitment has been found to increase job satisfaction and employee performance (Pitt et al., 1995; Randall, 1990), which in turn result in enhanced overall organisational performance.

Legitimacy is the third indicator of organisational effectiveness in social enterprises. This term was developed based on Katz and Kahn's (1978) view of political effectiveness which has converted recently to the ability to manage key stakeholders in either for-profit or non-profit governance system. Particularly, non-profit organisational effectiveness is measured by the ability to manage the concerns of stakeholders (Balser & McCluskey, 2005). Similarly, Ospina et al., (2002) suggested that the management of stakeholder relations is critical to accountability and legitimacy. In non-profits, the social missions itself can provide a sense of legitimacy for social entrepreneurs (Dacin et al., 2010); however, it can last when the enterprises can create valuable outcomes that stakeholders benefit or risk losing their legitimacy (Dart, 2004). Moreover, the ability to obtain adequate resources to create social impacts is another crucial component of legitimacy. Mayberry (2011) also maintained that legitimacy can be created based on the sustainability of an organisation and the adaptation to changes in turbulences.

In the research, the ability of a social enterprise to manage stakeholders is assessed by an investigation of the experiences of the Board of directors (Low, 2006). According to Muth and Donaldson (1998), the Boards can expand the boundary for the organisation and build relationships with key external stakeholders. Additionally, Abuzg and Galaskiewicz (2001) maintained that the Boards of social enterprises facilitate their stakeholders to assess the legitimacy of their organisations. The authors also suggested that the greater the experience and prestige the Boards obtain in the community, the better in extending boundaries and creating key social networks. Furthermore, Pfeffer and Salancik (1978) added that Boards can be a problem solver if there are management issues of interdependence due to legal or resource constraints. Non-profits are found to have a deep-rooted legitimacy argument as they do not use the same financial assessments to evaluate a success like for-profit firms. Furthermore, evaluating the successful accomplishment of a mission is complex; therefore, the Boards of directors can act as a barometer of legitimacy.

According to Austin et al., (2006), the Boards can add value to their non-profit firms by making it legitimacy and credibility and building capacity and resources needed within it. It is considered as a fiduciary responsibility of the Boards in social enterprises because non-profits

commonly do not have shareholders; therefore, the Boards work as a proxy for the 'owner' of the firm (Axelrod, 2005). In addition, Austin et al., (2006) found that non-profit organisations intentionally employ credible individuals of the community to bring expertise and stimulate legitimacy.

One striking different of non-profit organisations compared to for-profit companies is the desire for social change. Thus, the structure of assessing organisational effectiveness is relatively different. On the basic, a social enterprise must be able to achieve its social mission and gain enough legitimacy within the community to have crucial influences on society. There are financial indicators to evaluate a success of an organisation such as profits, revenue growth and other financial returns that are not missions of social enterprises. Although without financial stability, it is hard for a social enterprise to exist until they can make a social change. The internal congruence is also important to evaluate the organisational effectiveness of a social enterprise in which the member integration, employee performance, job satisfaction and commitment, and knowledge transfer are assessed. It can be concluded that there are four main elements to decide whether leadership styles and social capital can influence organisational effectiveness, including financial stability, mission accomplishment, legitimacy, and internal congruence.

3.5.3. The influences of leadership styles on organisational effectiveness in social enterprises

This section aims to identify existing literature that examines the relationship between leadership styles and organisational effectiveness. The table below provides a summary of the literature reviewed and identifies matching indicators of organisational effectiveness as the outcome of a comparison with the table 10 'Indicators of organisational effectiveness' . After that, each main point will be provided in detail.

Table 3. 8 The relationship between leadership styles and Organisational effectiveness and its matching indicators

Leadership styles	How it influences on organisational effectiveness	Related leadership factors	Matching indicators of organisational effectiveness (link with the table X)
Transformational Leadership	-Transformational leadership is strongly related to organisational effectiveness and productivity (Parry and Proctor-Thomson, 2003) -Strongly and positively influencing on organisational performance (Alsayyed et al., 2020)		
	-Effectively dealing with high degree of uncertainty and turbulences in social entrepreneurship (Waldman et al., 2001) by motivating the followers to deal with challenges and difficulties caused by crisis situations. -Focusing on motivating and inspiring their followers to create new and innovative ideas on how to deal with the ensuing issues (Zhang et al., 2012). -Fostering crisis-management capabilities within an organisation during the time of business downturn (Rashid et al., 2020), positively influencing on organisational performance during Covid-19 pandemic (Ma and Yang, 2020)	*Inspirational Motivation* (Employees in the organisation are motivated to perform better than what they think they could (Northouse, 2021) *Intellectual Stimulation* (Employees are encouraged to create new solutions to address issues emerged from unexpected situations (Zhang et al., 2012)	**Internal Congruence** Employees achieve effective performance, Increase employee job satisfaction, and create effective communication (Hargie, 2016) **Legitimacy** The ability to manage the internal key stakeholders (Ospina et al., (2002)
	-Transformational leaders are able to ease the psychological effects on employees (Fernandez and Shaw, 2020) through effective	*Individualised consideration* (Leaders spend time to listen to employee's needs and treat them	**Internal congruence** Through effective communication and job satisfaction (Hargie, 2016)

communication, and help the employees overcome emotional exhaustion through providing supportive environment (Charoensukmongkol and Phungsoonthorn, 2020).	in a caring and unique way, provide supportive climate) (Northouse, 2021)	**Legitimacy** Build trust and good relationship with internal stakeholders (Balser & McCluskey, 2005)
-Transformational leadership can lessen role ambiguity caused by changes such as work setting during covid-19 (Charoensukmongkol and Puyod, 2021) by providing clear communication that can prevent uncertainties (Zhang et al., 2012), fostering employee's explanations in their understanding of what they are expected to achieve (Lee and Low, 2016), giving concise and clear directions (Al-Malki, 2016)	*Individualised consideration* (Leaders can act as coaches and advisers for their followers, providing them with directions and support) (Northouse, 2021)	**Internal Congruence** Through effective communication (Hargie, 2016)
However, transformational leaders, who focus on employee empowerment, were found to increase employee job ambiguity, particularly during uncertain periods (Charoensukmongkol and Puyod, 2021).	*Intellectual Stimulation* (Transformational leaders stimulate employee empowerment and engagement such as giving them the authority to make decisions, motivating them to come up with their ways of dealing with certain issues) (Jung et al., 2003); Bodenhausen and Curties, 2016; Richardson and Vandenberg, 2005)	**Internal Congruence** May negatively influencing organisational effectiveness caused by a reduce in employee performance and lack of effective communication between leaders and employees (Charoensukmongkol and Puyod, 2021)

-Transformational leaders are able to cope with inherent barriers in social enterprises sectors such as financial stability, inadequate resources, lack of business and management skills. **However**, this field has been under-studied (Nguyen et al., 2012). At this point, Mayberry (2011) argued that both transformational leadership has no significant relationship with financial stability		**Financial stability** Transformational leadership has no significant influence on organisational effectiveness when it comes to financial stability (Mayberrry, 2011)
-Transformational leadership has positive relationship with the effectiveness of stakeholder management in social enterprises -Effective team building which motivates the community to do take actions for societal changes (Light, 2002) -Building collaborative mindset, fostering team cohesion and contributing to common shared goals (Dorfman et al., 2012) -Building friendship, cooperation, and cohesion among employees, which leads to better performance (Muralidharan and Pathak, 2018)	*Inspirational Motivation* (Employees understand their important roles in achieving their shared goals through better team spirit) (Northouse, 2021)	**Internal Congruence** Employees are highly integrated, effective teamwork and communication; better employee performance and knowledge transfer (Hargie, 2016) **Mission accomplishment** Employees are motivated to reach common goals (Mayberry, 2011)
-Transformational leadership has strong influences on employee empowerment (Amza and Abdelmonem, 2018) -Employees are stimulated to think on their own and create new ideas (Barnett and Mccormick, 2003)	*Inspirational Motivation* (employees are provided inspiration to exceed the expectation rather than depend on rewards and punishment(Richardson and Vandenberg, 2005)	**Internal congruence** Increase employee performance and well-being (Bedarkar and Pandita , 2014) Better individual performance and employee job satisfaction (Mohapatra and Sundaray, 2018)

	-Employees are promoted to develop themselves, and actively deal with challenges and uncertainties, (Bodenhausen and Curties, 2016; Richardson and Vandenberg, 2005) -Transformational leaders use employee empowerment to transform their vision and mission into reality and maintain it (Bodenhausen and Curties, 2016) -Transformational leaders refer to give their subordinates power in decision-making process (Jung et al., 2003), which in turn betters their performance (Mohapatra and Sundaray, 2018)	*Intellectual Stimulation* (Promoting new ideas and innovation, participative decision-making process)	Increase organisational commitment (Spreitzer and Mishra, 2002)
	-Transformational leadership pays attention to employee well-being (Dorfman et al., 2012), which can lead to better employee performance (Krekel et al., 2019) -Transformational leaders tend to build good relationships with their followers that are nurtured by trust, openness and communication richness (Carmeli et al., 2013), which can increase employee performance (Muralidharan and Pathak, 2018)	*Individualised Consideration* (Leaders provide a supportive environment, listen to individual needs, and act like coaches and advisers)	**Internal Congruence** Through better employee well-being (Krekel et al., 2019) **Legitimacy** Good relationship with internal stakeholders are built from trust and communication (Balser & McCluskey, 2005)
	-Play an role in improving organisational effectiveness (Odumeru and Ognonna, 2013) -Lead followers work more effectively (McCann, 2008; Kalsoom et al., 2018) -Help to achieve organisational goals and objectives (Elenkov, 2002)	*Contingent Reward* (Exchange process between leaders and followers in which employees are satisfied with specified rewards they are received as an exchange for their	**Internal Congruence** Increase overall organisational effectiveness through effective employee performance, teamwork effectiveness, and job satisfaction (Hargie, 2016)

Transactional Leadership	-Achieve teamwork effectiveness (Oh et al., 2019), increase company revenue (Ensley et al., 2006) -Positively influence organisational effectiveness and job satisfaction	efforts. Transactional leaders tend to have agreement from their followers on the leader's expectation and what the payoffs will be) (Northouse, 2021)	
	However, it was also found that transactional leaders can negatively influence organisational performance (Al Khajeh, 2018), employee well-being (Kelloway et al., 2012), business unit performance (Howell and Avolio, 1993) -There is no significant relationship between transactional leadership and mission achievement (Mayberry, 2011)	*Management-by-exception* (Transactional leaders tend to make corrective criticism, negative feedbacks, and even negative reinforcement) (Northouse, 2021)	**Internal Congruence** Lower organisational performance (Al Khajeh, 2018), employee wellbeing and satisfaction by losing trust for in the manager (Kelloway et al., 2012)

Social enterprises have become increasingly popular in both developed and emerging economies. However, they have faced challenges that prevent them from growing in the market. For instance, one of the most challenges is the lack of business and management skills (Nguyen et al., 2012). Particularly, leadership has been cited as a significant factor which contributes to the success of a social enterprise more specifically (Prabhu, 1999), and entrepreneurial initiatives more generally. Nevertheless, there is a shortage of research on what accounts for effective leadership in social enterprises in order to help them achieve their unique mix of social and commercial objectives.

Transformational leadership plays a crucial role in social entrepreneurship. Firstly, according to Parry and Proctor-Thomson (2003), transformational leadership has a close relationship with organisational effectiveness and productivity. Similar to these authors' perspectives, Alsayyed et al (2020) also indicated the positive influences of transformational leadership on organisational performance. What's more, in the study of 20 leadership competencies conducted by Thach and Thompson (2007), there are some competencies related to transformational leadership dimension ranking at the top of the list.

Secondly, it was found that transformational leaders can help the companies overcome challenges caused by a high degree of uncertain situations and maintain organisational effectiveness. Waldman et al., (2001) found that the high degree of uncertainty and turbulence in the social entrepreneurship would call for transformational leadership. Particularly, transformational leadership seem to play a more important role in helping their follower effectively cope with difficulties that emerge from crisis situations. For instance, during an unfavourable situation due to an earthquake in China, transformational leadership emphasised on motivating and inspiring followers to come up with new and innovative ideas on how to deal with the ensuing issues (Zhang et al., 2012). Similarly, based on the examination of the role of transformational leadership during the period of organisational downturn undertaken by Rashid et al., (2020), it was found that transformational leadership played an interactive role in fostering crisis-management capabilities within organisations. In similar situations, Ma and Yang (2020) found that transformational leadership characteristics have positive influences on organisational performance during the Covid-19 pandemic in China through better quality of crisis management activities. Furthermore, Prasada et al ., (2020) indicate that the dramatic changes caused by the Covid-19 pandemic result in role ambiguity that employees has dealt with when moving from basic work setting to teleworking from home. On the basic, it was reported by these authors that employees lack of directive support, specific information, instructions and expectations regarding the daily tasks they need to perform from home.

Therefore, Transformational leadership can serve as effective ways to ease psychological impacts on employees (Fernandez and Shaw, 2020) through effective communication, prevent the employees from emotional exhaustion by providing a supportive environment (Charoensukmongkol and Phungsoonthorn, 2020), and reduce role ambiguity during the Covid-19 outbreak (Charoensukmongkol and Puyod, 2021).

Clarifying information and giving feedback is necessary to deal with employee role ambiguity (Amilin , 2017). The characteristic of transformational leaders that can ease role ambiguity is the ability to provide clear communication that can lessen the uncertainty of their followers (Zhang et al., 2012). Besides, transformational leaders can positively influence their followers by seeking explanation in their understanding of what is expected for them to achieve (Lee and Low, 2016); thus, the possibility of ambiguity can be eliminated. Correspondingly, Al-Malki (2016) also indicated that transformational leaders tend to provide concise and clear information and directions that can eliminate misunderstanding and further control employee role ambiguity. Furthermore, transformational leaders also tend to motivate their employees to be fully engaged in the organisation's activities and assigned tasks, which can reduce uncertainties they may experience (Pandita and Singhal, 2017). From all the above research, it can be concluded that transformational leadership can promote effective communication between leaders and employees, which contributes to the reduction of role ambiguity caused by uncertain crisis situations. In terms of the influences on organisational effectiveness, it was indicated that employee role ambiguity has an effect that gives rise to the strength of transformational leadership and organisational effectiveness (Lee and Low, 2016).

Nevertheless, contrary to the above literature, apart from the beneficial role of transformational leadership in role ambiguity reduction, Charoensukmongkol and Puyod (2021) also claimed that transformational leaders, particularly who emphasis on employee empowerment, can give rise in employee job ambiguity. These authors explained that employee empowerment tends to lessen the effect of transformational leadership on role ambiguity, which may cause negative effects on organisational effectiveness, particularly in crisis time.

In addition, they recommended that transformational leaders are capable of positively dealing with inherent barriers and challenges in the sector such as financial stability, disadvantaged employees, inadequate resources, and so on. Specifically, some studies have paid attention on the difficulties for social entrepreneurs in obtaining financial capital (Dorado, 2006; Purdue, 2001; Zahra et al., 2009). It is believed that social initiatives are prevented during their start-up stages due to inadequate access to capital. Additionally, the UK Social Enterprise Coalition presents that access to financing is considered as a significant barrier to growth (Leahy and

Villeneuve-Smith, 2009). Some main points have been revealed to explain the reason why social entrepreneurs are dealing with the difficulty of obtaining financing. First of all, activities of social enterprises are located in positions where markets function poorly and have limited opportunities to capture the value made (DiDomenico et al., 2010; Mair and Marti, 2006). For instance, social entrepreneurs are people who provide basic needs such as food for services for disadvantaged individuals who commonly cannot afford these products or services. As a result, the situation raises concerns about resource acquisition and brings more challenges to the financial sustainability of the initiative. Secondly, social enterprise's performance has been evaluated inadequately due to a lack of standardised measures (Austin et al., 2006; Nicholls, 2009; Zahra et al., 2009). Thus, returns to investment are hard to be calculated, which can constrain the acquisition of private capital. Last but not least, according to Hoogendoorn et al., (2017), there are limitations on profit distribution due to various legal forms of social enterprises such as non-profit, co-operative and hybrid forms, which can hinder social entrepreneurs to access to capital markets. In short, it can be concluded that transformational leadership can serve as an effective way in the exploitation stage of social entrepreneurship in which it may have problems and uncertainty. Nevertheless, at this point, Mayberry (2011) argued that both transformational leadership and transactional leadership have no significant relationship with financial stability in non-profit organisations.

Transformational leadership is found to have a positive relationship with the effectiveness of stakeholder management in social enterprises. According to Rochon (1998), transformational leaders have the quality of having people in society work cooperatively to manage their own governance. Here, Light (2002) added that this is achieved through effective team-building processes that people in a society gain the essential knowledge that would motivate them to make more meaningful actions to societal change. The team-oriented leadership can further build a collaborative mindset, nurture values of team cohesiveness and importantly contribute to a common goal that is crucial in social enterprises (Dorfman et al., 2012). Here, employees in social enterprises are also encouraged to build friendship, team cohesion and cooperation, which can result in better employee performance (Muralidharan and Pathak, 2018).

Furthermore, it was indicated that there are positive relationships between transformational leadership dimensions and employee empowerment (Amza and Abdelmonem, 2018). Similar to it, according to Barnett and Mccormick (2003), transformational leadership has characteristics and behaviours that encourage employee empowerment to stimulate them to think on their own and come up with new and creative ideas. Employee empowerment is considered as a common management practice in which leaders encourage their employees to

take part in decision-making process (Kanungo, 1982). It was explained by Richardson and Vandeberg (2005) that transformational leaders refer to trust in the ability of their subordinates to have judgment; thus, they tend to facilitate their followers to be engaged in decision-making activities. Similarly, Jung et al., (2003) suggested that one crucial task of transformational leaders refers to employee empowerment in which giving employee the power to participate in decision making is one of the practice that transformational leaders most often to achieve this aim. Additionally, there are studies suggesting that employee involvement is one of the crucial practices adopted by transformational leaders to promote the potential of followers, especially in facing challenges and uncertainties in the organisation (Bodenhausen and Curties, 2016; Richardson and Vandenberg, 2005). Specifically, it was suggested that transformational leaders tend to empower others to help them transform the vision and mission into reality and retain it. They can also provide their employees with energy and inspirations to achieve higher expectations rather than relying on rewards and punishment. In addition, transformational leadership also stimulates team participation and promote collective decision making that can move away from an individualistic to an all-inclusive moral development process (Webler et al., 1994).

In terms of employee empowerment and decision-making process, Bedarkar and Pandita (2014) suggested that employee engagement in communication and leadership has a positive correlation with employee performance and their well-being at work. Similarly, Mohapatra and Sundaray (2018) also claimed that employees who are empowered and involved in decision-making activities can have better individual performance and contribute to the achievement of organisational effectiveness. They also suggested that if an employee is given trust and the authority to provide solutions, they will be able to sort out the problems and come up with solutions more quickly than ones who are without that empowerment. Moreover, they added that empowerment can bring employees a sense of sovereignty, which can lead to the development of employees' personal skills and further to build up employee's job satisfaction. Similarly, there are a number of studies undertaken on employee empowerment confirm that it can give rise to employee motivation (Janssen et al., 1997), performance (Sigler and Pearson, 2000), organisational commitment (Spreitzer and Mishra, 2002), competitive advantage to establishments (Siegall and Gardner, 2000), and customer satisfaction (Chebat and Kollias, 2000). Apart from advantages of employee empowerment, there are also some drawbacks of it. It was suggested by Turkmenoglu (2019) that empowerment can lead to a lack of integration of power in the organisational management, difficulties in managing empowered employees, conflicts results in less supervision, high risks of failure without supervision, or negative uses

of power received. However, Ramsbotham, Woodhouse and Miall (2011) argued that empowerment can serve as the best use for the resolution of conflict among employees through giving them the authority to make decisions at their own. After considering the advantages and disadvantages, Turkmenoglu (2019) concluded that employees should be granted empowerment, authority and responsibility because employee empowerment is very important as it has a very strong relationship with employee's job satisfaction and job performance.

For both profits and non-profits, employees are considered as significant stakeholders, particularly vulnerable people who are working in social enterprises. Thus, transformational social entrepreneurs reflect a humane-oriented style that pays attention to compassion and concern for the well-being of their followers (Dorfman et al., 2012). Moreover, according to Krekel et al., (2019), a clear positive correlation are found between employee well-being and employee performance. Additionally, transformational leaders can build good relationship with their followers. Such close relationships are nurtured by mutual trust, openness and communication richness (Carmeli et al., 2013). The close relationship between leaders and followers are found to have positive influences on employee performances (Muralidharan and Pathak, 2018).

Moreover, it was also found that transactional leadership plays a role in enhancing organisational effectiveness, even though it is not studied as much as transformational leadership (Odumeru and Ognonna, 2013). Specifically, transactional leaders are found as successful leaders who can lead workers to work more effectively (McCann, 2008; Kalsoom et al., 2018), achieve business objectives and goals (Elenkov, 2002), increase teamwork effectiveness (Avolio et al., 1988), and increase company revenue (Ensley et al., 2006). Furthermore, contingent reward, a dimension of transactional leadership, is proven to have a positive association with organisational effectiveness and job satisfaction (Brown and Moshavi, 2002). Thus, it is forecasted that the techniques related to transactional leadership, particularly reward systems, may associate with the ability of the organisation to reach its mission. In addition, Yukl (2008) added that transactional leadership would stimulate the productivity and progressions of an organisation. Therefore, it is likely that transactional leadership would have impacts on financial stability which is one of the main components of organisational effectiveness. However, there are some studies proved the opposite perspectives; for instance, according to Al Khajeh (2018), it was found that transactional leadership styles have a negative relationship with organisational performance. Additionally, it is suggested that transactional leadership was found as negative to business unit performance (Howell and Avolio, 1993). In terms of employee well-being, it was found a strong relationship

between transformational leadership and employee well-being, while active management-by-exception and laissez-faire behaviours negatively influence employee well-being by lessening trust in the manager (Kelloway et al., 2012). When it comes to mission accomplishment in social enterprises, transformational leadership was found to have a strong correlation with it; whereas, there was no significant relationship between transactional leadership and social mission achievement (Mayberry, 2011). What's more, the association between transactional leadership and legitimacy has been under-studied. Thus, it is hard to come up with an argument and the relationship still needs to be checked. As a result, there is no significant linkage forecasted. Similarly, laissez-faire leadership is anticipated to have no connections with organisational effectiveness.

3.5.4. The influences of social capital on organisational effectiveness

It is vital to assess the social capital of social entrepreneurs because the more social capital accumulated the more opportunities for social entrepreneurship are found (Matsunaga, 2013). It is found that apart from individual abilities and skills, social capital plays an important role in helping entrepreneurs access to information and resources (Johnson, Schnatterly and Hill, 2013; Granovetter, 1985). Social capital has important roles in the social entrepreneurship process. It is also suggested that both bonding and bridging social capital may foster the flow of information (Davidsson and Honig, 2003). In addition, social capital was found to foster knowledge transfer and promote organisational learning through trust and cooperation, which in turn increases innovative performance of the organisation (Turkina and Thai, 2013).

Firstly, social capital can generate networks which foster the identification of opportunities, gathering, and distribution of scarce resources (Xu, 2016; Birley, 1985; Uzzi, 1999;). Similarly, social capital helps nascent entrepreneurs expose new and innovative ideas, world views, and ventures (Romano et al., 2017; Aldrich and Zimmer, 1986). For instance, bonding social capital may also support in the finding process, take a family in banking for example, they can talk about financial activities or recognise opportunities given by this 'strong ties' social capital. Secondly, social capital was found to have a strong relationship with organisational effectiveness through innovation and creativity. This was supported by a number of studies. Particularly, Sözbilir (2018) indicated that there is a positive and significant connection between social capital and organisational creativity, which supports the hypothesis of the significant effects of social capital on organisational performance in public sector organisations in Turkey. Bennett and Robson (1999) found that ideas, inventions, creativity, and normative

world-views and perspectives may be generated through settings that may be reflected 'discovery enriched' as a consequence of various networks. From new ideas and innovation, Dobni (2011) suggested that there is a strong relationship between innovation orientation and organisational performance in which he indicated the positive correlation of innovation with top-line growth, and customer satisfaction, bottom-line growth, profitability, followed by a positive influence of innovation orientation and return on investment.

Next, there are some research indicating the significant relationship between social capital and organisational performance. Specifically, Pratono et al., (2016) suggested that social capital has significant influences on the marketability of the company and organisational performance. Similarly, Yasin et al., (2016) also supported this point by in-depth discussion that organisational growth is positively influenced by social capital. Tana et al., (2017) also indicated that social capital was built from social networks and four out of six dimensions of social capital has significant influences on organisational performance. Additionally, a research undertaken by Nuryanto et al., (2020) also identified that social capital has a positive and significant relationship with organisational effectiveness.

Moreover, social capital also plays a crucial role in organisational effectiveness when it contributes to improve legitimacy and resource allocation. It is suggested that social capital may also support the entrepreneurial manipulation process through given that critical knowledge and information (Lang and Fink; 2019; Davidsson and Honig, 2003). For instance, strong ties can provide social entrepreneurs with networks that assist evaluation, and utilisation of resources for exploitation (Davidsson and Honig, 2003). Moreover, bridging social capital, often gained from weak social ties, enables entrepreneurs use what they have developed within their relatives, and reflect their own organisational structure, resource allocation, and priorities. Furthermore, it was suggested that social capital can facilitate access to rich information and vital resources, which can increase organisational performance, and take advantages of environmental opportunities (Johnson, Schnatterly and Hill, 2013). For instance, entrepreneurial nascent firms can rely on membership in a trade organisation, the advice of peers and relatives to obtain useful information for their new ventures. Nevertheless, there is one distinguish feature between these two types of social capital in this entrepreneurial process that compared to bonding social capital which can give 'for free' available resources, resources and knowledge given by bridging social capital would otherwise costly or unavailable.

In addition, it was found that enterprises with higher social capital usually have better performance than those with lower social capital (Maurer and Ebers, 2006; Nahapiet and Ghoshal, 1998). Some empirical research which was undertaken by some authors such as Gundry et al., (2011); Peng and Luo (2000); Yli-Renko et al., (2001) discovered that managerial networking, the arrangement of organisational resources and organisational performance are positively related. Particularly, it was concluded that social capital has stronger influences on organisational performance in smaller enterprises and in service industries; whereas, Collins and Clark (2003) discovered that the strength of top manger's external networks is one of the most crucial predictors of the firm's profit and growth. Similarly, there are recent studies carried out in strategic entrepreneurship, which demonstrated that social capital is considered as significant determinants (e.g., Maurer and Ebers, 2006) or moderator (e.g., Stam and Elfring, 2008) of an organisation's competitive advantage. Additionally, Golmoradi and Ardabili (2016) claimed that social capital can influence organisational effectiveness in a number of ways such as lower costs of exchanges, lower rates of employee's relocations, knowledge sharing and innovation, risk-taking situations, and higher product quality.

Furthermore, it was also found that internal social capital has positive impacts on organisational effectiveness. According to Yen et al., (2015), knowledge transfer is significantly facilitated by internal social capital within the organisation, which contributes to an increase in organisational performance. Polyviou et al., (2019) suggested that internal social capital can enhance firm performance, avoid disruptions, and resilience of medium-sized firms. According to Kroll et al., (2019), internal social capital can build up team cognition which can positively influence employee commitment. The connectedness among members within an organisation can lead to effective group performance (He and Huang, 2011), the establishment of norms and values among its members, implicit mutual expectations, and the promotion of commitment and collective actions (Offstein et al., 2005). Nevertheless, there have been some authors such as Kim (2005), Reagans and Zuckerman (2001), and Gargiulo and Benassi (1999) have indicated that too much internal social capital can negatively influence organisational effectiveness with the emerging of groupthink, old-boy networks, cliques, and other dysfunctions that cause homogeneity or 'over-chumminess'.

However, according to Wu (2008), the relationship between social capital and social enterprise performance is unclear; therefore, there is a need for further research to clarify how different dimensions and organisations of social capital have influences on performance. Moreover,

research related to 'content' (e.g., legitimacy, information, and so on), to the different stages of the social enterprise's developmental process is limited. It may be an interesting avenue for further research.

3.6. The relationship between social capital and leadership styles

As mentioned above, both transformational leadership and social capital play an important role in achieving organisational effectiveness in social enterprises. Particularly, from reviewed literature, it can be seen that leaders can manage and affect a crucial part of both tangible and intangible organisational resources through social capital (Johnson et al., 2013; Xu, 2016; Lang and Fink, 2019); However, it was claimed that there are only few studies examining the relationship between transformational leadership and social capital (Bono and Anderson, 2005). Moreover, both leadership and social capital literature has neglected to explore the connections between two concepts, particularly how transformational leadership leverages social capital to achieve organisational effectiveness (Chen et al., 2016).

In terms of internal social capital which refers to networks being built within an organisation, it was found that transformational leadership plays an important role in positively influencing internal social capital through three elements designed by Leana and Pil (2006) including trust, information sharing and shared vision. Firstly, when it comes to trust, according to Cho and Dansereau (2010), transformational leadership can promote justice perceptions regarding the leader and the organisation through individualised consideration for followers, which can foster horizontal trustful relationships among employees. Secondly, in terms of information sharing, it was found that transformational leadership tends to inspire their followers to transfer information and knowledge (Carmeli et al., 2013). It also was explained by Tjosvold et al., (2009) that transformational leadership is likely to use intellectual stimulation to foster cooperative norms and effective communication, which in turn results in greater deal of information sharing. Moreover, Balkundi et al., (2011) and Bono & Anderson (2005) claimed that transformational leaders are normally perceived as a charismatic person who tends to occupy a central position in giving internal advice for their employees and influencing networks. As a consequence, they are able to connect with most of team members in order to transmit goals, anticipate problems, give advice, and manage the flow of resources (Sauer and Kauffeld, 2015). In addition, through transformational leadership, followers are inspirationally motivated to contribute to the achievement of common goals and shared visions (Gupta et al., 2011).

External social capital refers to social networks that arisen from bridging out-group ties (Adler and Kwon, 2002). Although leadership has been identified to be a driving force to facilitate internal social capital (Carmeli et al., 2009), the relationship between leadership styles and external social capital has been less studied. To fill this gap, the result of a study undertaken by Chen et al., (2016) suggested that transformational leadership fundamentally influences not only internal but also external social capital in which it can nurture internal cohesion and build external ties through boundary-spanning behaviour. This finding was supported by Briona et al., (2012) who claimed that transformational leadership can generate high external social networks in which they found that transformational leaders are strongly motivated to find information across the organisational boundary, take risks, and seek for external connections and resources. Furthermore, transformational leaders can act as a 'linking-pin' position that can connect their followers to the outsiders. Sparrowe and Liden (2005) suggested that transformational leaders obtain legitimacy and access to a wide range of influential individuals and resources, which can give their followers outside legitimacy, trustworthiness, and opportunities to build social ties. Similarly, Galunic et al., (2012) claimed that leader's social networks can not only bring advantages for their own success but also for their subordinates'. In a nutshell, it can be seen that transformational leadership can give rise to external social capital by fostering follower's boundary-spanning behaviours.

Social capital as a mediator of the relationship between leadership styles and organisational effectiveness

Regarding reviewed literature, the relationship between leadership styles and organisational effectiveness have been indicated. Particularly, transformational leadership has strongly positive influences on organisational effectiveness, which has been well-supported by many studies such as Ma and Yang (2020); Alsayyed et al., (2020); Parry and Proctor-Thomson (2003); Zhang et al., (2012). Compared to transformational leadership, transactional leadership and organisational effectiveness were indicated to have positive relationships (Kalsoon et al., 2018; McCann, 2008; Yukl, 2008); however, Al Khajeh (2018) suggested that transactional leadership negatively influences organisational effectiveness through management-by-exception factor. In terms of social capital, the relationship between social capital and organisational effectiveness has been supported by a number of studies mentioned in the previous section such as Lang and Fink (2019), Johnson et al., (2013), Turkina and Thai (2013), Xu (2016), and Romono et al., (2017). Importantly, as indicated, transformational leadership has positive relationship with both internal and external social capital (Chen et al., 2016). Therefore, social capital can be considered as a mediator that can strengthen the influences of

transformational leadership on organisational effectiveness. To the researcher's knowledge, this relationship have not been directly tested but the literature has provided some grounds for the possibility of this mediating relationship. As it can be seen in the figure below

Figure 3. 6 Indirect influences through a mediator
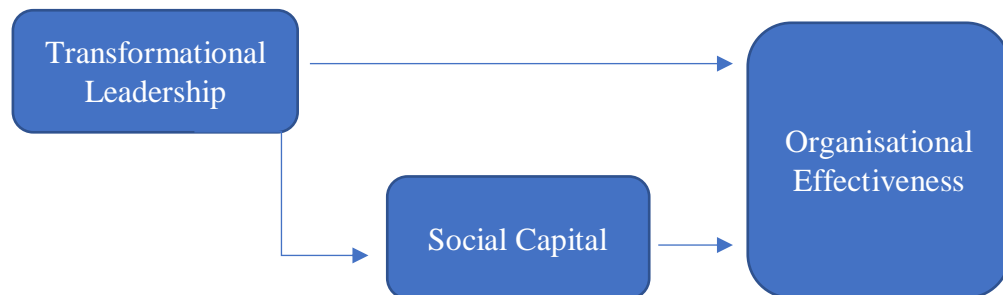
3.7. Identified gap in knowledge

As mentioned in chapter 1, the research focuses on exploring the influences of leadership styles and social capital on organisational effectiveness in social enterprises in Vietnam. As compared with the existing literature reviewed, there are four main identified gaps in knowledge found. First of all, to explore the relationship between leadership styles and organisational effectiveness, the research tends to examine its correlations with financial stability which is one of four indicators of organisational effectiveness. Nevertheless, studies on this relationship have been found very limited, particularly in the social enterprise sector in Vietnam (Nguyen et al., 2012). As opposed to a number of criteria such as sales growth, profits, revenue, productivity ratio, return on assets, return on sales that are used to assess the financial performance of for-profit businesses (Howell et al., 2005; Garcia-Morales et al., 2008), in social enterprises, financial stability is evaluated quite differently by a number of factors like sources of income, funds, cash flow, profit. Although Mayberry (2011) found that there was no significant relationship between leadership styles and financial stability in non-profit organisations. However, this outcome may be different when it comes to the social enterprise sector. Therefore, this research will attempt to explore the connections between leadership styles and financial stability. Particularly, in Vietnam social enterprises who are officially registered are committed to reinvest at least 51% of their profit to resolve the registered social and environmental problems. Thus, the research will focus on the ways in which leadership styles can help participated social enterprises achieve financial stability such as leadership factors contributing to achieve profit (51% of profit for reinvestment), cash flow, and obtain various donors and funds.

Secondly, it was found that the connection between leadership styles and legitimacy has not been commonly explored. As mentioned, legitimacy is one of the organisational effectiveness indicators in social enterprises in which it refers to the ability to obtain adequate both tangible and intangible resources and build trustworthiness (Austin et al., 2006), have a sense of social mission (Darcin t al., 2010), and manage both internal and external stakeholders (Ospina et al., 2002; Balser and McCluskey, 2005). On the basic, there are three missing points from the existing literature reviewed. Firstly, to date, there are no studies examining the role of leadership styles on the legitimacy of a social enterprise, particularly in terms of external stakeholder management. In this research, apart from other elements, external stakeholder management will be also emphasised to explore the correlation of leadership styles and legitimacy. Here, the roles of leadership styles on managing external stakeholders will be examined based on the ways in which leaders are able to extend the boundary for social enterprises and create relationship with key external stakeholders in the social enterprise ecosystem in Vietnam such as British Council, CSIP, community, donors, social incubators, universities, and so on.

Another missing point in terms of legitimacy exists in the influences of leadership styles on internal stakeholders, especially on the relationship with employees. Although there are so many studies exploring the roles of leadership styles on concerns of employees such as employee motivation and inspiration (Zhang et al., 2012), psychological impacts on employees (Fernandez and Shaw, 2020), emotional exhaustion (Charoensukmongkol and Phungsoonthorn, 2020), or employee empowerment (Amza and Abdelmonem, 2018); the existing literature only focuses on normal employees who do not have special needs. Nevertheless, almost 80% of employees working in social enterprises in Vietnam are people with special needs such as vulnerable and disadvantaged people, disabled people, and individuals with mental health issues (British Council, 2019). There is no literature on how leadership styles influence this type of internal stakeholders in social enterprises. Therefore, this research will take into account how social entrepreneurs use their leadership styles to meet the needs of their employees who need special support such as creating special training programs for those employees or motivational and inspirational factors that leaders can deliver in their leadership styles, taking good care of those with special needs, and so on.

Obtaining adequate resources is one of the elements of legitimacy, which can lead to organisational effectiveness in a social enterprise. However, the role of leadership styles in preventing resource shortage and gaining sufficient resources has been under-studied not only in Vietnam and other contexts (Nguyen et al., 2012). Resources refer to both tangible resources

such as human, financial resources, and other resources, and intangible resources such as knowledge gained. As mentioned above, the relationship between leadership styles and financial stability suffers from a lack of previous research. Apart from financial resources, lacking of human resources was ranked as the top barrier of social enterprise in Vietnam (British Council, 2019). It also reported the lack of research on leadership and the ability to obtain adequate human resources in this field. To deal with this issue, this research study will attempt to explore this gap of knowledge.

Last but not least, the moderating role of social capital in the relationship between transformational leadership and organisational effectiveness can be considered as a gap of knowledge in terms of the study focus. The literature reviews have not only identified the positive relationship between organisational effectiveness and transformational leadership (Ma and Yang, 2020; Zhang et al, 2012, Alsayyed et al, 2020), but also the connection between organisational effectiveness and social capital (Lang and Fink, 2019; Xu, 2016; Turkina and Thai, 2013). Furthermore, transformational leadership was found to positively influence both internal and external social capital (Chen et al., 2016). Therefore, it is possible to test the mediating role of social capital in the relationship between transformational leadership and organisational effectiveness in this study. Although this perspective has not been directly studied, the above studies have provided fundamental grounds for these relationships. To do this, this study will be using qualitative methodology in which in-depth interviews will help to explore more specifically the moderating role of social capital. Semi-structured interviews are also beneficial to probe more perspectives and additional information. The methodology will be discussed in more detail in the next chapter.

3.8. Conceptual framework

The literature review provided a critical discussion about three main themes: leadership styles, social capital, and organisational effectiveness. The relationship between leadership styles and organisational effectiveness is found in the literature review. Similarly, social capital is found to have positive influences on organisational effectiveness. Furthermore, social capital is a mediator that can support leaders to influence their organisational effectiveness. The conceptual model is developed as below.

Figure 3. 7 Conceptual framework

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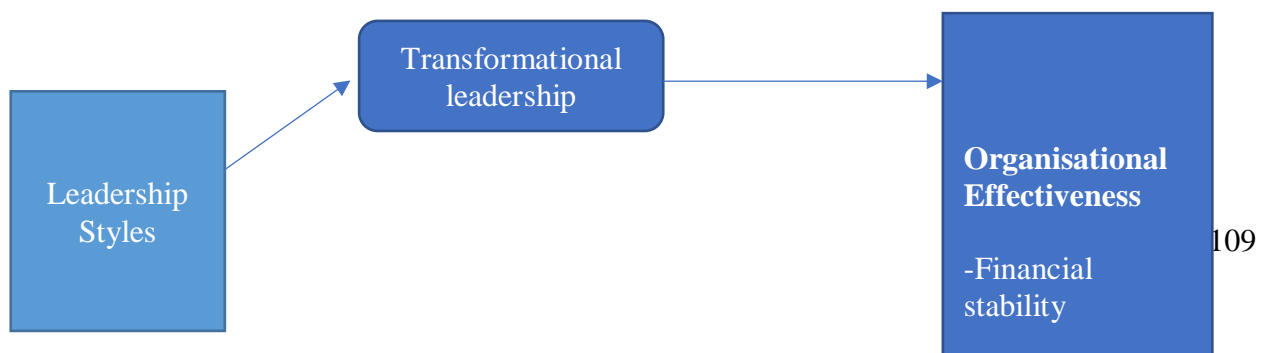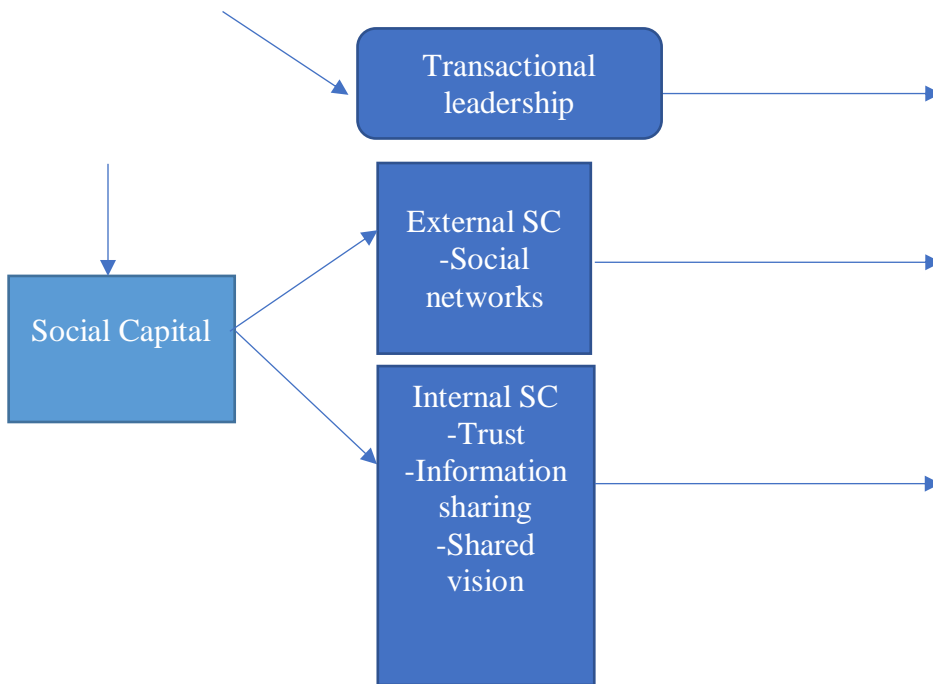
3.9. Chapter summary

This chapter provided literature in terms of social entrepreneurship and social entrepreneurs, which gave fundamental knowledge to deliver differences between commercial entrepreneurs and social entrepreneurs, and the boundary of social entrepreneurship. After that, the leadership literature was presented in which leadership definitions, models, styles, instruments and criticisms were well provided. Next, the term social capital was revealed regarding a wide range of literature from its definitions, its types, ways to measure it, and its relevance to social entrepreneurship.

Social capital was chosen as the principal influence of the organisational effectiveness of social enterprises along with leadership styles because of some reasons. First of all, the critical role of social capital for the success of social enterprises makes a clear driving force for the decision. For instance, social capital can facilitate innovation and creativity - a crucial element for social entrepreneurship (Nasrin and Jalil, 2017); risk-taking attitudes (Hoogendoorn et al., 2017); and increase the capability of accessing more resources needed to ensure the effectiveness of an organisation and reduce costs of possible ambiguity (Camagni, 2004; Lin et al., 2020). More importantly, from reviewed literature, there is a positive connection between leadership and social capital in which the association can increase the effectiveness of enterprises. In particular, it was found that leaders can manage and influence a critical part of organisational resources through social capital (Johnson et al., 2013; Xu, 2016; Lang and Fink, 2019).

However, most of leadership and social capital literature has neglected to examine the connection between the two terms, specifically how transformational leadership can leverage social capital to increase organisational effectiveness (Chen et al., 2016). All in all, it is very worthy to include social capital along with leadership styles as principal influences of organisational effectiveness in the research.

Organisational effectiveness was then discussed based on its definitions, various models and measurements. There are four main indicators of organisational effectiveness in this research: financial stability, mission accomplishment, legitimacy, and internal congruence. More importantly, literature in terms of the relationship between leadership, social capital and organisational effectiveness were well-identified. After discussing the four main concepts of the study, the researcher also listed four main points of knowledge gaps that emerged from the literature as opposed to the focus of the study. The research will attempt to fill these gaps and it will discuss in more detail in the next chapter of Methodology.

CHAPTER 4

METHODOLOGY

4.1. Introduction

This chapter aims to provide the presentation and justification for the methodological approach used in this study. First of all, I will present the research philosophical, ontological, and epistemological stance, which is crucial to address the proposed research questions in the study

(Bryman and Bell, 2007). Fay (1996) suggested that understanding philosophical perspectives is very important to understand the nature of the findings found in the research and what these might mean. On the basic, I will present a rationale for using an exploratory qualitative-interpretivist paradigm along with reasons why it is a suitable mechanism for the study. After that, I will explain the research design undertaken for the study in which semi-structured interviews and questionnaires are combined. I then present data collection methods, sampling strategy, interview schedules, and how the qualitative data was analysed. Qualitative studies have been criticised for a long time. Thus, the validity and credibility will be discussed, followed by a discussion surrounding the ethical considerations and limitations of the selected research design and methodology.

Figure 4. 1 Overview of Chapter 4
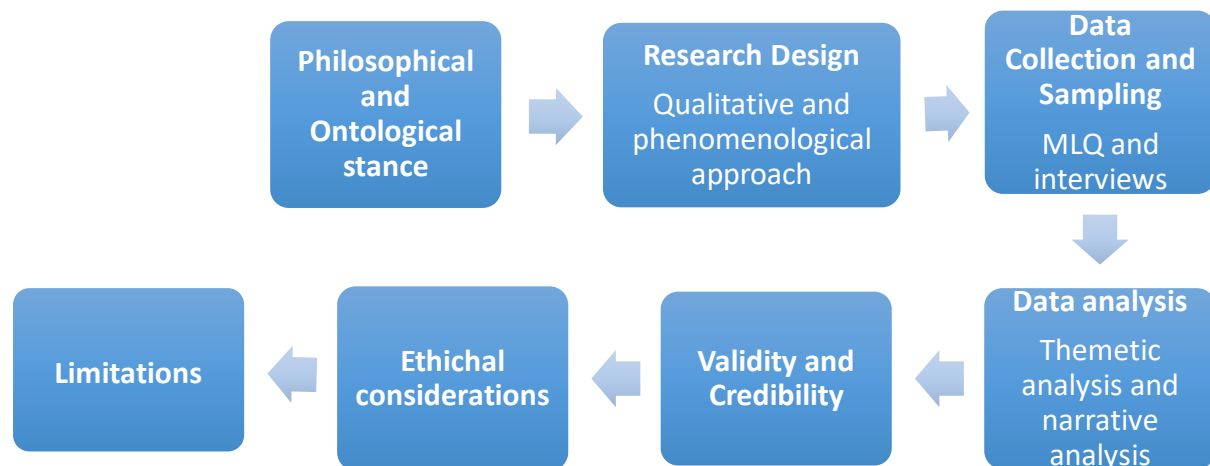
4.2. Philosophical and Ontological stance

It is crucial to understand the philosophical stance as it represents researcher's perception of an interpretation of an external world (Anderson, 1997). It manifests the way the researcher experiences and looks at the world, which is certainly influenced by human values and biases because 'it is a metaphorical position in which our social and personal attributes are convened' (Anderson, 1997, p. 94).

Philosophical stance can have significant influences on how a study is undertaken. Therefore, understanding the philosophical foundation of research enables the researcher to clarify the research design, choose the suitable design for the research, and even help the researcher create designs without experience (Easterby-Smith et al., 2002). Moreover, the researcher's philosophical stance is significant to interpret the study findings about addressing research questions.

A variety of research philosophy approaches can be employed in research studies, from positivist to phenomenological. More importantly, the chosen methodology should match and flow from the philosophical stance. The epistemological, ontological and methodological perspectives of this study will be explained.

4.2.1. Ontological stance

According to Gray (2014), 'ontology is the study of being, that is, the nature of existence and what constitutes reality' (p. 19). Similarly, Gill and Johnson (1997) stated that ontology links with the study of essence of phenomena. For instance, positivist perspectives suggest the world is independent of our knowledge of it, whereas relativist and other perspectives believe that there are multiple realities and different methods of accessing them. Ontology relates to questions answering the existence of any entities, the way these entities can be existed, grouped, or subdivided according to similarities and distinctions. There are some key questions, they are: (i) what if social reality remains independent of human understanding; (ii) Do commonly share realities exist or they are just multiple and situated realities, and (iii) what if human behaviour is controlled by generalizable laws (Snape and Spencer, 2004). These questions are important when undertaking research in social entrepreneurship and the significance of philosophical and methodological models for social science has been given the attentions of much debate among researchers (Bryman, 2001; Denzin, 1989; Silverman, 1993).

Reality and truth

Social science is considered as an attempt to understand others. This can only be achieved by social scientists who attend to state their stance regarding the inner logic with various factors that comprise the entire social system (Fay, 1996). As a consequence, it is believed that reality is not predetermined and is outside of human actions. Shusterman (1991, p. 103) claimed that 'there can be no foundational, mind-independent, and permanently fixed reality that could be grasped or even sensibly thought of without the mediation of human structuring'. Specifically, he suggested that if meanings tend to change constantly due to the actions of each individual, then the activity that creates meaning, cultural, ideological and social categories are ephemeral.

There are some radically constructivist views such as Denzin (1997), Gergen (1995) or Potter (1996) who decline a possibility of evaluating the status of one truth against another, particularly in a particular group of people living in a certain place and at a certain time. In this study, data were collected from Vietnam which is a developing country in south east Asia. As such, the study will be capturing the 'truths' related to a certain group of participants in the same country at a particular time period.

As a result, statements of truth and various versions of socially constructed facts, can be considered for their respective explanation on the basic of share relative acceptance (Fay, 1996). It is also stated by Saunders et al. (2003, p.97).

'There is a considerable difference between being sceptical about the bases of truth claims while carefully examining the grounds upon which these claims are founded ... and denying that truth - as a utilitarian and liberating orientation, exists at all.'

In this research, 'truth' embodies projections of social structures that positions the study in a subjective ontological perspective.

Ontological dimensions

The nature of reality was found to have six ontological angles (Morgan and Smircich, 1980). Their study was developed based on Burrell and Morgan (1979) stating that all accession to social science are rooted in sets of interrelated assumptions about ontology, human nature and epistemology.

Table 4. 1 Assumptions characterising subjective-objective continuum in social science

	Subjectivism				Objectivism	
Core Ontological Assumptions	Reality as a projection of human imagination	Reality as a social construction	Reality as a realm of symbolic discourse	Reality as a contextual field of information	Reality as a concrete process	Reality as a concrete structure
Assumptions about Human Nature	Man as pure spirit, consciousness being	Man as a social constructor, the symbol creator	Man as an actor, the symbol user	Man as an information processor	Man as an adaptor	Man as a responder
Basic Epistemological Stance	To obtain phenomenological, insight, revelation	To understand how social reality is created	To understand patterns of symbolic discourse	To map contexts	To study systems, process, change	To construct a positivist science
Research Methods	Exploration of pure subjectivity	Hermeneutics	Symbolic analysis	Contextual analysis of gestalten	Historical analysis	Lab, experiments, surveys

Source: Morgan and Smircich (1980, p. 492)

It is suggested that each category shown in the table is mutually exclusive (Burrell and Morgan, 1979). Thus, statements are created in relation to human nature, epistemological stance and research methodology in selecting a certain ontological perspective. On the basic, subjectivism embodying human beings as social constructors will be adopted.

Meanings and human behaviour

People's behaviour is based on a subjective understanding of various meanings. The meaning-behaviour association implies that behaviour does not simply express an individual's response to stimuli. According to Blumer (2007), human behaviour and interaction are normally mediated by a range of factors such as the use of symbols, understanding, interpreting the meaning of one another's actions. This mediation is equivalent to admitting an explanatory process between stimulus and response about people's behaviour.

Moreover, the author also suggested that the differences between human behaviours compared to that of objects are fundamentally impacted by the meaning-making activities alongside the subjective interpretation of each individual. However, he claimed that human reactions are not always seemed as meaningful by stating that

'*Anything of which a human being is conscious is what he is indicating to himself… anything of which he is not conscious is, ipso facto, something which he is not indicating to himself* (Blumer, 2007, p. 71).

On the basic, Giddens (1984) added two main reasons which can influence human behaviour. He first explained that doing actions with a reason or reflexivity is creating meaningful actions in which an individual does something for a purpose with the 'understanding of what is called for in a given set of circumstances in such way as to shape whatever is done in those circumstances' (Giddens, 1984, p. 345-6). If not, the reason for an action can be unplanned and the reason for the occurrence may be situational elements over which the character cannot control. Therefore, the understanding of the meaning of a certain behaviour may not correspond to the meaning of the agent in his/her action. As a result, Bryman (2001) concluded that subjective interpretations and situational human behaviour and its results can explain the need of deterministic laws for conceptualising human behaviour. On the basic, participants will be interviewed presented their constructions of reality, and sometimes their answers may be developed and reformulated through additional questions and situations in which the researcher may ask to extend their answers. These constructions will finally be taken by the researcher and build into a 'story' with 'models' describing what the researcher constructs as a reality consisting of words from descriptions and experiences. Therefore, a subjective approach will be taken in the study.

4.2.2. Epistemological stance

In the previous discussion, ontological stance presents assumptions that can influence how the world can be perceived and understood. Epistemological stance provides the way to understand the world, which relates to the theory of knowledge and how we know the outer world (Abercrombie et al, 1984). From both epistemological and ontological stances, it can be seen that if the truth and reality are socially built, it cannot be perceived objectively. Thus, subjective perspectives are suitable in the research which is established within social constructivism.

Subjectivity

To understand human beings, Geertz (1973) divided subjectivity into two levels, including that of the researcher and that of human subjects of inquiry (i.e. the research participants). Specifically, there are some issues that may happen during and after conducting interpretive occasions (i.e. interviews, meanings and interpretation), particularly broken, reproduced and transformed information to some extent at varying degrees (Miller and Glassner, 2004). For instance, when interviewees tell stories, the interviewers present his/her version of the story then interpret the participant's stories. Another example can happen when the researcher transcribes and analyse the information provided by the participants. Thus, re-interprets stories are created by both interviewer/researcher and the participants/interviewees. Additionally, regarding to the work of Habermas (1970), Easterby-Smith et al (2002) suggested that people interests refer to not only guide the way we perceive things and framework our work and authority but also condition how we learn and construct our knowledge of the world.

The meanings of phenomena have been reconstructed subjectively through the process of people's acknowledgement, which devotes to the changes in reality due to the changes of human's understanding during the progress of interacting subjective knowledge.

4.2.3. Researcher involvement and objectivity

From the previous parts, it can be seen that the ontological and epistemological stances are burdened by the distinctive connection between the researcher and his/her research subjects. Here, Prus (1996) raised the significance of eliminating the obtrusiveness of the researcher in order to generate the life-worlds of participants as complete and unencumbered a way as possible. In addition, Denzin (1994) promoted researchers who have compassionateness, inspirations, in-depth existential perceptions, and are not technical instrumental knowledge. However, Ritchie and Lewis (2004) claimed that over-empathy and over-engage towards interviewees and their stories should be minimised as it can unintentionally change and reconstruct the interviewee's reality and truth. Miller and Glassner (2004) agreed that over-

engage can lead to a danger of only one particular opinion. Therefore, collecting perspectives from different participants, transparency and how to approach to other's knowledge are crucial, which will be undertaken in this study.

Positivism and Phenomenology

According to Easterby-Smith et al (2002), there are two pure positions existing within social science which are positivism and phenomenology. The former emphasises on truths and relates to objectivity. By contrast, the latter interprets reality alongside social constructions and it is likely to perceive things situationally and with meanings.

Table 4. 2 Positivism and Phenomenology and its relation to the study

	Positivism	Phenomenology	Relation to the study
Main assumption	-The world is external and objective -Observer is autonomous -Science is free of values	-The world is socially constructed and subjective -Observer participate in what is observed -Science is determined by human interest	-Perceive the world as socially constructed -social entrepreneurs and relative participants are interviewed -Findings are generated based on participant's experiences and beliefs.
Researcher's Behaviour	-Focus on facts -Search for fundamental laws and causality -Transform phenomena to the simplest elements -Hypoteses formulation and their verification	-Focus on meanings -Attempt to understand what is happening -Look for entirely of each situation -Evolve ideas through induction from data	-The research aims to examine and raise the understanding of social enterprises -The researcher generates meanings through main themes from data.
Epistemological stance	-Aims to predict grand theories; causality is linear and there are no causes without effects and no effects without causes -Research is objective and value free, knowledge is 'hard', real and tangible -Researcher is detached form the research data -Universal generalisability	-Does not aim to predict -Research is value laden -Researcher is not detached instead she/he is part of a data creation process -Seeks abstract generalisation	-The study does not aim to predict and is value laden -The researcher is a part of data creation process -The study does not chase for universal generalisability

Ontological stance	-Realism-only one, absolute and truth exists; does not accept different understandings. -Reality and individual's views are not related -Experiences and values of people constitute objective reality	-Relativism-multiple realities exists, people own their reality. -Reality and individual's opinions of it cannot be separated. -Reality is socially constructed but unique to each human being.	-Based on individual experiences and knowledge in which each individual owns their personal reality -Each human being creates their own 'realities' due to socially constructed realities.
Methodological stance	-Deductive -Exploring large probability samples and statistical testing -Hypothesis testing method	-Inductive -Using small non-probability samples or in-depth single case -Hypothesis generating without predefined variables	-The study will be using inductive approach and explore a small and non-probability sample.

Source: Adapted from Easterby-Smith at al., (2002); Crotty (1998); Guba and Lincoln (1994); Crossan (2003); Gray (2014)

According to Bryman and Bell (2007), individual common sense of thinking has been gained attention by social scientists through analysing their actions and social world. It is also claimed by Bogdan and Taylor (1975) by saying that human behaviour is how people interpret the world and to understand its meanings, the phenomenologist endeavours to view things from other's perspectives. On the basic, Easterby-Smith et al (2002) concluded that phenomenology features reality as socially constructed rather than objectively specified. In addition, it also suggests that the social world and enterprises can be perceived by collecting first-hand knowledge (Burrell and Morgan, 1979). Thus, phenomenologically oriented social scientists, instead of paying attention on collecting facts and measuring the frequency of certain patterns, take advantage of various structures and ideas that participants place above their experiences, added by Easterby-Smith et al (2002). These researchers also suggested that there is no need to explore external causes or basic laws to explain human actions.

A phenomenological approach and qualitative methods, which are interpretive and nuanced, are suitable for the study. Through qualitative methods, human behaviour will be generated based on their own experiences and their unique realities. In the study, the exploration of social enterprises, individual experiences of social entrepreneurs, different views of relevant participants are all focused. Here, phenomenological and qualitative approaches are essential to guide towards the process of discovering how people perceive and interpret social enterprises and leadership style of social entrepreneurs. Furthermore, the researcher aims to overspread the understanding of challenges and catalysts in the developing process of a social enterprise, and discover the significance of social entrepreneurs as transformational leaders influencing the sustainability of a social enterprise. As such, the methodological approach applied needs to go beyond the rigid confines of positivism.

Criticisms of qualitative-phenomenological research

After more than 50 years, there have been criticisms of qualitative-phenomenological studies. For instance, the researchers need to take into account of being too 'impressionsistic or subjective' (Bryman, 2008, p. 391). Additionally, using qualitative approach make readers difficult to understand what the researcher did and the way conclusions were generated. Furthermore, qualitative studies are found being structured with hard reliable data, as opposed to unstructured but rich data in quantitative studies (Bryman, 2008). This point will be discussed more in the validity and reliability section later in this chapter.

According to Morgan and Smircich (1980), these limitations in the social sciences are due to

'...because the choice and adequacy of a method embodies a variety of assumptions regarding the nature of knowledge and the methods through which that knowledge can be obtained, as well as a set of root assumptions about the nature of the phenomena to be investigated' (p. 491).

However, Hassard and Cox (2013) claim that there is a need to move beyond these old paradigmatic thinking in organisational studies. They also add that organisational research has undertaken various philosophical perspectives such as '*post-structuralism'* and '*post-mordernism*', and the generation of narrative as described by Foucault's early works (Burrell, 1998). Here, Hassard and Cox (2013) claim that the emergence of this '*third order'* has caused a drop in paradigm thinking and the perception of '*philosophical principles on which social science perspective are based'* (p. 1702).

Although there are some criticisms, a qualitative- phenomenological approach is best-fit for study. As mentioned above, this approach is suitable, particularly in the research of leadership in social entrepreneurship that needs to generate different views from participants who are in charge of different positions in social enterprises. Moreover, this research area is little known, where 'multiple levels of phenomena' cannot accurately explored by quantitative-positivist approaches (Conger, 1998, p. 108-109)

4.3. Research design and data collection
4.3.1. Research design

Although the qualitative-phenomenological approach is the main methodology of the study, to address research question 1 '*What are the influences of leadership styles on organisational effectiveness in social enterprises in Vietnam?',* it is important to generate what are the leadership styles of the participated social entrepreneurs. Therefore, in this question, mixed methods will be used in which the initial data of the leadership styles will be collected through Multifactor Leadership Questionnaire (MLQ). The outcome of this step will then be used to inform the development of the second step which tends to exert the advantages of semi-structured interviews in exploring the influences of generated leadership styles on organisational effectiveness in participated social enterprises. Similarly, in-depth semi-structure interviews will be using to address the research question 2. Thus, it can be seen that there are two stages of data collection: in the first stage, the participants will be sent MLQ questionnaires via emails to complete, the second stage is to conduct semi-structured interviews. The design is presented as below.

Research Question 1	Research Question 2
• First stage: Quantitative method (MLQ questionnaires) explore leadership styles only • Second stage:Qualitative method (semi-structure interviews) expore the answer for the RQ 1	• Qualitative method (semi-structured interviews) explore the answer for the RQ 2

4.3.2. Attributes of interviews

As discussed the research aims, objectives and the comparisons of different types of qualitative method data collection, undertaking interviews is the best fit data gathering method.

Interview is considered as a verbal exchange which aims to acquire information and an understanding of interviewees (Flick, 2009)(research proposal). According to Kitchin and Tate (2000, p. 219), '*the interview can provide a fuller and richer data set than might otherwise be gained through highly structured closed questions'*. Similarly, Bryman (2001) and Valentine (2005) also suggest that interviews are effective to generate information and issues which have not been expected by the interviewers. Furthermore, it was noted by Valentine (2005, p. 111) that 'each interview varies according to the interests, experiences and views of the interviewees'. Thus, compared to other methods, interviews seem as the best data collection method for the study because it effectively facilitates to explore of distinctive individual perspectives, attitudes, and experiences. Here, in-depth interviews will be arranged to identify the participant's leadership characteristics, social capital, and to what extent these characteristics influence a mission accomplishment, resource allocation, and financial stability, which ultimately builds up the organisational effectiveness.

Moreover, interviews are found to have high response rates (Gray, 2014) and can generate a large amount of information of various topics (Valentine, 2005; Oppenheim, 1992). More importantly, interviews can build a rapport between the interviewees and the interviewers, which can motivate the interviewees to share honest experiences and genuine respondent answers. As a result, a good relationship may make follow-up studies easier.

Types of interviews

Interviews are categorised in types from highly formal and structured to informal and

unstructured (Saunders et al., 2003). According to Gray (2014), there are six categories of interviews: structured, semi-structured, focused, informal conversational, non-directive, and problem-centred interviews. First and foremost, Structured interviews tend to carry a standard set of questions, which may be easier for the researcher to analyse and make comparisons, but it was claimed to limit new theme generation. This type of interview is not suitable to this study which aims to discover new themes in social enterprises in Vietnam.

As opposed to structured interviews, informal unstructured interview types allow maximum flexibility, for instance, the interviewers may change interview questions to match the interviewee's experiences, beliefs, and perceptions. However, it was found to make the data analysis process difficult and much of the data might not be used to answer the research questions (Gray, 2014). At the point, semi-structured interviews can serve as the best choice, which both enables the researcher follows a list of questions and allows flexibility in each interview. Here, the interviewer can tailor the list of questions based on the particular direction of an interview and it enables to add questions if necessary. Selected social entrepreneurs are desirable to be in different industries; therefore, semi-structured interviews enable the researcher to access data when it comes to a distinctive characteristic of an industry through asking additional questions. More importantly, the semi-structured interviews facilitate probing of views when the interviewer expects the interviewee to expand the answers (Gray, 2014).

There are two main interview approach will be conducted in the study: face-to-face and electronic interviews. Regarding the former, face-to-face interviews have its certain advantages. Specifically, the interviewer quickly probes for explanations when needed, and ensures comprehensive understanding (Gray, 2014). However, this kind of interview can be costly and the cost will be mentioned in the next chapter. By contrast, the electronic interview is cost-effective because it can save travelling time and it can fit some situations when there have a geographic gap and different time zones. Here, there are two ways to reach the respondents: follow-up emails and interviews via Skype.

Challenges related to interviews

Although the interview method is the best suitable choice for the study, it is significant to take into account its advantages and disadvantages during the data collection step. Semi-structured interviews have some drawbacks that need to pay attention. First of all, both Bryman (2001) and Gray (2004) agreed that arranging interviews and analysing qualitative data are time

consuming and expensive, as opposed to other data collection methods. In the study, most of the interviews will be conducting online via Skype, although it seems cost-effective, it's still time consuming to reach out the participants in Vietnam due to different time zones. Secondly, the purpose of qualitative research is to explore and understand meanings of situations (as in this study, the world is seemed as socially constructed so the exploratory approach will be adopted), thus, interviews may not be representative (Cloke et al., 2004). Thirdly, before the interviews the researcher has done a small research about each social enterprise such as their mission, purposes, employees and leadership styles; therefore, the researcher's perception may be not objective and detached. Moreover, the interaction between the interviewer and interviewee is one of the factors leading to the issue (Valentine, 2005). Nevertheless, this may be considered as problematical, the interaction can be advantageous in gathering certain information that may not be collected in other methods. Therefore, in the study, the researcher did not claim to be separated, but this is a step toward understanding the world from the view of interviewees as mentioned in the epistemological stance. Moreover, the rapport built in the interviews can reinforce the interviewees to share their experiences (Frankfort-Nachmias and Nachmias, 1996; Valentine, 2005). To sum up, all of the points mentioned will be taken into account during the interviewing process.

4.3.3. Sampling

According to Gray (2014), an effective gathering of adequate data is promoted by sampling techniques. It is divided into two main categories including probability and non-probability sampling. The former refers to a sample chosen from a predetermined population. It also means that the data collected from a selected sample can make statistical inferences which represent the characteristics of the population. By contrast, each case chosen for non-probability sample is located in unknown probability, thus, statistical estimations or generalisations can be made (Saunders et al., 2003). The number of social enterprises and its stakeholders are limited so the application of probability sampling is not feasible. Furthermore, non-probability sampling is the best match with the phenomenological approach.

There are two main types of non-probability sampling, consisting of accidental and purposive (Gray, 2014). Purposive non-probability sampling will be adopted in the study in which a sample is selected from the population in a purposive way. Indeed, qualitative research refers to concern with purposive chosen respondents (Creswell, 2003). The purposive non-probability sampling well fits with the research because it can better interpret insights into the area of social enterprise in Vietnam at a specific time of the research. As mentioned above, there are

nearly 200 social enterprises throughout the country in which start-ups make up a high percentage. However, the research aims to approach successful social entrepreneurs with businesses that have existed for at least three years in the market. Thus, purposive sampling can help the researcher to create an eligible list of participants. In addition, it also enables the researcher to choose social entrepreneurs creating social ventures in different industries and fields such as education, social services, restaurants, etc., which can effectively enrich the data.

Sample sizes

According to Guest et al. (2006, p. 59), 'purposive samples are the most commonly used form of non-probabilistic sampling, and their size typically relies on the concept of 'saturation', or the point at which no new information or themes are observed in the data'. Thus, data saturation is the aim of the study when it comes to sampling. However, Gray (2014) added that the sample size in qualitative research should not be too big as it can result in the difficulty of extracting thick. Therefore, the research sample is expected to include 20 social enterprises out of the population of nearly 300 'core' social enterprises in Vietnam. They are chosen depending on two criteria: operating for minimum five years, and desirable to be in different industries.

After investigating suitable social enterprises, personalised email invitations are sent to them (an example of an email can be found in Appendix D). A summary of participants is provided below. The leaders of social enterprises are invited for both interviews and Multifactor leadership questionnaire (MLQ). All of their employees are invited for MLQ and some of them are also asked to join the second data collection stage of interviews.

Table 4. 3 Summary of Participant information

Legal status of social enterprises	Industry	Types of direct beneficiaries supported by social enterprises	Number of participants	Data collection methods
Joint/stock company\n\nCoded as A	Information technology	Individuals with a physical disablity	1	Interview
			9	MLQ Questionnaires
Joint/stock company\n\nB	Retail	Individuals with a learning or mental disability	1	interview
			17	MLQ Questionnaire
Limited liability company\n\nC	Hospitality	Poor ethic children	3	Interview (1 with social entrepreneur and 2 interviews with 2 employees)
			13	MLQ Questionnaire
Joint/stock company\n\nD	Hospitality	Poor street children	2	Interview (1 with social entrepreneur and 1 with an employee)
			22	Questionnaire
Limited liability company\n\nE	Retail	Domestic violence victims\n\nPoor and single women	2	Interview (1 with social entrepreneur and 1 with an employee)
			6	MLQ Questionnaire
	Retail		2	Interview (1 with the social

Joint/stock company F		Individuals with a physical disability		entrepreneur and 1 with an employee)
			16	MLQ Questionnaire
Limited liability company G	Hospitality	The poor young people, street children	1	interview
			7	MLQ Questionnaire
Co-operative H	Health care	Older people Poor people homeless	2	Interview (1 with the social entrepreneur and 1 with an employee)
			8	MLQ Questionnaire
NGO I	Business support/consultancy	Start-up social enterprises	1	Interview
			17	MLQ Questionnaire
Joint/stock company J	Agriculture	Environment/ the poor	2	Interview (1 with the social entrepreneur and 1 with an employee)
			10	MLQ Questionnaire
Limited liability company K	Retail	Individuals with a physical disablity	1	interview
			6	MLQ Questionnaire

| Co-operative L | Agriculture | Environment/ the poor | 3 | Interview (1 with the social entrepreneur and 2 with employees) |
| | | | 5 | MLQ Questionnaire |

4.3.4. Conducting interviews

Arranging interviews

All the participants are first approached by emails. The emails include an introduction of the researcher's personal detail, a brief the research topic, the duration of an interview, an attached consent letter (see Appendix C). Particularly, potential participants are invited for an interview via Skype that would take approximately 30 to 45 minutes. If a participant is accepted for the interview they will be also sent a list of interview questions and a short questionnaire before the actual interview is carried out. This 'introductory' email is significant as it can help the researcher to reach out the potential interviewees. Further contact via emails or Skype will take place with people who agree to take part in the research.

Interview schedule

As mentioned above, the participants will be sent a short questionnaire to explore their leadership styles and a list of interview questions. The questionnaire contains questions related to leadership styles in which the participants only need to tick the answer range from never (0) to usually (4) for each statement. The participants are asked to complete the questionnaire before the interview occurs to have ideas about their leadership styles, which enables them to better answer relevant questions in the interview. The list of interview questions is sent beforehand because it allows the interviewees have good prepare for rich information during the interview.

Semi-structured interviews will be undertaken, which can bring flexibility and relaxation in communication between the researcher and interviewees. In each interview, the researcher tries to create a comfortable environment in order to gain interesting discussions and areas that are significant to address the research questions and may not be gathered by other data collection methods. During six months of data collection, the researcher will reflect on acquired knowledge from the literature review to develop discussions with the interviewees, which can lead to fuller quality information being gathered in the interview process.

Interview process

The majority of interviews will be conducted online via Skype. Before the interviews are carried out, the interviewees are informed about how their anonymity is assured and other issues which are included in a consent letter. Each interview will last about 30 minutes to 45 minutes. The interviews will be recorded and fully transcribed with the participant's consent. There will be no digital software being used for the voice transcribing because of its misinterpretation or misunderstanding (Alcock and Iphofen, 2007).

The interviewees are sent the interview questions beforehand, which makes the interviews are undertaken effectively as both interviewers and interviewees have good preparations. However, depending on the answers of the interviewee, the researcher will extend the information by adding some extra sub-questions during the interview in order to enrich the data.

During the online interviews, if there may have some issues such as a low internet speed, a disconnection or other distractions, the researcher will apologise for the issues happen and try to continue the interview as smoothly as possible. To avoid this issue, the researcher will choose a silent room with a stable strong internet connection. Better preparation can give a better result. At the end of the interviews, the researcher will express their gratitude directly and let the interviewees know that they will be updated the researcher result and other related follow-up emails.

4.4. Data analysis

After the interviews are transcribed, the process of data analysis will be started. According to Gray (2014), qualitative data can generate rich descriptions and explanations, which can result in serendipitous findings. Similarly, Miles and Huberman (1994) suggest that qualitative data is more convincing to the readers than pages of numbers as words have its concrete and lively flavour. Nevertheless, some authors have criticised qualitative analysis for the evidence limitation, being lacking in methodological stance, and subjectivity. Gray (2014) also adds that qualitative research has no widely accepted rules about the ways the qualitative data should be analysed.

One of the major issues in the qualitative data analysis was noted in the extent to which they should be analysed. For instance, Strauss and Corbin (1998) that the data should be kept as original and should not be analysed as the data can have chances to 'speak for themselves'. Some researchers perceive qualitative data as primarily being as description or storytelling (Wolcott, 1994). By contrast, other authors claim that the data should be brought together to build concepts, categories, and theoretical frameworks.

4.4.1. Qualitative data analysis types

According to Dey (1993, p. 30), *'analysis involves the process of breaking data down into smaller units to reveal their characteristic elements and structure'*. Data can be descriptions that lay the basics for analysis, but it still needs interpretations and explanations. New insights

can be generated through data analysis. Data can be divided into components but still have connections among them, generating the fundamental point for new descriptions.

According to Gray (2014), there are a variety of approaches to qualitative analysis, including content analysis for studies being more deductive and objective, and others such as thematic analysis, grounded theory, narrative analysis, conversational analysis, and discourse analysis being heavily inductive. As mentioned above, the research study is applying subjective ontological and epistemological stances; thus, inductive qualitative phenomenological approach relatively is chosen. Therefore, this section will not discuss content analysis which mostly used by deductive studies with objectively identifying data.

Thematic analysis

According to Braun and Clarke (2006), thematic analysis is used to identify and analyse patterns (themes) within qualitative data. Fereday and Muir-Cochrane (2006) add that this type of data analysis is a form of theme recognition within data in which it can capture important patterns that relate to research questions. Braun and Clarke (2006) also suggest that in the coding process it is important to address 'what counts as a pattern or theme and the 'size' a pattern should be. Basically, a theme can be identified through a number of its example in the data set. More or less instances of a theme do not mean that the theme is more or less important than others. The significance of a pattern is evaluated by its contribution in addressing research questions. In the inductive study, the themes will be merged from the data themselves, it also means that they are data driven.

As developed by Braun and Clarke (2006), there are six phases of using thematic analysis in practice.

- ➢ *Phase 1*: Familiarize yourself with and transcribe the data or re-read the data and the note down initial points.

- ➢ *Phase 2*: Creating initial codes. Code the main features of the data systematically throughout the entire data set. The codes can be done manually by writing notes or highlighting to generate potential patterns, or using 'post-it' notes to divide different parts of data. A code can collate all data, but surrounding data can be kept so the context can remain. Gray (2014, p. 610) suggests 'individual extracts of data can be coded into as many different themes as they fit'.

- ➢ *Phase 3*: it is called 'search for themes' in which codes are collated into initial themes, collecting together all data relate to each theme. In this step, it is helpful to generate a thematic map in which main themes are formed by some codes, whereas others include

sub-themes. It can be seen that some themes do not fit into the map and can be temporarily noted 'miscellaneous'.

➢ *Phase 4*: Review themes. It is to check themes chosen are valid in the whole data set and association with coded extracts. In this stage, it can be seen that insufficient data can lead to some candidate themes cannot be identified or two themes can be merged and renamed or other themes may be divided into separate themes.

➢ *Phase 5*: this stage is called 'Define and name the themes'. Each theme should have clear definitions and names and they can tell a story of its own. All the themes should fit with the entire story. The researcher can define the scope and content of each theme in less than two sentences.

➢ *Phase 6*: Produce the report. Relate back to the research questions and the secondary data to select vivid and important extracts. It should provide adequate evidence of what have been defined as themes within the data set.

Although this type of data analysis is easy to conduct, it is criticised by Braun and Clarke (2006). There are some potential pitfalls should be taken into account. First of all, the researcher may merely rewrite the data without actually creating an analytic narrative. Another drawback is that the type of data analysis may be unconvincing as the themes are essentially united around a central idea.

To eliminate these pitfalls, the researcher bears in mind characteristics of a narrative analysis. According to Gray (2014), narrative analysis is an effective way of exploring participant's lived experiences and have been intensively used in studies related to traumatic events, education, and research in the life of organisations. More importantly, Musson (1998) notes that people's narratives are important to provide explanations for the contradictions, confusions and complications of working within an organisation and can interpret how both individuals and organisations function. In addition, Bryman and Bell (2007) suggest that narrative analysis seems to be sensitive to the chronology that people take into account of their lives around them. Narrative analysis can be approached by obtaining its common characteristics. First of all, data is viewed within the context and social situations in which it is generated. Secondly, texts are analysed by making distinctions between texts. The researcher's attitude is seen as different as the status of the texts itself. Particularly, some researchers view the 'truth' and the narrative at its face value, others use narratives as an approach to construct events as they suppose narratives are 'social constructions located within power structures and social milieux' (Punch,

2005, p. 223). In studies within organisational settings, narrative analysis can provide various perspectives and opinions which may contest or contrast each other.

To sum up, this research study will be using thematic analysis as the main analysis approach. However, to eliminate its limitations and pitfalls, the narrative analysis will support the thematic analysis in order to identify and analyse patterns effectively.

4.4.2. Coding process

Dissimilar to well-understood statistical techniques used in quantitative data analysis, there are no rules for qualitative data should be coded. According to Gray (2014), whether grounded theory, content analysis or other qualitative data analysis methods, several useful principles should be applied in the coding process. First and foremost, it is necessary to transcribe the data. Although there are transcribing services, the researcher decided to transcribe the data not to save the budget but while typing up the transcripts myself is a chance to generate familiarization with the date at an early stage. The second principle that have been used is *collect-code-collect* in which the coding process should be started as soon as the data collection begins. Early coding enables researchers become familiar at early stages with problems emerging from the data (Gray, 2014). Generating these themes also allows the researcher identify whether to select more new research participants on the basis of the concepts emerging from the data. Therefore, data collection and analysis should be interwoven to realise the need of prompting the sampling of new data. Next, familiarization is the third principle of the coding process in which it tends to identify a general flavour of what is happening and additionally make notes what seemed unusual or interesting. After that, it is important to read more focused data. Here, underlining keywords and phrases in the margins is needed to start the coding process and then allot these words or phrases that seems relevant to a particular passage, reflective thoughts on puzzles or unexpected passages. Reviewing/amending codes is the next principle, which enables to delete one of the codes that apply to the same phenomenon. Here, if a code seems pertinent to a concept mentioned in the literature review, then make use of the literature part and description. Lastly, finding out the relationships between categories and concepts that are beginning apparently from the data is the last and important part of the coding process. There are some crucial questions in this step: *'Do they amount to a set of theoretical principles? Do they relate to any theoretical models in the literature?'* (Gray, 2014, p. 604), for example. Then, it is necessary to generate hypotheses about some of the relationships and compare it to relevant parts in the literature review in order to check whether they may be determined by the evidence.

These principles are applied throughout three steps of coding: open coding, axial coding, and selective coding. Open coding is identified as 'the naming and categorizing of phenomena through close examination of the data' (Strauss and Corbin, 1998, p. 62). This step involves two analytical procedures including making comparisons and asking questions, which allows the research to label pertinent phenomena regarding concepts or categories. Here, he also suggested four essential guidelines in the data analysis process. First of all, he stressed the importance of asking the data a consistent set of questions in order to uncover whether the data fit with the research objectives as he added that there may also be situations when unexpected results may emerge from the data. Secondly, the data should be not only analysed minutely, but also obtained as many examples, categories, or incidents as possible. Next, it is suggested that when the data are being coded, ideas or theoretical views may arise, it is necessary to frequently interrupt the coding process to note the important emerging points. Last but not least, the study will not assume the analytical relevance of personal variables such as age, gender, … until the relevance is clear from the data, particularly in the case that the relationship of an expected variable does not appear.

Open coding is also involved in making constant comparisons in which when an instance of a category emerges, it is then collated with the previous instances. If the new instance does not match the description, then there is a change in the definition or creation of a new category. After 'categories' are listed, they still need to be developed through 'properties' which provide the characteristics belonging to a category, and 'dimensions' which represent the location of a property along a continuum. It is very crucial to develop 'properties' and 'dimensions' as they play important parts in making connections between categories and sub-categories and between main categories.

Axial coding aims to make connections between categories and sub-categories. It specifies a phenomenon with conditions that give rise to it, a context, the action and interactions that emerged from it, and its outcomes. Strauss and Corbin (1998) suggested that action/interaction is rarely caused by an initial condition in which they added that 'intervening conditions' or also called 'broader structural context' facilitates the actions being taken. The illustration below presents the proper process in order to uncover the relationships between categories and sub-categories and have a proper understanding when analysing qualitative data.

The last step of the coding process is selective coding, which enables the researcher to identify core categories which systematically connect it to other categories and validating these connections. According to Strauss and Corbin (1998), in the selective coding process, there are main activities: seeking a story line created around core categories, relating sub-categories to

the core category, validating these connections regardless the data, and refining categories if needed.

4.4.3. Mapping onto the Conceptual Framework

Semi-structured interviews are conducted to collect rich data and to ensure flexibility and relaxation in communication between the researcher and participants. Each interview is recorded from beginning to end under the participants' agreements. The researcher and interviewees use Vietnamese as the main language in all interviews because all participants and the researcher are Vietnamese; hence, using the first language is beneficial and easier to gather in-depth data. However, it is also time-consuming as after fully transcribing and translating each recorded interview, the researcher has to request a friend who is fluent in both Vietnamese and English to check the accuracy of the translated documents. Moreover, before this step, to ensure data accuracy, there is no digital software being used for voice transcribing to avoid any misinterpretation and misunderstanding. After that, participants are also invited to review the transcripts of their interviews for checking the accuracy, adding more information and comments if needed. All of these steps could take quite a lot of time; however, the researcher believes that it is worth it to ensure the validity and reliability of the research.

After the transcription and the thematic map are accomplished, the findings are noted in the conceptual framework. The process is finished by taking thematic analysis and interpretations of the viewpoints collected by the participant's experiences and information in the transcripts, the researcher's notes during each interview, and other documentation. Firstly, the background of each social enterprise is analysed such as its context, field, human resources, and so on. This information is collected via documents, web-based information, and from the first part of each interview. This step is simple but significant to have fundamental information about the social enterprise and see how this can align with framework descriptors. Secondly, the triangulated thematic analysis is used to create the map of participants' perspectives. This focuses fundamentally on main themes that are important to answer the research questions, in particular, how leadership styles and social entrepreneur's social capital influence the effectiveness of a social enterprise. Existing and emerging literature will be compared with the findings to generate differences and similarities.

Qualitative research has been criticised for its validity and reliability; thus, the next section will provide an overview of this issue and some solutions will be taken into account in the research study.

4.5. Validity and Reliability of a Qualitative research

Quality in qualitative analysis can be enhanced at the data analysis and data presentation stages. Thus, it is important to look at the themes of validity and reliability. This section will provide discussions on each issue.

4.5.1. Validity

According to Mason (2002), validity relates to whether a researcher is observing and measuring what they assert they are. Hammersley (1990, p. 57) states:

'By validity, I mean truth: interpreted as the extent to which an account accurately represents the social phenomena to which it refers'.

For instance, validity can be achieved by providing a maximum transparency of analytic construction stages (Lincoln and Guba, 1985; Lewis and Ritchie, 2004). Validity is also reflected in the design and methods of a study. In particular, data gathering can achieve validity if the findings truly are the representative of the examined phenomenon. Hence, the extent of validity is the level to which a research correctly reflects a certain concept assessed by a researcher.

There are two types of validity, including external and internal validity that need take into account when undertaking a study. Internal validity is achieved when compelling evidence is shown in which the researcher has demonstrated a strong relationship between their evidence and the theoretical ideas they create from it. Here, there are some techniques the researcher will apply in the study in order to improve the internal validity of the results. First of all, the researcher will invite participants to review transcripts of their interviews for accuracy and interpretation. They can add more information or include comments if they would like to. Secondly, the researcher's supervisors can check for interpretation in which they will give feedback after reading through the data set and results. Next, in the coding process, memos are written for both the researcher and others to review, which is helpful in the generation and reviewing of concepts and categories. More importantly, the researcher will carefully analyse and review negative or deviant cases as they may require more evidence gathered or reformulate the themes. Last but not least, the literature review will be as clearly performed as possible, allowing for the findings of the study to be contrasted and compared with the previous studies have explored.

In terms of data presentation, the research bears in mind some main techniques to achieve high degree of validity in the stage. Here, the research will create an audit trail from the data analysis back to the concepts and the data set so that supervisors can easily check and examine the association between the two. In this basic, supervisors and other readers can be convinced as the analysis is based upon accurate and adequate evidences. Moreover, the researcher will provide 'thick descriptions' through which the researcher not only narrate a situation but also the context in which it happens. For instance, when telling a story of a social venture, the researcher will include the context in which this venture was generated. As a consequence, giving context of an event foster more confidence that the interpretations that have been noted are valid.

4.5.2. Reliability

In terms of external reliability, Gray (2014) suggests that a research is considered as reliable if its findings can be replicated. Most of qualitative research find it difficult as it often copes with unique social settings or situations. Internal reliabity may be enhanced when there are more than one researcher can join the study, for instance, in the analysis stage, the multiple researchers can work together in the interpretation of the findings. Although in this research study, there is only one researcher undertaking the research, the supervisor team is helpful in providing feedback and advice at any stages of the study. The resarcher keeps contact contact constantly with the team in order to ensure the quality of the study.

There are some reliability issues that the qualitative research has been criticised. First of all, the qualitative data is mostly based on tapes and transcripts of conversations. Obviousely, taped conversations will be more convincing evidence than just written field notes (Gray, 2014). Thus, in each interview, the participants will be asked for the taped record, if they are agreed then the interview will be recorded from beginning to end. Some researchers claim that there may be misleading if a single recording of events doesn't represent the whole picture of a firm. On the basic, the researcher will do desk-based research about the firm before the interview is carried out. It enables the researcher to ask the right additional questions to address ambiguous information that arisen, which helps the whole picture of an issue can be revealed. Another issue of reliability in qualitative research lies on documentary realities (Gray, 2014). In some conversations, the interviewees may use documents when they are discussing; therefore, the researcher must have access to this information and can obtain them in the analysis process. As mentioned above, a questionnaire about leadership will be sent to each participant to complete before interviewing the interviewee will be asked questions that based on the result

of the questionnaire. Therefore, the researcher will ask the interviewees to have access to the result of the questionnaire that will be included in the analysis stage.

4.6. Ethical consideration

Researchers are responsible for writing findings that accurately represent the data collected and which endorse the reputation of the researcher and the research community Gray (2014). According to Economic and Social Research Council (ESRC) (2004), research ethics can be defined as the moral values that guide the research. Homan (1991) added that the term is considered as the science of morality. In other words, the researchers need to not only undertake studies based on the most suitable research methodology but also conduct it in a morally defensible and responsible manner.

There are several ethical considerations that need to take into account in the research. Specifically, Gray (2014) suggested that the ethical principles can be classified into four main elements: minimise harm to respondents, provide enough information to participants, avoid using of deception, and respect respondent's privacy. The first consideration in research falls into avoiding harm to participants. Here, Sudman (1998) pointed out that harms can refer to a range of problems from physical to mental or emotional harm in which it can make an informant feel ridiculed or distressed. Therefore, to avoid these possible issues, the researcher will attempt to protect the anonymity of the participants. For example, their names, and other personal information will be changed or coded.

Moreover, it is important to provide the informants with an informed consent which covers enough information about the study, for instance, research aims and objectives, how personal information can be preserved, how the collected data will be used, and so on (Gray, 2014). By doing this, it is believed that the informants are more likely to share honest and frank responses. Another ethical consideration is about avoiding deception. Here, the researcher understands the importance of the truth and reality in research; therefore, doing research in a responsible, honest, and moral way always bear in mind. Furthermore, the research objectives are to spread the knowledge of social enterprises in Vietnam, which, in turn, help current social entrepreneurs overcome the inherent challenges, and inspire young future social entrepreneurs in the country. Thus, respecting the truth is very important to achieve these research objectives. Furthermore, the researcher also ensures that the privacy of respondents will be respected. That is to say, the researcher cannot intervene in the participant's personal affairs (Gray, 2014). Therefore, when contacting and accessing to the interviewees, they will be updated that their engagement is totally voluntary and they can reject it whenever needed. Last but not least, to

achieve a successful research study, all the research activities are ensured to meet the University's Research Ethics and Integrity Code of Practice.

4.7. Limitations

There are some limitations that need to take into account in the study. First of all, as mentioned in the previous part '*criticisms of qualitative-phenomenological research*', the qualitative-phenomenological research have been criticised due to some main points that include its data reliability (Gray, 2014). Thus, to deal with this issue, the researcher asks the participants to record each interview and they are then transcribed carefully, which aims to ensure the data reliability. Secondly, in terms of data collection methods, in the initial data collection participants are sent MLQ leadership questionnaires via email and they are required to complete it in google sheets. Therefore, it may be difficult for some participants who are not good at doing online questionnaires and cannot connect to the internet. To deal with this problem, the researcher is willing to send hard copies of the questionnaires to participants if they ask for. Also, this study uses semi-structured interviews as the main data gathering method and it has its own limitations which are mentioned in the *'challenges related to interviews'* part, conducting interviews is time consuming, particularly due to different time zones between Vietnam and the UK. Therefore, the researcher is willing to give the participants the flexible time to help them schedule the best suitable time range. Furthermore, there is a limitation in the researcher's perception in which it may be not objective and detached as before conducting the interviews, the researcher has done desk research about each participated social enterprise such as their missions, leadership styles, and relevant documents. Nevertheless, this also can bring advantages as it can provide the researcher with an understanding the world from the view of the participants, which reinforces a friendly rapport in the interviews (Valentine, 2005). All in all, the researcher takes into account the limitations of data collection methods, and the methodological approach in order to generate the best result.

4.8. Summary of the chapter

This chapter summarised the methodological approach to this research study, providing the ontological, epistemological, and philosophical stances. The chapter also gave explanations and details for the phenomelogical qualitative approach as well as data collection methods. Although qualitative research has been criticised, the chapter provided reasonable points of view convincing why this qualitative approach fits to the study. After presenting data analysis methods, reliability, validity, ethical considerations, and some limitations were discussed. The next chapter will present the findings of the study.

CHAPTER 5

FINDINGS

5.1. Introduction

This chapter aims to set out the findings produced from the qualitative research stage of the study. These findings were categorised to answer the research questions. As the study aims to figure out the influences of leadership styles and social capital on organisational effectiveness in social enterprises in Vietnam. Therefore, in this chapter, there are three main findings, the first part is the exploration of leadership styles of social entrepreneurs, the second part aims to present the ways to which leadership styles of social entrepreneurs influence organisational effectiveness, and the last part subjects to find out how social capital and networks affect organisational effectiveness in selected social enterprises. This aspect will be also mentioned in the next chapter of discussion and recommendations.

Findings are descriptively presented to reveal aspects of research questions in which they are generated on themes that filtered and emerged from interviews. All the data obtained through semi-structured interviews and questionnaires was collated with the findings. Quotes from interviews have been chosen to indicate themes or subthemes, in which it is important to keep the name of respondents anonymous.

5.2. Exploring leadership styles of social entrepreneurs

First and foremost, the very first stage of data collection examined leadership factors that social entrepreneurs obtain. In each social enterprise that participated in the research, both employees and the social entrepreneurs were asked to complete Multifactor Leadership Questionnaire (MLQ) 6S form which is used to measure the leadership styles of the leaders. The outcome of MLQ completed by a leader in a social enterprise was compared with the outcome of MLQs made by their employees. Here, the leader identified their own leadership style which could be different or similar to what was viewed and perceived by their employees. If there is a difference between them, it may affect how leadership styles influence organisational effectiveness in that social enterprise. Therefore, it is essential to provide additional questions

in semi-structured interviews to gather more data that can explain the differences, which can support answering the research question.

Table 5. 1 Number of interviews and questionnaires

Number of social enterprises participated	Number of MLQ respondents (including employees and social entrepreneurs)	Number of interviewees
12	**137**	**17**

There are 21 descriptive statements describing leadership styles in the questionnaire. The participants were asked to judge how frequently each statement fits them from 0 - not at all, 1 - once in a while, 2 – sometimes, 3 – fairly often, 4 – frequently. In the MLQ 6S form, there are 7 factors measuring transformational leadership style. The score for each factor is measured by summing three specified items out of 21 items in the questionnaire. For instance, to evaluate Factor 1 – Idealised influence, the participants tend to sum their responses for statement 1, 8 and 15. If the score ranges from 9-12 that means they have HIGH score on that factor, range 5-8 means MODERATE (5-6 lower Moderate, 7-8 higher Moderate), range 0-4 means LOW. The results of the MLQ questionnaire are shown below. 12 social enterprises are coded from letter A to L. In each enterprise, the outcome of MLQ questionnaires, were completed by employees, are evaluated separately with that was made by their leader, to gain different practical perspectives on the leadership styles being applied in that social enterprises.

Table 5. 2 The outcomes of MLQ and scores on leadership factors

Social Enterprises	Scored by	Leadership factors						
		Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7
A	Employees	High	High	High	High	Moderate	Low	Low
	Leader	High	High	High	High	Moderate	Low	Low
B	Employees	High	High	High	High	Moderate	Low	Low
	Leader	High	High	High	High	Moderate	Low	Low
C	Employees	High	Moderate	High	High	High	Moderate	Low
	leader	High	High	High	High	High	Low	Low
D	Employees	High	High	High	High	Moderate	Low	Low
	Leader	High	High	High	High	Moderate	Low	Low
E	Employees	High	Moderate	High	Moderate	Moderate	Moderate	Low
	Leader	High	High	High	Moderate	Moderate	Moderate	Low
F	Employees	High	Moderate	High	High	Moderate	Moderate	Low
	Leader	High	High	High	High	Moderate	Low	Low
G	Employees	High	High	Moderate	High	Moderate	Moderate	Low
	Leader	High	High	Moderate	High	Moderate	Moderate	Low
H	Employees	High	High	Moderate	Moderate	Moderate	Low	Moderate
	Leader	High	High	Moderate	Moderate	Moderate	Low	Low
I	Employees	High	High	High	High	Moderate	Low	Low
	Leader	High	High	High	High	Moderate	Low	Low
J	Employees	High	High	Moderate	Moderate	High	Low	Low
	Leader	High	High	Moderate	Moderate	High	Low	Low
K	Employees	High	High	High	High	Low	Moderate	Low
	Leader	High	High	High	High	Low	Moderate	Low
L	Employees	High	High	Moderate	Moderate	High	Moderate	Low
	Leader	High	High	Moderate	High	High	Low	Low

In general, most of the social entrepreneurs in the study are identified to have higher score on transformational leadership factors than other factors, which was measured based on both employees' views and themselves. These transformational leaders are ranked very high score on the Factor 1 Idealised Influence, Moderate to High score on Factor 2 - Inspirational

Motivation, Factor 3 – Intellectual Stimulation, and Factor 4 -Individualised consideration. Most of them have Low to Moderate scores on transactional Factors such as Factor 5 – Contingent reward and Factor 6 – Management-by-exception; and very low or no scores on Factor 7 – Laissez-Faire Leadership. However, there are three social entrepreneurs (L, J and C) have 'High' score on Factor 5 – Contingent rewards (bolded in green as seen in the table) and no or low in other transactional leadership factors.

In particular, 100% of social entrepreneurs have very high score on Factor 1 called *Charisma* or *Idealised influence.* Both employees and the leader themselves in all 12 social enterprises reflected the same perspective as they all scored High on the 3 statements which are *'I make others feel good to be around me'*, *'Others have complete faith in me'*, and *'Others are proud to be associated with me'* . According to Northouse (2021), social entrepreneurs who have high *'Charisma or Idealised influence'* elements can be strong role models for their employees. They tend to do the right thing and have significantly high standards of moral and ethical conduct. Employees deeply respect and place a great deal of trust in them. These leaders are also able to provide their employees with a clear vision and a sense of mission.

Although all social entrepreneurs in 12 social enterprises marked themselves high scores on Factor 2, there are some differences between leader's and employees' perspectives this leadership factor, being bolded in red as seen in the table. For instance, in social enterprises C,E, and F, employees' views on Factor 2 are '*Moderate*', compared to '*High*' scored by their leaders. This leadership factor is called *Inspirational motivation* in which the leaders tend to communicate high expectations to employees, inspire and motivate them to become committed to a part of the shared vision (Northouse, 2021). In practice, inspirational-motivation leaders refer to use symbols and emotional appeals such as encouraging words or pep talks to enhance group members' efforts and team spirit in order to achieve more than what they think they would.

In factor 4 called *Individualised consideration*, the same situation happened when the leader of social enterprise L scored 'High' on the factor as opposed to 'Moderate' ranked by their employees. According to Northouse (2021), this factor represents a leader who tends to provide a supportive environment and carefully listen to follower's needs. Particularly, leaders can assist followers to achieve their personal goals and give the followers delegation to help them grow through personal challenges. While employees reflected the sum of these specified items ranging from 5 to 8, which means Moderate level; the leader of social enterprise L had the sum of 11 which means a High score on the factor.

Additionally, in social enterprise L, there is another difference between the leader's and employee's views on Factor 6 – *Management-by-exception.* The leader of the social enterprise scored Low on the factor, whereas their employees scored Moderate. Similar to social enterprise L, social enterprise C and F had the same trend. This factor has two forms: active and passive (Northouse, 2021). Specifically, an active form refers to a leader who watches followers closely for mistakes and violations to take corrective actions; while a passive form refers to represent a leader who only intervenes after problems have emerged or standards have not been achieved. Both forms of management types use more negative reinforcement patterns than positive ones expressed in Factor 5 - *Contingent Reward.* Overall, most of social enterprises scored 'Low' on the factor 6, there are only social enterprises E,G, and K ranked 'Moderate' by both employees and the leaders.

Although leaders and followers have the same perspectives on the Factor 5 *Contingent Reward* in each social enterprise, there are some interesting distinctive points among 12 social enterprises. Northouse (2021) suggests that contingent reward is one of the two transactional leadership factors in which it is identified as an exchange or negotiation between leaders and followers, explained by efforts made by followers are exchanged for specific rewards. There were 8 out 12 social enterprises ranked 'Moderate', while social enterprise C, J, and L scored 'High' on this factor (bolded in green in the table). By contrast, there is only social enterprise K scored 'Low' on the contingent reward factor.

Similar to the trend on Factor 5, leaders and employees in all social enterprises have the same perspectives on Factor 3 - Intellectual Stimulation. Here, followers are motivated to think out of the box, and be creative and innovative, particularly in creating new ways of dealing with organisational problems. 7 out of 12 social enterprises scored 'High' and the rest of them marked 'Moderate' on this factor.

In addition, 92% of social enterprises participating in the research had no or low scores on Factor 7 – Laissez-Faire. This factor refers to describe a leader who lacks leadership, abdicates their responsibility, gives poor feedback and no efforts to help followers meet their needs (Northouse, 2021). Compared to no or low core ranked by the other 11 social enterprises, there is only a different view marked by social enterprise H in which the leader scored factor 7 as 'Low' but their employees scored 'Medium' overall.

In a nutshell, although there are differences among leaders' and employees' perspectives, most social enterprises have moderate to a very high score on the first four factors endorsing the transformational leadership style, low to moderate scores on the next two transactional leadership factors and no or low score on non-leadership Factor 7. It also needs to take into account the differences between the leader's and employee's perspectives on each leadership factor and the distinctive score among 7 factors ranked by 12 social enterprises, which can support to answer the research question aiming to answer the influences of leadership styles on organisational effectiveness and it will be discussed in the next part.

5.3. Exploring the influences of leadership styles on organisational effectiveness

To address the research question *'What are the influences of leadership styles on organisational effectiveness in social enterprises in Vietnam?'*, this section aims to interpret the key dialogue and themes emerging from the data collected. As mentioned in the previous part, all leaders in participated social enterprises marked the transformational leadership factors with moderate to very high scores, whereas the score for transactional factors is low to moderate and no or low score on non-leadership factors. It is indicated that the transformational leadership style has strongly positive influences on organisational effectiveness in these social enterprises. The themes were constructed by identifying patterns in the data from in-depth interviews. Table 5.3 summaries specific influences of these leadership styles on organisational effectiveness identified in the study. There are some sub-categories will be discussed below.

Table 5. 3 Summaries the influences of leadership styles on organisational effectiveness

Open Codes	Properties	Examples of participant's words
Transformational leadership was found to have positive relationship with the effectiveness of stakeholder management.	-Have perceived the importance of effective team building -Build collaborative mind sets, grow values within the organisation -Motivate the employees to build team spirit, team cohesion, cooperation, resulting in better employee performance	*'We are very familiar and very close to each other....pep talks in order to encourage them to work together...'(Social entrepreneur A)* *'...but also take care of the values of team spirit....encouraged to share knowledge, opinions, and help each other if needed' (social entrepreneur B)* *'...solidarity is very important as a premise for the company to develop and overcome the difficulties'(Social entrepreneur E)* *'...our social enterprise has done a very good job in creating team cohesiveness and it not only helps us to work more effectively and give us a sense of belonging' (an employee in social enterprise B)*
	However, there was a contradicting response. Social entrepreneur E was identified as a transformational leader; however, the interviewed employee responded a lack of communication and encouragement from the leader.	*We do not have many chances to work together as ...may be due to financial capability, we do not have many activities as opposed to commercial businesses' (an employee in social enterprise E)*

	This is presented in detail in the following part.	
Transformational leadership can foster employee empowerment, which in turn increases organisational effectiveness	-Employees have opportunities to raise voices -Empowered to participate in decision making process -Employees are encouraged to learn new skills, think things out of the box, promote personal development →better work performance -Empowerment is beneficial in problem solving	*'... they can make decisions themselves as I assigned this task for them and I want them to show me how they can deal with any problem arisen…'(social entrepreneur A)* *'….everyone in the organisation has the right to raise their voices'(social entrepreneur B)* *'...we are given opportunities to raise voices, and perspectives, and encouraged to be creative in the ways we do our tasks. This can lead to an effective organisation with a high level of creativity'(an employee in social enterprise B)* *'…I also can deal with customers and can make certain decisions for example to satisfy our customers when they buy our products'(an employee in social enterprise C)*
	However, transformational leadership can promote employee empowerment, which can lead to conflicts among employees	*'…there is a disadvantage when everyone has the right to speak and share ideas, it can create a large ego of each person, so when there is a problem, everyone wants to protect their own points and sometimes create unnecessary conflicts…' (an employee in social enterprise B)*
Transformational leaders can work well with employees with special needs	-*Individualised consideration* leaders Highly pay attention on employee's well-being, particularly in the needs of special employees	*'…we thoroughly understand the difficulties that our employees who are with special needs are dealing with… Each employee in our social enterprise is supported based on their personal needs and given tasks based on their capability'(Social entrepreneur F)*

	-Provide a supportive environment and listen to individual needs -Act as an adviser to assist the employees → better job performance, job satisfaction and commitment.	'…I always try to create a supportive climate and give them specific directives in order to help them achieve the assigned tasks and further help them realise their potential…' (Social entrepreneur K) '…At first I was very self-deprecating because I was afraid that I would not be able to complete the job… I have gradually improved my skills..'(An employee in social enterprise K) '…help them better understand their work, especially when working with disabled people who need a lot of support, I can see them progress their job skills day by day'(Social entrepreneur F)
	-*Idealised influence* leaders can build a good relationship with the employees through trust and effective communication→ make followers want to follow the vision and mission the leader put forward →help social enterprises reach social missions -*Inspirational Motivation* factor of transformational leadership can inspire vulnerable/disabled people to realise their potential and contribute to accomplish social missions.	'…The leader of those people need to create trust with them and the leader should be respected by them, and be the one who they can trust…mutual trust is important to build close relationship with my employees' (social entrepreneur A) '…we feel assured as we truly believe and trust in her' (an employee in social enterprise I) 'We believe in the vision Mr…lead us…' (An employee in social enterprise J) '...I want them to know their values and they can contribute to the development of our society…'(Social entrepreneur A)

Transformational leadership can positively influence organisational effectiveness, particularly in dealing with high degree of uncertainty	*-Inspirational motivation* transformational leaders motivate employees through pep talks, encouraging words, and emotional appeals in order to overcome difficulties the pandemic caused (psychological effects and emotional dissatisfaction) -Listen carefully to the difficulties that the employees deal with → employees stay committed to the company, strengthen team spirit, ensure employee well-being, and maintain trust in the proposed social missions	*'…. I can tell that there were months when the company did not have enough money to pay employees' salaries… Really, if we didn't believe in our leader we probably wouldn't have made it through'(An employee in social enterprise L)* *'…I still decided to stay to do meaningful things. Moreover, the company's leaders also encouraged a lot, everyone sympathized with each other during the difficult time…'(An employee in social enterprise J)* *'...our leaders always accompanied with us and gave us great motivation so that we could confidently overcome difficulties' (an employee in social enterprise B)*
	-Intellectual stimulation factor: stimulate employees to be creative and promote employee's efforts to come up with new ideas to deal with problems and risks caused by the high degree of uncertainty such as during the covid-19 pandemic →enhance employee performance, increase legitimacy through reputation in the community	*'...We were encouraged to be creative in order to flexibly adjust to the conditions of the pandemic in which our company totally switched to selling on e-commerce sites...' (an employee in social enterprise B)*

	-Transformational leadership can reduce job ambiguity caused by the crisis time (ex. employees are given clear direction, two-way communication)	'...The change in our work setting created certain difficulties and ambiguities for all of us...provide them with specific directions, advices and feedback...' (social entrepreneur C)
	However, transformational leaders who tend to empower employee in decision-making process, can give rise in role ambiguity during highly uncertain situations	'However, when the pandemic changed the way of working, making work did not go into the common orbit as before... we need to discuss and consult with the management board more than before'(an employee in social enterprise A) '...when the pandemic happened, everything has relatively changed, so I am not really sure that my decisions are still appropriate or not.' (an employee in social enterprise K)
Transactional leadership, particularly *the Contingent reward* factor, can positively influence organisational effectiveness	-Employees are given certain rewards -Ensure the employee motivation and performance	'Yes, there are quarterly reward policies and year-end rewards for example' (social entrepreneur A) 'We have a reward system for employees, and also punishments to ensure the encouragement and discipline...' (an employee in social enterprise D) '...they have the motivation to do their jobs...'(Social entrepreneur J)
	However, the contingent reward is not promoted in some social enterprises as an exchange, instead of that, their reward system promotes	'...so when I give rewards to my employees, it's not to measure their satisfaction, but to make sure that it is reasonably balanced, transparent and fair among them' (social entrepreneur A)

	its transparency, fairness and financially balanced.	
Transactional leadership, M*anagement-by-exception* factor, has no relationship with organisational effectiveness	-Employees are not commonly received any forms of Management-by-exception leadership (poor performance evaluation, negative feedbacks, negative reinforcement) -Social entrepreneurs do not support this leadership style (not prefer daily monitoring or making corrective criticism)	*'I think that when you are an adult, no one should manage anyone, more importantly I tend to create an environment for them to develop and I believe that when an individual grows, the whole organization will grow…' (Social entrepreneur A)* *'He is very psychological, very calm and patient to convince us to understand the meaning of our mission apart from the financial value it can bring' (an employee in social enterprise K)*

5.3.1. The influences of leadership styles on organisational effectiveness through stakeholder management and empowerment

First and foremost, from the data gathered, it is found that transformational leadership style has positive influences on the effectiveness of stakeholder management in participated social enterprises. Specifically, these social leaders have perceived the significance of effective team building, from which they can further build a collaborative mindset, maintain and grow values of team cohesiveness in order to achieve their common social goals. What's more, most of leaders were interviewed reflected that they motivate their employees to build team spirit, team cohesion and cooperation within their enterprises and it has resulted in better employee performance. Social entrepreneur A, who scored very 'High' on *Inspirational Motivation* transformational leadership factor measured by both herself and her employees, reflected that:

'In my social enterprise, although we are not blood relatives, we are very familial and very close to each other. This is what I am always proud of as I believe that pursuing a social mission is not easy and it needs a very strong team spirit and cohesion. Every week, we have a weekly meeting on Monday afternoon to discuss the problems my employees are dealing with and here, I as a leader have pep talks in order to encourage them to work together and to increase their confidence to fix any issues in order to achieve outcomes even more than they would think of' (Social entrepreneur A)

Similar to social enterprise A, effective team building is taken into account in other social enterprises.

'For employees, we aim to build a happy business model in which we do not only focus on making revenues but also take care of the values of team spirit. Here, employees in our social enterprise are encouraged to share knowledge, opinions, and help each other if needed. Overall, we create a friendly working environment where all employees are happy to work and support each other' (Social entrepreneur B)

'In my company, solidarity is very important as a premise for the company to develop and overcome the difficulties caused by the Covid-19 pandemic. I can see that in general, employees in the company are willing to give each suggestion and help each other when needed.' (Social entrepreneur E)

There are total of 9 interviews with employees among 7 social enterprises. Most of them reflected that they are encouraged to build an effective team which helps them to work together more effectively. An employee in social enterprise B were interviewed claimed that:

'I think our social enterprise has done a very good job in creating team cohesiveness and it not only help us to work more effectively and give us a sense of belonging that can keep us stay for a long time. Every month we have a session called 'circle selling', we have chances to share to each other personal concerns such as friendship, emotional concerns, and love, as apart from problems at work. After each session, I feel that I can understand my colleague more and our friendship has built up every day; therefore, we can work together smoothly'. (An employee in social enterprise B)

However, an employee who works as an online sale associate in social enterprise E responded in the interview that they do not have many opportunities to build relationship with other colleagues in the enterprise.

'I think each of us has own job responsibility and I always try to complete my tasks on time. We do not have many chances to work together as my job can sometimes work from home, and only contact my leader and colleagues if needed. You know we are just a small social enterprise, maybe due to financial capability, we do not have many activities as opposed to commercial businesses' (An employee in social enterprise E)

Thus, team spirit and cohesion are perceived as Moderate in social enterprise E. This can be linkable to 'Moderate' scored on Factor 2 and Factor 4 by employees in this social enterprise. Here, employees know what is the expected outcome of their work, but lack of encouragement and communication from the leader to help them realise the significant roles they play in the future growth of the company.

From the data collected, it also is found that transformational leadership found in these social entrepreneurs have positive influences on their organisational effectiveness through effective stakeholder management and collective decision-making. To be more specific, in these social enterprises, it was highlighted that employees have opportunities to raise voices and are empowered to participate in decision-making processes. For instance, social entrepreneur A claimed that employee empowerment is perceived as crucial in their social enterprise.

'In my company, important decisions are discussed with my followers before making the final decisions. For instance, we are planning to raise fund of 20 billion VND to build our own school of training IT for disabled people, every step of this project I have to discuss with my followers, particularly with the project management team before making any important decisions. At some levels, they can make decision themselves as I assigned this task to them and I want them to show me how they can deal with any problem that arose. Overall, I think empowering employees is very important, it not only shows that I trust them and believe that they can do it but also give them opportunities to learn from problems, trust in themselves. In addition, when I give them the empowerment, I myself have more time for other things that I honestly did not have time to do as opposed to a few years ago.' (Social entrepreneur A)

In addition, social entrepreneur B suggested that there are three founders in their social enterprise and all of them agreed to deliver the leadership style that refers to be *'democratic and empowering in which everyone in the organisation has the right to raise their voices' (social entrepreneur B)*

Similar to the leader's perspectives, employees being interviewed in most participated social enterprises also stressed that through empowerment, they are encouraged to develop their abilities, think things out of their own, and help them grow, which can result in better work performance.

From both leader's and employee interviews, there is an interesting point that transformational leaders, who had 'High' score on the transformational leadership factor 3-*Intellectual Stimulation,* tend to pay more attention to employee empowerment than others. In these social enterprises such as social enterprises A, B, C,D, E, I and K, employees are motivated to challenge their own beliefs and values, think out of the box to deal with organisational issues, which results in not only better organisational effectiveness and but also promoting personal development for employees.

For instance, in social enterprise B where subjects to provide disadvantaged children with a playground for learning and creative training along with artistic experiences, an employee highlighted that

'Our social enterprise works in the retail industry specialising in artworks being printed on fashion and lifestyle products and various art-related events, the requirement for creativity and innovation is relatively high. Therefore, we are given opportunities to raise voices,

perspectives, and encouraged to be creative in the ways we do our tasks. This can lead to an effective organisation with a high level of creativity'. (an employee in social enterprise B)

However, she also pointed out that there is a drawback of the empowerment in social enterprise B in which she perceived that when everyone is empowered to do their jobs in their own ways, sometimes it is hard to work as a team and it can lead to conflicts between them.

'However, there is a disadvantage when everyone has the right to speak and share ideas, it will create a large ego of each person, so when there is a problem, everyone wants to protect their own points and sometimes create unnecessary conflicts. It usually takes a while to be able to balance the state and get on with the work. That is the biggest and most obvious weakness I see. Although it is a huge advantage for my company to develop' (an employee in social enterprise B).

Nevertheless, she finally concluded that employee empowerment has its advantages outweighed its disadvantages and this factor has contributed significantly to the development of social enterprise B. In addition, some of interviewed employees working in hospitality and retail industry also agreed that empowerment plays an important role in problem-solving in the cases that need quick decisions to satisfy their customers.

'I have lived and been trained in our centre for a long time. I have been assigned many important tasks by Mrs .... In addition to instructing my newcomer in my team, and I also can deal with customers and can make certain decisions for example to satisfy our customers when they buy our products'(an employee in social enterprise C)

5.3.2. Transformational leadership works well with people with special needs

As mentioned in chapter 2, most of employees working in social enterprises in Vietnam are individuals with special needs such as disabled people, vulnerable and disadvantaged ones. Findings indicate that identified transformational leaders are found to be very effective when working with people with special needs, which can further build up better organisational effectiveness in these social enterprises. According to respondents, the well-being of employees are highly paid attention. In this research, most social entrepreneurs stressed that the emphasis on compassion and concern for the well-being of their employees who are with special needs is one of their main social mission. This leadership style has a strong link to *Individualised Consideration*- one of transformational leadership factors which represents of

leaders who provide a supportive working environment and listen carefully to individual needs of followers. Social entrepreneur F highlighted that

'We are people with mobility impairments, so more than anyone else, we thoroughly understand the difficulties that our employees who are with special needs are dealing with in a daily basic and more empathise with their desires to have a job, to dedicate themselves to make values and to master the life of the disabled. In our company, our employees are not only received vocational training courses related to our jobs, but also are specially taught to be able to independent in daily personal activities without support from their family members. Each employee in our social enterprise is supported based on their personal needs and given tasks based on their capability' (Social entrepreneur F)

Similar to social enterprise F, the leader of social enterprise K is a transformational leader who acts like an adviser trying to assist his employees in becoming fully actualised, and spends time to take care of each employee in a caring and unique way. In the social enterprise, the well-being of employees is put at the first of everything. He suggested that

'People often think of people with disabilities as people who are disabled in some way, but to us, people with disabilities are simply people with special abilities. Therefore, in my social enterprise, the spirit 'yes! you can' is our slogan in every task. Being a mobility impaired person, I deeply understand what disabled people wants and needs. You know they do not need pity from people around them, but they need the opportunity to work and live in harmony with society like normal person. Thus, I always try to create a supportive climate and give them specific directives in order to help them achieve the assigned tasks and further help them realise their potential. For us, the best product of a social enterprise must be PEOPLE. People nourished by beliefs and motivations are more important products than market products'. *(Social entrepreneur K)*

In most interviews with social entrepreneurs and employees, it was claimed that when transformational leaders take into account the employee wellbeing, it can lead to better job performance and productivity which are indicators of organisational effectiveness.

' Here we are taken care of like I am living with my family. At first, I was very self-deprecating because I was afraid that I would not be able to complete the job, but thanks to Mr ...'s enthusiastic guidance. I have gradually improved my skills and now I am so happy that I can complete products of high difficulty.' *(An employee in social enterprise K)*

'I think that not only my business but also other businesses can see the obvious effect of paying attention to the wellbeing of employees. When employees are supported at the right time and in a timely manner, it can help them better understand their work, especially when working with disabled people who need a lot of supports, I can see them progress their job skills day by day' (Social entrepreneur F)

Apart from the attention on the well-being of their followers, most of interviewees maintained that their enterprises achieve organisational effectiveness through transformational leadership in which the leaders refer to build a good relationship with employees. They also suggested that such close relationships are built up by mutual trust, and through effective communication.

'Working with vulnerable individuals and people with special needs are not easy at first. The leader of those people needs to create trust with them and the leader should be respected by them, be the one who they can trust. You know when they first came to us to take part in our IT vocational training for disabled people, we even needed to build trust with their parents and then when we had the mutual trust, everything went easier. Thus, I think mutual trust is very important to build close relationships with my employees' (social entrepreneur A)

When it comes to trust, it can link to the first factor of transformational leadership called *Idealised influence or Charisma* describing a leader who is a strong role model for followers and is in a great deal of trust by followers. On the basic, according to most interviews with employees, they claimed that their leaders are able to make followers want to follow the vision and mission they put forward.

'Mrs (P) is our very strong role model and a leader whom we want very much to emulate her. When she leads us, she gives us a very clear direction, particularly she helps us take our social mission at the centre of every task we do. Thus, when working with her, we feel assured as we truly believe and trust in her' (an employee in social enterprise I)

'I believe in the vision Mr...lead us because it has been almost 7 years since I work for the company and I can see the monumental change that our business has brought to more than 700 farmer households participating in the company's organic product production chain. Their quality of life has improved a lot, their income has increased, their knowledge about organics agriculture has enhanced.' (an employee in social enterprise J)

Therefore, it can be seen that the transformational leadership styles obtained by participated social entrepreneurs helps them build up close relationship and trust with employees, which further helps the social enterprises achieve their social missions.

In addition, most of social entrepreneurs working with people with disabilities also claimed that *Inspirational Motivation* is also very important to inspire their employees who are vulnerable or disabled people.

'Our centre and social enterprise aim to help disabled people who are still holding back due to a lack of confidence and have not dared to pursue their dreams in life. Until now, I have inspired and motivated more than a thousand of disabled people who participated in our events to chase their dreams and plans in life. I want them to know their values and that they can contribute to the development of our society. Most of my employees were our boarding students of our centre for disabled people, and lots of our other students are now working for international IT companies.' (Social entrepreneur A)

5.3.3. Transformational leadership has been called to deal with high degree of uncertainty

According to interviewees, transformational leaders can positively deal with high degree of uncertainty. In the interviews, most of interviewees mentioned the influences of the pandemic of Covid-19 which can be considered as a factor of high degree of uncertainty. Here, they also highlighted that the transformational leadership style helped them overcome challenges. According to respondents, it can be seen that two transformational leadership factors are most relevant to the situation, including *Inspirational motivation* and *Intellectual stimulation*.

Regarding the former, these social entrepreneurs claimed that they motivate their employees through encouraging words and pep talks that communicate the important role they play to help the company overcome the difficulties caused by the ongoing pandemic. Some of the participated social entrepreneurs added that the pandemic has given them some difficulties and challenges, especially financial burden because last year their businesses had to be shut down for long time and there were much less donors for social enterprises at the time as well. As a result, in some social enterprises, they were not able to pay their employees enough salary, and most of them reported that there were no rewards or other financial remunerations during the

last two years. It resulted in psychological effects and emotional dissatisfaction among employees at some points. An employee working for social enterprise L shared that:

'Of course, during the time of the pandemic, I think anyone in the company was sad and worried. Working in social enterprises as you can see, the salary is not high; moreover, when the pandemic happened, the company was really in financial difficulty. I can tell that there were months when the company did not have enough money to pay employees' salaries. Besides, each person still has to take care of their family's living expenses, so it caused pressure. Really, if we didn't believe in our leader we probably wouldn't have made it through.'(An employee in social enterprise L)

Social enterprise J is a leading social enterprise specialising in sustainable agricultural development in Vietnam. They experienced a very hard time during the pandemic of coronavirus. This social entrepreneur claimed that

'Two years of the pandemic was a very challenging time for my business when both of my two production factories had to close temporarily due to some of my employees being infected with covid-19 at the time. Apart from that the pandemic resulted in a decrease in demand so the export amount was relatively decreased. The pandemic affected significantly to our revenue. Maintaining the number of employees in the last two years was very hard for us. Remunerations were also cut down'. (Social entrepreneur J)

To deal with this issue, social leaders claimed inspiring employees through motivation and communication was found to be much more important than ever before in order to help them continue to be a part of their shared social mission set in the organisation. For instance, social entrepreneur J also suggested that he listened carefully to the difficulties that his employees experienced during that time as well. Similar to him, most respondents claimed that encouraging words and emotional appeals were very important to keep their employees stay committed to the company, strengthen team spirit, ensure employee well-being and maintain their trust in the vision and mission set out in the social enterprise, which further ensures the organisational effectiveness through the achievement of social missions of the social enterprise.

'Yes, I also thought that I would quit my job because you know the pandemic caused lots of difficulties and the company's finances were not stable at that time. But in the end, I still

decided to stay to do meaningful things. Moreover, the company's leaders also encouraged a lot, everyone sympathized with each other during the difficult time. I feel strongly our bond especially over the past year to keep the company afloat'(An employee in social enterprise J)

Apart from *Inspirational Motivation* factor, according to interviewees, *Intellectual Stimulation* transformational leadership factor was found in the leadership styles of social entrepreneurs to help their social enterprises overcome difficulties caused by the high degree of uncertainty, particularly in the coronavirus pandemic. To be specific, they claimed that they stimulated their employees to be creative, gave them more chances to engage in problem-solving to sort out problems more effectively, and promoted employees' personal efforts to come up with new and creative ideas in order to deal with difficulties and challenges during the covid-19 pandemic. As a result, both participated leaders and employees highlighted that these ways of intellectual stimulation played a crucial role in helping their social enterprises overcome difficulties and minimise potential risks caused by the coronavirus pandemic. As a consequence, it contributes to the achievement of social missions that have been put at the centre of their activities; enhances employee performance, and maintains trustworthiness and reputation in the community during the time that coronavirus has much changed the way the world works and given enormous turbulences.

An employee is working for social enterprise B where is committed to provide disadvantaged children with a playground for learning and creative training courses along with artistic experiences, pointed out that

'Due to the covid-19 pandemic, the revenue of the year 2020-21 has been greatly decreased. Our company is committed to provide social activities regularly for 15 years and every year we commit to deduct 51% of annual profit to reinvest in social activities. When the pandemic was taking place very seriously, it created many challenges in terms of maintaining markets and customers, ensuring our operations as well as achieving our promised social missions. Luckily, during the course of the pandemic, our leaders always accompanied with us and gave us great motivation so that we could confidently overcome difficulties. At the time, our team spirit was boosted and stronger than ever before. We were encouraged to be creative in order to flexibly adjust to the conditions of the pandemic in which our company totally switched to selling on e-commerce sites. Our events were not allowed to organise; thus, we focused on

developing our Youtube channel specialising on DIY and storytelling videos and online artistic course for both children and adults'. (An employee in social enterprise B)

However, according to the data set, some respondents reported that the Covid-19 pandemic has dramatically changed their work setting due to national social distancing policies. At this point, it was highlighted by some employees that they found it hard to adapt to the change from the basic work environment to a working-from-home setting. Furthermore, they also reflected that they were very confused about their assigned job responsibilities when working from home at some points.

'Indeed, the pandemic has changed our work a lot. Compared to the past, it was very easy to sit at the office and discuss certain tasks with each other. When the pandemic happened, you know that all forms of business had to move to an online setting, so when we first converted, I think I felt quite vague and hard to imagine the specific work that I have to complete'(An employee in social enterprise L)

In order to deal with this issue, the data collected indicates that transformational leadership plays an important role in reducing job ambiguity caused by crisis time. Some employees reported that they are given concise and clear directions and two-way communication in order to minimise misunderstandings and uncertainties. Therefore, apart from *Inspirational Motivation* and *Intellectual Stimulation*, some leaders also pointed out that they tend to spend time listening carefully to the individual needs of their employees and they acted like an adviser and tries to assist their employees and give them feedback when needed. It can be seen that these above characteristics belong to '*Individual Consideration'* transformational leadership factor. Being a optimistic person, social entrepreneur C shared that

'For me, the pandemic really gave me and our employees a period to think about 'changes'. I tried to listen to each opinion of my employees about what we should change to maintain our business in this hard time and create plans to develop after the pandemic. During the time, our business had to shut down temporarily, it gave me more time to take care of my employee's needs. The change in our work setting created certain difficulties and ambiguities for all of us. During this time, I continued motivating employees to speak out what issues they were dealing with. From that, I can provide them with specific directions, advices and feedback on time. I was their online coach to improve their job skills and English skills needed for their job tasks.

Most of my employees were boarding student of the centre, so I also arranged online meetings for them to teach practical knowledge and share their skills with our ongoing students'. (Social entrepreneur C)

Interestingly, contrary to the previous part 'employee empowerment and collective decision making' indicated transformational leadership facilitates employee empowerment, which in turn positively influences organisational effectiveness, this finding found that employee empowerment can cause a rise in role ambiguity during a highly uncertain situation like the Covid-19 pandemic. An employee in social enterprise A responded that:

'Generally, we are encouraged to decide in certain areas. However, when the pandemic changed the way of working, making work did not go into the common orbit as before. The expectations for assigned tasks are different. I know that one of my decisions can have a big impact on the company in this sensitive period, so I am really not confident to decide on my own like before. In general, we need to discuss and consult with the management board more than before'(an employee in social enterprise A)

'It took a while to get used to, it was a bit vague at first because basically we had very little time to get used to new changes. Especially when deciding on something, if in the past, we worked very smoothly because we understood the requirements of the task. However, when the pandemic happened, everything has relatively changed, so I am not really sure that my decisions are still appropriate or not.' (an employee in social enterprise K)

5.4.4 Transactional leadership and organisational effectiveness

As mentioned in the first part of this section, the results of MLQ questionnaire present that most of the social entrepreneurs have Low to Moderate scores on transactional factors. Specifically, 9 out of 12 social entrepreneurs have a Moderate score on Factor 5 Contingent reward and only three out of them scored High on this factor; whereas most of them scored Low on Factor 6 – Management-by-exception.

The data collected from the interviews confirm that similar to commercial businesses, employees working in social enterprises are given certain rewards.

'Yes, there are quarterly reward policies and year-end rewards for example....' (social entrepreneur A)

'We have a reward system for employees, and also punishments to ensure the encouragement and discipline in the team on the principles of respect and fairness in the organization' (an employee in social enterprise D)

There are different opinions among interviewees in the effects of transactional leadership particularly Factor 5 Contingent reward on organisational effectiveness. There were only 3 out 12 social entrepreneurs claimed the benefits of contingent rewards on their employee motivation and performance.

An example provided by social entrepreneur J who scored 'High' on Factor 5 – Contingent Reward

'Reward system in the company is effective, meaning that when there is such a reward for employees, so they have the motivation to do their jobs. Usually, I think that in any company, if there is a reasonable reward system, people will be motivated to do better and contribute better to the company, in addition to having a solid salary.' (Social Entrepreneur J)

However, there are also some social entrepreneurs suggested that contingent reward is not paid attention and motivated in their leadership styles and the reward system is not considered as 'an exchange' between leaders and followers. Instead of that, it was suggested that their reward system ensures its transparency, fairness, and financially balanced.

'.... Actually, it's very difficult to satisfy a person, you know very few people can feel satisfied, for example, today I wish my salary is 10 million VND, but when I achieved it, I found it this amount is very little, why my salary is not 15 million VND, so when I give rewards to my employees, it's not to measure their satisfaction, but to make sure that it is reasonably balanced, transparent and fair among them' (social entrepreneur A)

Therefore, it can be seen that the transactional leadership factor – Contingent Reward has certain positive effects on organisational effectiveness, but the relationship is not significant.

In terms of Factor 6 *Management-by-Exception,* most of social entrepreneurs scored very Low on this factor in the result of MLQ questionnaires. The interview data confirms that most of employees do not commonly receive active and passive forms of management-by-exception from their social entrepreneurs and the social entrepreneurs themselves do not support this leadership style. Here, employees confirm there is very rare to see poor performance evaluation and negative feedback, or negative reinforcement from the entrepreneurs. The social entrepreneurs also suggested that they do not prefer daily monitoring and making corrective criticism on their employee's work.

'In fact, I think that when you are an adult, no one should manage anyone, more importantly, I tend to create an environment for them to develop and I believe that when an individual grows, the whole organization will grow, simple as that. Everyone in my company has this same spirit and the reason they're still holding back is a lack of trust in themselves and they haven't dared to pursue their dreams, so I encourage and inspire them to pursue their intended goals in life' (Social entrepreneur A)

'I feel quite satisfied with Mr…'s suggestions and feedback. He is very psychological, very calm and patient to convince us to understand the meaning of our mission apart from the financial value it can bring.' (an employee in social enterprise K)

Therefore, it can be seen that this *Management-by-Exception* factor do not have a relationship with organisational effectiveness in participated social enterprises. Similarly, there is also no correlation between nonleaderhship factor (Laissez-Faire) and organisational effectiveness in the present study.

In a nutshell, it can be concluded that transactional leadership has little influence on organisational effectiveness (shown in only Contingent Reward factor), but the overall relationship is not significant.

5.4. Exploring the influences of social capital on organisational effectiveness

This part will answer the research question *'What are the influences of social capital on organisational effectiveness in social enterprises in Vietnam?'*. The key dialogue and themes

generating from the data will be presented in the Table 17. The influences of social capital on organisational effectiveness are indicated through four main themes (1) its roles in coping with inherent barriers of social enterprises, (2) the exploration of new ideas and creativity, (3) overcoming a high degree of uncertainty, and (4) building better internal networks within the organisations. These sub-categories are presented in detail below the table.

Table 5. 4 Summary the influences of social capital on organisational effectiveness

Open codes	Properties	Examples of participant's words
Social capital positively influences organisational effectiveness through playing an important role in coping with inherent barriers of social enterprises	-Before 2010, without social capital, they found it hard to overcome inherent challenges and achieve social missions	'…*it was really difficult due to lack of knowledge, lack of capital, lack of network and all other necessary things so this model did not help me to achieve social mission that I wanted…'(Social entrepreneur C)*
	-After 2010, bridging social capital gave them more chances to receive business support and improve business skills for social entrepreneurs (specialised programs for social ventures), obtain rich information and resources → increase legitimacy, social mission achievement, internal congruence	'…*I am thankful to the experts in the course as they were dedicated to help me realise the strengths and weaknesses of my business… this course has transformed my business' (Social entrepreneur C)* '*I can see the positive changes in the ways we work… help us work together smoothly and save lots of time' (an employee in social enterprise C)* '*The hands-on consultation of experts has helped me a lot in planning future development strategies in order to operate professionally and methodically.' (Social entrepreneur H)*
	-Social capital helps to generate networks that can gather scarce resources such as financial resources (access funds from foreign organisations, large corporations, and other donors) →More opportunities to access various funds	'*Fortunately, I received financial support from Mr…, chairman of Group…, at the most difficult time.' (Social entrepreneur F)*

	However, funding resources are limited and very competitive.	*'I believe that British Council, CSIP, SPARK and other social enterprise incubators are working very effectively as a bridge to connect them with the funds they need.' (Social entrepreneur D)*
		'...it was very easy to have a financial crisis when donors are stuck or in difficulty, and you know it is also very competitive as many social enterprises may apply for it, it could immediately result in financial difficulty for us' (social entrepreneur G)
	-Social capital helps to address the issues of human resource shortage (connect social enterprises with people who want to volunteer or work with them through channels like incubation events, charity, and Universities →fill up scarce human resources and increase legitimacy	*'I met Ms D and Ms N in a seminar for people with disabilities. Ms D and Ms N had worked for a long time in an organization that supports people with disabilities before. They sympathised with our plight and agreed to join the company.' (Social enterprise E)*
		'...These universities have events every year to encourage social start-ups among their students so we are working together to give students the opportunities to gain some practical knowledge and also sort out our staff shortage in our social events.' (Social entrepreneur I)

	-Social networks can facilitate business opportunities (help finding reliable business partners) →increase their revenues, build up brand images and reputation →better financial stability and legitimacy	*'...it can help the company's brand development to the world because when working with such businesses, their customers and business partner may also know about our company, thereby bringing good brand value for us.' (An employee in Social enterprise B)* *'...CSIP and the British Council also facilitated our company to find suitable partners... the company's revenue is also stable' (Social entrepreneur E)*
Social capital was found to facilitate the exploration of new ideas and innovation, which in turn increases the organisational effectiveness	-Both bonding and bridging social capital can facilitate creativity and innovation. -More social capital is more likely to come up with new ideas. -New business ideas are nurtured from workshops, incubator centres, and a wide range of networks →Increase legitimacy through a rise in reputation in the community and better financial stability	*'…they also helped me realize the potential of my business and since then I have had new business ideas, helping the business grow more.' (Social entrepreneur F)* *'…defined a new vision for the company,.. I also have had new ideas for developing more services including vocational training for people with disabilities and helping them integrate into life' (Social entrepreneur K)* *'...we have been known more than before and it has given us a source of stable earnings to reinvest in our social ventures.'(Social entrepreneur F)*
	Interestingly, transformational social entrepreneurs use creative behaviour gained from social capital to stimulate their followers to be creative at works	

	(will discuss more in the next part of the relationship between transformational leadership and social capital)	
Through the high degree of uncertainty, social capital plays a crucial role in ensuring organisational effectiveness in social enterprises	-Social networks facilitate knowledge transfer and provide the necessary knowledge needed to reduce the effects of uncertain situations and better predictions (manging conflicts, help employee adapt to changes for example) → positively influence organisational effectiveness through ensuring effective internal congruence -Bonding social capital has less influences compared to bridging social networks when dealing with uncertain situations (bonding social networks provide encouraging words and spiritual encouragement)→ no significant effects on organisational effectiveness	*'...If there were no advice from the experts and other gained necessary knowledge, it would be really difficult for me to be able to help my business survive through a difficult time like last year.' (Social entrepreneur J)* *'... updated knowledge, it may be easier to take potential opportunities and realise possible risks and finally put the knowledge to action' (Social entrepreneur D)* *'help the employees adapt to the situation at that time' (social entrepreneur B)* *Talking about supports from family or friends that are related to work is almost none. However, they encouraged me to have more belief in life and motivation and it is enough for me' (Social entrepreneur I)*
Social capital can build better internal networks, giving rise in organisational effectiveness	-Internal social capital facilitates internal networks within an organisation (through team building events, team works) →increase the flow of information and communication→build up team cohesiveness, friendship and cooperation among employees	*'...because it creates a unity. Thus, when they work, they will be more rhythmic and they will support each other when the tasks are difficult or each of them has a difficult time'. (Social entrepreneur G)*

		'Connecting with each other in the company is very important and highly appreciated.. can keep the staffs stay for a long time'. (an employee in social enterprise B)
		'Every week, for example, there is a 'Cafe Talk' on every Monday at 2pm…'(Social entrepreneur A)
		'...We share with each other about the problems we are facing on the meeting...share about emotional problems, friendship or love around for example…' (an employee in social enterprise D)
	-Internal social networks give social entrepreneurs valuable chances to inspire and stimulate their followers **Interestingly,** social capital was found to support leadership styles to exert its influences on organisational effectiveness (will be presented in more detail in the next section)	*'I usually attend once a month and share the story of my life to inspire my employees to help them understand their potential and break down the barriers about people with disabilities' (Social entrepreneur K)*
	-Trust is built up through the communication between leaders and employees, which helps to run the businesses smoothly and increase organisational effectiveness (reduce time for monitoring, devote more time for beneficial activities)	*'...I put my trust in the people who accompany with me, I have more time to do the things that I did not have time to do before. I can tell that we work more smoothly and efficiently' (Social entrepreneur H)*

5.4.1. The influences of social capital on organisational effectiveness through dealing with inherent barriers of social enterprises

According to the respondents, social capital plays an important part in dealing with common inherent barriers of social enterprises in Vietnam, from which it further positively relates to better organisational effectiveness. A report about social enterprises undertaken by British Council and CSIP in 2019 shows that lacking volunteers and staff; problems with cash flow; a shortage of business skills, organisational and management experiences; and lacking business support and advice, have interfered with social enterprises in Vietnam (British Council, 2019).

The data indicate that due to very weak social capital, social enterprises established before 2010 found it very hard to achieve social missions, financial stability, legitimacy, and internal congruence which are elements of organisational effectiveness in social enterprises.
One striking point was found in most participated social entrepreneurs' interviews that there were no or very little support at the early stages of their social entrepreneurship due to lacking of networks, necessary knowledge about social enterprises, and support, which prevented them from achieving social missions.

'In the past, I didn't know what social enterprises are, I just thought that I would set up a business whose profits would be used to support poor children to help them have chances to go to school. I also thought about setting up an NGO, but due to too many procedures, I was not able to do that. Finally, I set up a cooperative but it was really difficult due to a lack of knowledge, lack of capital, lack of network and all other necessary things so this model did not help me to achieve the social mission that I wanted. Honestly, lack of knowledge is my weakest point at the time.' (Social entrepreneur C)

It also was claimed by most of the social entrepreneurs that they experienced a very hard time when starting their social enterprises, especially at a time when this sector had not been legally recognised and not widely known by Vietnamese society. Similarly, most of the social entrepreneurs, especially ones established before 2010, pointed out that they overcame difficulties and barriers by themselves without support from local authorities and the government. Some of them received support that were mostly come from bonding social capital which is commonly strong ties like family members, relatives and close-knit groups.

'My parents mainly helped me, the local authorities did not really care about this. They only praised me when I did a good job, but when speaking of real support, they did not give me any of it' (social entrepreneur A)

'There were times when I faced myself with the question 'How the company survive when the financial resources are really exhausted?' (Social entrepreneur F)

Compared to that, apart from bonding social capital, it was noted that after 2010, social enterprises had more bridging social capital which refers to weak ties and broad networks. Here, they had more chances to receive support in their early stages as from that time there have been programs specialised to support nascent social ventures operated by British Council and other social enterprise incubators such as the Centre for Social Initiatives Promotion (CSIP). It was highlighted by all social entrepreneurs that social capital enables them to obtain rich information and resources that helped them to access to various donors, receive business support and advice, and have opportunities to take part in programs for social entrepreneurs to improve their business skills, which not only enables them to better their organisational effectiveness but also transforms their businesses.

'I was so lucky to had a chance to take part in a program named 'Improving leadership skills in social enterprises'. I was so grateful because I had not had any business knowledge before. You know at the time I did not have knowledge, I worked based on just my own feelings without a specific job description, skills and expertise. I am thankful to the experts in the course as they were dedicated to help me realise the strengths and weaknesses of my business, and the significance of clear job descriptions for my employees and the responsibility at work. I learnt from them a lot and have applied what I learnt for my business model. I can tell until now this course have transformed my business.' (Social entrepreneur C)

'I can see the positive changes in the ways we work after Mrs. S took part in the program. She delivered what she learnt to help us understand the way in which we can achieve our mission. I feel that this change can help us work together smoothly and save lots of time as each of us has very specific and clear job responsibilities along with specific expectations for each task.' (an employee in social enterprise C)

Similar to social enterprise C, social enterprise H has joined the network for social enterprises named 'Cong Dong En Xanh' and from here they know about special programs for social entrepreneurs. Social entrepreneur H was also received an intensive support package from the program 'Improving leadership skills in social enterprises' led by British Council and CSIP. He claimed that

'The hands-on consultation of experts has helped me a lot in planning future development strategies in order to operate professionally and methodically.' (Social entrepreneur H)

In addition to the lacking of knowledge, business and management skills, cash flow and financial resources were found to be a huge inherent obstacle for social enterprises in Vietnam. It was highlighted that some social enterprises overcame these difficulties themselves by selling their own assets, borrowing capital from family members and friends (bonding capital)

'The founders have put all their capital to establish their social enterprise. Even to maintain the company's operations, they had to sell their car and house. Our company is committed to ensure 51% of our profit for social activities. It also means that when the company is at a loss, the founders have to spend their own money to maintain the company's operations. It took 9-10 years for our company to break even and from 2016 to now it has started to grow'. (an employee in social enterprise B).

Moreover, examples presented by participants highlight that social capital, particularly bridging social capital, helped them to generate networks which facilitate the identification of opportunities, gathering and evenly distributing scarce resources, especially financial resources and human resources. Here, the participation in social enterprises networks gave a number of social entrepreneurs opportunities to access funds from foreign organisations and governments; investments from large domestic to international corporations; and other donors.

'There were times when I faced myself with the question 'How the company survive when the financial resources are really exhausted?' Fortunately, I received financial support from Mr…, chairman of Group…, at the most difficult time' (Social entrepreneur F)

'you know most of social enterprises deal with financial difficulties, particularly social start-ups during their first few years. The most important thing is how to connect the funding sources

with those who really need it. I believe that British Council, CSIP, SPARK and other social enterprise incubators are working very effectively as a bridge to connect them with the funds they need.' (Social entrepreneur D)

However, funding resources and donors are normally limited, some of social entrepreneurs claimed that it is very competitive to obtain these funds.

'When the social enterprise was newly established, I was always short of money. Borrowing money to pay temporary expenses seemed quite often to me. At that time, the business had not made profit, mostly depended on funding sources. Thus, it was very easy to have a financial crisis when donors are stuck or in difficulty, and you know it is also very competitive as many social enterprises may apply for it, it could immediately result in financial difficulty for us' (social entrepreneur G)

Besides, in the research, social capital was found to help social enterprises deal with one of the most difficult inherent barriers of lacking of staff and volunteers. Regarding social entrepreneur L, *'There was no capital as well as insufficient human resources, so the members of the company had to do all sorts of things at first'*. It was claimed that social networks and interactions act as a bridge connecting social enterprises and people who want to volunteer. Here, there are many channels mentioned in the interviews, that could help them connect such as at events organised by social enterprise incubation centres, or charity organisations.

'When my company was newly established, luckily I met Ms D and Ms N in a seminar for people with disabilities. Ms D and Ms N had worked for a long time in an organization that supports people with disabilities before. They sympathised with our plight and agreed to join the company' (Social entrepreneur E)

In addition, some social entrepreneurs claimed that they also could access volunteers like students when working with a number of Universities that have events encouraging social start-ups among their students.

'Our volunteers are mostly students from National Economics University and Foreign Trade university. These universities have events every year to encourage social start-ups among their students so we are working together to give students the opportunities to gain some practical knowledge and also sort out our staff shortage in our social events.' (Social entrepreneur I)

Overall, it was noted that these social networks and interactions play a role in facilitating social enterprises access to human resources and from that it fundamentally builds up their legitimacy and contributes to the effectiveness of mission achievement.

Apart from having chances to access to financial and human resources, it was noted that bridging social capital facilitated potential business opportunities. Some social entrepreneurs had the same perspectives that indicated the significance of support from social enterprises networks 'Cong dong En Xanh', CSIP, HATCH! Venture, and British Council in finding reliable business partners. It was claimed to help them increase their revenues, further build up their brand images and reputation, which contributed to their overall organisational effectiveness.

'When there is an opportunity to cooperate with large domestic and foreign enterprises, it can help the company's brand development to the world because when working with such businesses, their customers and business partner may also know about our company, thereby bringing good brand value for us' (An employee in Social enterprise B)

'You know to maintain our long-term operation, CSIP and the British Council also facilitated our company to find suitable partners. They have a large network with big domestic and foreign enterprises that want to do CSR (Corporate Social Responsibility), so they made a connection for us with these businesses. Usually they order products from us and then we produce, followed by careful censorship and shipment. Thanks to connections, the company's revenue is also stable' (Social entrepreneur E)

The findings in this part can be summarised below. There are two indicators of organisational effectiveness were suggested in the outcome of the analysis, including financial stability and legitimacy. It was suggested that financial stability is achieved through the opportunities to cooperate with a number of business partners and access to various sources of funds. Moreover, legitimacy is a result of obtaining scarce resources such as financial, human and intangible resources, and gaining brand images through business opportunities.

Figure 5. 1 Social capital positively influences organisational effectiveness by addressing inherent barriers

Business opportunities
'opportunity to cooperate with large domestic and foreign enterprises' 'facilitated our company to find suitable partners', 'made a connection for us', 'help the company's brand develop to the world' 'bringing good brand value'

Access to various sources of financial resources
'received financial support from Mr...at the most difficult time' 'working very effectively as a bridge to connect them with the funds they need'

Access to human resources
'sympathised with our plight and agreed to join the company' 'give students opportunities practical knowledge and sort out staff shortage'

Access to intangible resource
(information, knowledge)
'hands-on consultation of experts' 'chance to take part in a program named 'Improving leadership skills in social enterprises', 'help me realise the strengths and weaknesses of my business'

Social capital

Financial stability

Legitimacy through increasing brand images

Legitimacy Through obtaining adequate resources

Organisational Effectiveness

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5.4.2. The influences of social capital on organisational effectiveness through the exploration of new ideas and innovation

According to the interviewees, social capital plays a crucial role in exploring new ideas and innovation helping social enterprises achieve organisational effectiveness. Specifically, the respondents claimed that creativity and innovation were facilitated by both bonding and bridging social capital. Here, it was believed that the more social capital is more likely for social entrepreneurs to perceive new ideas. Most of the respondents claimed that the exploration of new business ideas and creativity can help them grow their businesses, which in turn ensures their places in the market and increase their reputation in the community.

'Since I have known about the social enterprise networks, I have been invited to participate in several seminars where I shared my story and learnt from other social ventures. Here, I met many social entrepreneurs in different sectors…In addition to accumulating good relationships with them, they also helped me realize the potential of my business and since then I have had new business ideas, helping the business grow more.' (Social entrepreneur F).

Many interviewed social entrepreneurs noted that their new business ideas and creativity were nurtured by various social enterprises workshops, networks and incubator centres for social enterprises where they could have lots of advice. As a result, they maintained that these new ideas and creativity have brought benefits for their businesses such as giving them stable income to reinvest in social activities, expanding their reputation in the market, and connecting with new business partners.

'I received lots of support from Ms A who is one of the Head of Vietnamese Social Enterprise scholars networks. After the complete reorganisation, I created a new vision for the company, to become a leading social enterprise in the creative industry and to build an ecosystem for people with disabilities and the community. Besides manufacturing core traditional products of the company, our company have also released new products for education and home decoration since 2017 because the potential of these products had perceived very high. I can tell that this strategy has brought us a new customer range, additional income and new business partners. I also have created new ideas for developing more services including vocational training for people with disabilities and helping them integrate into life. ' (Social entrepreneur K)

'After receiving advice from experts in incubator centres, we decided to have more services to serve the community. For example, we have created a various vocational training courses for not only disabled people but also normal people who want to work in this field. From that point, we have been known more than before and it have given us a source of stable earnings to reinvest in our social ventures.' (Social entrepreneur F)

Interestingly, some social entrepreneurs suggested that these social interactions have nurtured their creative behaviours and from that they also have stimulated their employees to be innovative. At this point, it can been seen that when social capital and transformational leadership factors combine, it can create a synergistic effect, helping the company achieve organisational effectiveness. This finding will be presented in more detail in the next section of the relationship between leadership styles and social capital.

5.4.3. The influences of social capital on organisational effectiveness through high degree of uncertainty

It was indicated that social capital has positive influences in organisational effectiveness, even in surroundings where uncertain economics, changes and ambiguity exists. Here, the data suggests that social capital can facilitate knowledge transfers in which it provided the entrepreneurs necessary knowledge that they need to reduce the impacts of high uncertainty as well as reduce the costs in responding to possible risks. As a consequence, it can positively influence organisational effectiveness.

For instance, social entrepreneur J highlighted that social capital provides him with the knowledge that he could use to address conflicts among employees during the pandemic and help the company survive.

'The situation of workers in conflict with team leaders and production problems happened more often during the pandemic when everything was turned upside down. If there were no advice from the experts and other gained the necessary knowledge, it would be really difficult for me to be able to help my business survive through a difficult time like last year.' (Social entrepreneur J)

Social entrepreneur D is one of the first social entrepreneurs in Vietnam and he has become one of the most influential experts in Vietnamese social enterprise ecosystem. He highlighted in the interview that

'Knowledge transfer is very important for social start-ups because you know there is a lot of people who want to be social entrepreneurs but they do not have opportunities to access the right knowledge and resources. Furthermore, knowledge transfer is even crucial for individuals who are considered as successful social entrepreneurs because we are living in the world where has constantly changed. When having updated knowledge, it may be easier to take potential opportunities and realise possible risks and finally put the knowledge to action.' *(Social entrepreneur D)*

He also emphasised that social interactions and networks are fundamental to gather invaluable knowledge and information, particularly in available networks of social enterprises in Vietnam such as 'Cong dong En Xanh', social enterprise incubator centres like CSIP, IBA Vietnam, SEED Planters, Evergreen Labs, and other organisations supporting social enterprises such as British Council. Here, a number of social entrepreneurs also noted that they have been updated rich knowledge, necessary information, and special events as well as received specialised support for their own businesses since they have known these social networks. Most of respondents had the same opinion that the knowledge and information have been gained from these networks help them overcome uncertain situations by having better predictions to lessen the effects of turbulence. As a result, it helps them work smoothly and effectively, particularly during a crisis time. As mentioned before, if social capital helps social entrepreneur J address conflicts among employees during the pandemic, social entrepreneur B suggested that social enterprise networks have provided him with helpful information and given him advice on how to facilitate his employee adapt to the changes, from that maintain organisational effectiveness of the company.

'I also have more information to be able to face tough times like last year. From those suggestions, I made changes to help the company, especially help the employees adapt to the situation at that time. From that, I ensure employee commitment and performance' *(Social entrepreneur B)*

Compared to these above social networks that are considered as bridging social capital, bonding social capital, gained from strong ties, was found to have fewer effects on the organisational effectiveness of social enterprises in ambiguous and uncertain situations. There were some respondents claimed that they have been supported by their family members, close friends, and relatives through their advice, financial support, and other resources.

'The first few years of operation were very hard, our company did not even have enough money to rent a place for production. At that time, Ms N's parents lent us a small yard of their ancestral house to make a temporary production' (Social entrepreneur E)

However, most of social entrepreneurs claimed that there was no or little support from bonding social capital in a high degree of uncertainty situations such as economic downturns or during the covid-19 pandemic. Instead of that, it was highlighted that most of their bonding social networks refer to providing them with encouraging words and spiritual encouragement. However, it was noted that the influences of bonding social capital on organisational effectiveness especially when responding to uncertain situations are very weak. For instance, social entrepreneur A claimed that

'Running a business during a crisis or during the pandemic last year gave us lots of difficulties. Although my family or friends knew the difficulties, they were not able to help so I would say that there were no effects from them'(Social entrepreneur A)

Similarly, social entrepreneur I noted that

'During the time of the covid-19 pandemic occurred, general speaking, everyone had to deal with their own hard time. Fortunately, my company is maintained to today. Talking about support from family or friends that are related to work is almost none. However, they encouraged me to have more belief in life and motivation and it is enough for me' (Social entrepreneur I)

5.4.4. The influences of social capital on organisational effectiveness through building better internal networks

The findings in this part is presented as the figure below.

Figure 5. 2 Internal social capital and organisational effectiveness

Team building
'Cafe Talk' on every Monday at 2pm'
'we have tea or coffee together and talk about a special topic'
'support each other when the tasks are difficult'
'Circle Selling' session, share about the problem each of us is facing' 'share about emotional problems, friendship or love'

Building Trust
'I put my trust in the people who accompany with me'
'mutual trust is important to build close relationship' 'feel assured as we truly believe and trust in her' ' believe in the vision Mr...lead us'
'we work more smoothly and efficiently'

Internal social capital/ networks

Increase Flow of information

Build effective communication

Increase team cohesion and cooperation

Internal Congruence - an indicator of Organisational effectiveness

Unlike bonding social capital, bridging social capital is gained by weak ties. Within an organisation, bridging social capital can be gathered through both external and internal networks. From the data set, it was also found that internal social capital has positive influences on organisational effectiveness in participated social enterprises. Here, the outcome identifies that building internal networks is important to increase flows of information, communication among employees and between employees and leaders, and team cohesiveness, and cooperation, which leads to an increase in organisational performance as noted by social entrepreneur G.

'It is very important because it creates a unity. Thus, when they work, they will be more rhythmic and they will support each other when the tasks are difficult or each of them has a difficult time.' (Social entrepreneur G)

And ensure employee commitment as highlighted by an employee working in social enterprise B.

'That's right. Connecting with each other in the company is very important and highly appreciated. I think it is one thing that can keep the staffs stay for a long time.' (an employee in social enterprise B)

Most of social entrepreneurs claimed that , to foster social capital within the enterprises, they have team-building events which can provide their employees opportunities not only to share problems and difficulties they are dealing with at work but also share personal problems and even everything in life with each other. As a result, it can nurture strong connections between them and from that they '*are willing to support each other at work as they are like family members' (Social entrepreneur H)*

'Every month we have a 'Circle Selling' session, on that day if everyone has their job or their own work like deadlines, we will put all our work aside. We share about the problems we are facing on the meeting. For example, today we share about the problem each of us is facing, next month we will share about emotional problems, friendship or love around for example. Those are familiar issues but let everyone sit together and get closer to each other after a tiring day at work. I think the internal communication activities in our company are very good'. (An employee in social enterprise D)

However, social entrepreneur A added that social capital may create opposite results that need to be taken into account. She noted that employees in her enterprise have team building every week.

'Every week, for example, there is a 'Cafe Talk' on every Monday at 2pm. Each team will prepare a party, it will be organised alternately among different teams. Here, we have tea or coffee together and talk about a special topic.' (Social entrepreneur A)

Although there are a number of advantages of team building, social enterprise A has experienced some drawbacks of taking too much internal social capital such as groupthink and cliques. She responded:

'But the important thing is where the solidarity is, with positive or negative spirit, this is very important when there are groups that are united but pull each other down. In my company, I also had some experiences like that, there are groups that are united, but negatively. Most of other groups that unites and takes care of each other, and is emphasised in developing job skills, so that groups go up very quickly. So I think it's important to create a connection, but how that connection creates an environment is even more important'

Apart from team-building events and other internal interactions within the organisation, trust is an integral factor of internal social capital that is mentioned by most social entrepreneurs in their interviews. Trust is built up and nurtured when the leaders communicate and interact with the employees. For instance, social entrepreneur A claimed that '*mutual trust is important to build close relationships with my employees'*. Most of the employees responded that they have strong trust on their leaders such as 'I *feel assured as we truly believe and trust in her' (An employee in social enterprise I) or 'We believe in the vision Mr…lead us…' (An employee in social enterprise J).* As a consequence, most of social entrepreneurs suggested that when they gain mutual trust, they can run their businesses smoothly and increase their overall organisational effectiveness. Furthermore, it was highlighted that trust can promote social exchange by reducing the time needed for monitoring; thus, the social entrepreneurs can devote more time to beneficial activities.

'When I assign tasks to everyone and give them the power to make decisions. I put my trust in the people who accompany with me, I have more time to do the things that I did not have time to do before. I can tell that we work more smoothly and efficiently.' (Social entrepreneur H)

Similarly, as mentioned in the 'Leadership and organisational effectiveness' part, mutual trust also plays an important role in '*Idealised influence'* and '*Intellectual Stimulation'* leadership factors in order to promote innovation within participated social enterprises. It was interestingly pointed out that building internal social capital through trust can also foster creativity and innovation. This will be discussed further in the next part.

There is another interesting point that internal social capital not only fosters strong relationship among employees but also give the social entrepreneurs themselves valuable chances to inspire and stimulate their followers. Specifically, social capital was found to be able to create a suitable environment to help transformational leadership factors exert the influences on employee performance and organisational effectiveness in social enterprises.

'At team building sessions, I usually attend once a month and share the story of my life to inspire my employees to help them understand their potential and break down the barriers about people with disabilities' (Social entrepreneur K)

The relationship between leadership styles and social capital will be presented in more detail in the next section.

5.5. The relationship between transformational leadership and social capital and the moderating effects of social capital

This part will reveal themes on the relationship between transformational leadership and social capital and how transformational leaders leverage social capital to achieve organisational effectiveness in participated social enterprises. The table below will provide a summary of the key findings and examples of respondent's words. After that, the sub-categories will present each finding in more detail.

Table 5. 5 Summary of the relationship between transformational leadership and social capital

Open codes	Properties	Examples of respondent's words
Transformational leadership positively influences internal social capital through trust, transferring information and achieving shared goals, which leads to increase organisational effectiveness	-Foster mutual trust between leaders and employees through communication and motivation →work together smoothly, save time on management -Trust is shown in the ways leaders empower employees (decision making, promote new ideas and problem solving) →foster innovation and creativity →increase employee performance and job satisfaction	*I put my trust in the people who accompany with me... I can tell that we work more smoothly and efficiently.' (Social entrepreneur H)* '*...we are given opportunities to raise voices, perspectives, and encouraged to be creative...'(an employee in social enterprise B)* '*...I want them to show me how they can deal with any problem arisen…'(social entrepreneur A)*
	-Inspire followers to transfer information and knowledge within the organisation -Foster cooperative norms and effective communication	'*...encouraged to share knowledge, opinions, and help each other if needed' (Social entrepreneur B)* '*Knowledge transfer is very important for social start-ups because…they do not have opportunities to access the right knowledge and resources…' (Social entrepreneur D)*
	-Be a central position to give advice to employees and influence internal networks (build team spirit and cohesion)	'*We are very familial and very close to each other….pep talks in order to encourage them to work together…'(Social entrepreneur A)*

	→Effectively connect and inspire people to achieve shared goals and visions	*'...creating team cohesiveness and it not only help us to work more effectively and give us a sense of belonging' (an employee in social enterprise B)*
Transformational leaders use innovative behaviour built from social capital to encourage their followers to be creative at work, and develop themselves.	-Inspirationally motivate the employees to excess the expectations and realise their potential -Intellectually stimulate the employees to come up with new ideas, new solutions when dealing with problems, and think out of the box	*'...I also have more opportunities to develop myself, the management team is always encouraging us…They have helped me realize my potential that I never thought of before' (An employee in Social enterprise L)* *'…. I personally find that creative behaviour is very important and put them on our development strategy…, I just motivate the employees to take it as simple as the change in the old thinking and to move towards changes' (Social entrepreneur L)*
Internal social capital facilitates suitable environment for transformational leaders exert its positive influences on employee performance	-Leaders use symbols and emotional appeals in team building events to inspirationally motivate and boost team member's efforts to achieve higher outcome -The close-knit environment facilitates the leaders to listen carefully to the individual needs of each employee	*'At team building sessions, I usually attend once a month and share the story of my life to inspire my employees to help them understand their potential and break down the barriers about people with disabilities' (Social entrepreneur K)* *I not only motivate my employees to complete assigned tasks but also exceed expectations.' (Social entrepreneur A)*

5.5.1. Transformational leadership positively relates to building of internal social capital

Figure 5. 3 The influences of transformational leadership on internal social capital
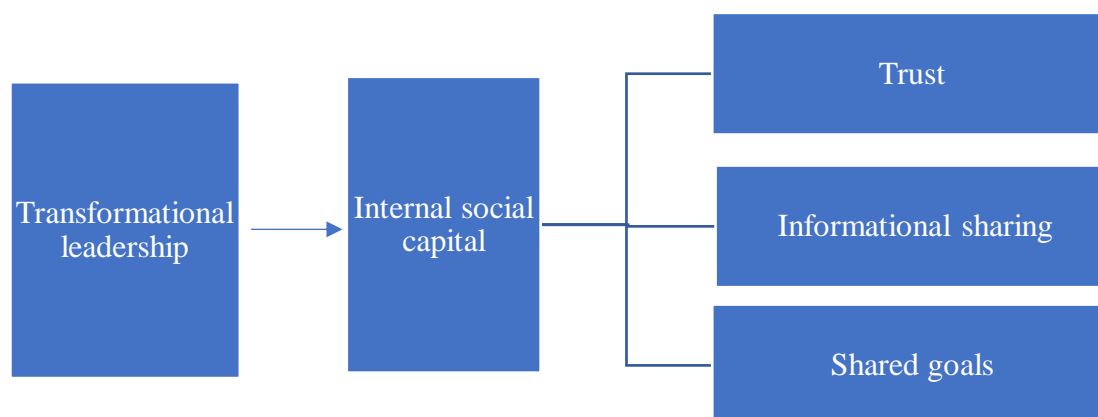
Firstly, the data indicates that transformational leadership positively influences internal social capital through trust, information sharing, and connecting people to achieve shared goals. Particularly, the outcome indicates that transformational leaders tend to create internal social capital activities that facilitate communication and interaction with each other, which in turn nurtures trust between them. For example, social entrepreneur A suggested that '*There is a 'Cafe Talk' on every Monday at 2pm…'*. Similar to it, an employee working in social enterprise D noted that

'Every month we have a 'Circle Selling' session, on that day if everyone has their job or their own work like deadlines, we will put all our work aside… Those are familiar issues but let everyone sit together and get closer to each other after a tiring day at work. I think the internal communication activities in our company are very good.' (An employee in social enterprise D)

As a result, it was noted that mutual trust can help the organisation run smoothly and save time on management. Social entrepreneur H highlighted that when he puts trust in his employees, he not only have more time to do more beneficial activities for the company, but also '*work more smoothly and efficiently'*. Additionally, an employee working in social enterprise B

claimed that internal social activities help her understand her colleague better, and build trust among them, 'our friendship has built up every day; therefore, we can work together smoothly'.

The finding indicates that transformational leaders tend create trust through employee empowerment and engagement in which they motivate their employees to take part in decision making process, come up with new ideas and problem-solving, which can foster creativity and innovation and increase employee performance and satisfaction.

'When I assign tasks to everyone and give them the power to make decisions…'(Social entrepreneur H)
'…we are encouraged to be creative in the ways we do our tasks. This can lead to an effective organisation with high level of creativity'(An employee in social enterprise B)

'…I want them to show me how they can deal with any problem arisen…'(Social entrepreneur A)

Apart from trust, transformational leadership was found to positively influence social capital through facilitating knowledge and information transfer within the organisation. Specifically, most of interviewed employees responded that they are motivated by their leaders to share knowledge and information, and even support each other if needed, which in turn fosters cooperative norms and effective communication within the organisation.

'Here, employees in our social enterprise are encouraged to share knowledge, opinions, and help each other if needed. Overall, we create a friendly working environment where all employees are happy to work and support each other' (Social entrepreneur B)

'Knowledge transfer is very important for social start-ups because you know there is a lot of people who want to be social entrepreneurs but they do not have opportunities to access the right knowledge and resources…' (Social entrepreneur D)

Furthermore, the data also suggested that transformational leaders are able to influence people and connect them within the organisation in which they can boost team spirit and cohesion in order to achieve their set social goals and visions. For instance, social entrepreneur A suggested that 'pursuing a social mission is not easy and it needs a very strong team spirit and cohesion';

therefore, she tends to use *'pep talks'* to *'encourage them to work together and to increase their confidence to fix any issues in order to achieve outcomes even more than they would think of'*. Similarly, an employee working in social enterprise B responded that in their social enterprise, team cohesiveness is considered as an important part which helps them work effectively together. There is another example provided by an employee in social enterprise I that the leader is their *'very strong role model'* and an influencer when *'when she leads us, she gives us a very clear direction, particularly she helps us take our social mission at the centre of every task we do'*. Additionally, an employee in social enterprise J responded that he believes *'in the vision Mr… leads us'* because since he has worked there, he can see a monumental change their business has created to help a huge number of vulnerable households.

5.5.2. Transformational leaders transfer creative behaviours built from social capital

Interestingly, some social entrepreneurs suggested that these social interactions can nurture their creative behaviours and from that they also stimulate their employees to be innovative. Specifically, it was mentioned by leaders in social enterprises that new knowledge and creative behaviours, they gained from workshops and programs for social ventures, have also been transferred to their employees through *Inspirational Motivation* and *Intellectual Stimulation.*

'I think since my company was received support, there has been a change in our business strategy, I can tell that the assigned work is more clearly than before. Besides, I also have more opportunities to develop myself, the management team is always encouraging us…They have helped me realize my potential that I never thought of before' (An employee in Social enterprise L)

'I have participated in events and especially short courses organized by several social enterprise incubators such as CSIP, Spark and Evergreen Labs. Really, when I have accessed to the professional working network, I have learnt a lot and especially a sense of creative thinking attitude at work. I personally find that creative behaviour is very important and put them on our development strategy. It is not something too abstract, I just motivate the employees to take it as simple as the change in the old thinking and to move towards changes that can bring benefits to the company.' (Social entrepreneur L)

Therefore, it can been seen that transformational leaders can leverage creative behaviours learnt from social networks to provide a synergistic influence on their employee's creative attitudes.

5.5.3. Transformational leaders leverage opportunities from internal social capital

Furthermore, the social entrepreneurs also suggested that internal social capital can bring them suitable opportunities to have influences on their organisational effectiveness. First of all, team building meetings were noted as great chances for '*Inspirational Motivation*' leaders use symbols and emotional appeals to focus team member's efforts to excess the outcomes.

'At team building sessions, I usually attend once a month and share the story of my life to inspire my employees to help them understand their potential and break down the barriers about people with disabilities.' (Social entrepreneur K)

'Yes. I find meetings with employees a good opportunity to encourage them. I not only motivate my employees to complete assigned tasks but also exceed expectations.' (Social entrepreneur A)

More importantly, the close-knit environment that internal social capital built up was claimed as a supportive climate in which leaders can carefully listen to individual needs of employees ('*Individualised Consideration*' leadership factor).

'Every time I attend a meeting at the end of each month with my employees, I feel happy and very comfortable sharing my thoughts and experiences. It was really close conversations between friends. From here, I also understand the problems they are facing and give them the directions. Sometimes, the problems are around their job tasks, sometimes there are other individual problems, but I am still willing to give them my opinions' (Social entrepreneur H)

It can be concluded that internal social capital within the enterprise have facilitated a transformational leadership style in most social enterprises, which can lead to a positive influences on organisational effectiveness.

5.6. Summary of the chapter

This chapter presented the findings based on an qualitative analysis of interviews, guided by addressing the two main research questions. Firstly, the outcome of the exploration of social entrepreneur's leadership styles was presented. Both employees and leaders in each participated social enterprise were invited to complete MLQ. The outcomes generated from employees were compared to that obtained from leaders. Although it was found there are some differences between their perspectives, all social entrepreneurs took part in this research are assessed as leaders who have more transformational leadership factors than transactional and non-leadership factors.

There are three main findings were presented to address research question 1 '*What are the influences of leadership styles on organisational effectiveness in social enterprises in Vietnam?'*. In general, transformational leadership style was found to have positive influences on organisational effectiveness in selected social enterprises. The specific influences of leadership factors on organisational effectiveness was specifically explained through (1) stakeholder management and empowerment in which transformational leaders are able to foster team cohesiveness and cooperation, collective decision-making, employee empowerment, and innovation, (2) working with people with special needs in which the well-being of employees, and nurturing close relationship with employees through trust and effectiveness communication are paid attention, and (3) dealing with high degree of uncertainty in which transformational leaders was found to inspirationally motivate and intellectually stimulate the employees to overcome challenges and difficulties in the pandemic.

In the second part of this chapter, four main findings are presented to answer the second research question '*What are the influences of social capital on organisational effectiveness in social enterprises in Vietnam?*. Overall, the influences of social capital on organisational effectiveness was found positive and it was explained through (1) dealing with inherent barriers of social enterprises in which social capital enables them access rich information and resources, business supports and advice, opportunities to enhance their business kills, strengthen human and financial resources, and potential business opportunities; (2) Through the exploration of new ideas and innovation in which social capital was indicated to facilitate creativity and innovation, new business ideas, and nurture creative behaviours among employees; (3) Through high degree of uncertainty in which bridging social capital plays an important role in fostering knowledge transfers to lessen the impacts of changes and ambiguity, while bonding social capital was found to have less effects on the organisational effectiveness, (4) Through better internal social capital in which the flows of information and effective communication

within the enterprises can strengthen team cohesiveness, employee performance, provide suitable rapports between leaders and employees, and give the leaders valuable chances to stimulate the employees and consider their individual needs; besides, trust in internal social capital can promote social exchange, effective time saving, and foster creativity and innovation.

The research also found a relationship between transformational leadership and social capital. There are some interesting points that transformational leaders can leverage social capital to significantly exert positive influences on organisational effectiveness. Transformational leadership can influence internal social capital through three mentioned factors, transfer innovative behaviours gained from social capital to their employees, and leverage opportunities from internal social activities to influence the employees.

The next chapter will provide in-depth discussions around the finding of the two research questions. There will be comparisons between the outcome of this research with the secondary data presented in the literature review. The result of research question 1 and 2 provides fundamental knowledge to address question 3 in which recommendations for policymakers will be discussed in more detail in Chapter 7, section 7.4. Recommendations for Policies and Practice.

CHAPTER 6

DISCUSSION

6.1. Introduction

This discussion chapter aims to build on the findings generated from Chapter 5 and provide answers to research question 1 *'What are the influences of leadership styles on organisational effectiveness in social enterprises in Vietnam?'* and research question 2 *'What are the influences of social capital on organisational effectiveness in social enterprises in Vietnam?'*. In doing so, key findings are presented concisely, followed by two main parts addressing the research questions. In each main apart, the results will be interpreted by comparing the findings generated in the previous chapter to those of the existing research listed in the literature review. From that, the contribution of the study to the field of research will be then presented.

6.2. Key findings summary

In terms of leadership styles, the data suggests that the participating social entrepreneurs have moderate to a very high score on transformational leadership factors, low to moderate scores on transactional factors and no or low non-leadership factor. However, from the data set, it identifies some differences between employees' views and leaders' views on some leadership factors.

To address research question 1 *'What are the influences of leadership styles on organisational effectiveness in social enterprises in Vietnam?'* The data indicates that responded social entrepreneur's leadership styles have a positive relationship with organisational effectiveness.

- On the basic, firstly, the analysis identifies the transformational leadership positively influences stakeholder management and employee empowerment.

- Secondly, the results also confirm that transformational leadership factors help the entrepreneurs work well with people with special needs in which they refer to pay attention on employees' well-being and build a good relationship with their followers, which enhances employee performance and satisfaction.

- Next, the research also shows the positive relationship between transformational leadership with organisational effectiveness in social enterprises when transformational leaders are found to be effective to deal with high degrees of uncertainty.

- The data suggests that transactional leadership has a weak relationship with organisational effectiveness in social enterprises.

- There are no social entrepreneurs who have scores on the non-leadership (Laissez-Faire) factor in the research so it indicates that there are relatively no connections between this factor with organisational effectiveness.

In terms of examining research question 2 *'What are the influences of social capital on organisational effectiveness in social enterprises in Vietnam?'*, the analysis indicates that social capital has a positive correlation with organisational effectiveness in participated social enterprises.

- Firstly, the data shows that social capital can increase organisational effectiveness when helping them deal with inherent barriers such as lacking human resources, financial resources, support and advice; and a shortage of knowledge, business and management skills.

- Secondly, the results also confirm the positive influences of social capital on organisational effectiveness through the exploration of new ideas and innovation.

- Next, it is suggested from the data that social capital has clear positive impacts on organisational effectiveness when social networks can facilitate knowledge transfers that can help to reduce the impact of the high degree of uncertainty and the cost of possible risks arising.

- Furthermore, the research shows a positive relationship between social capital and organisational effectiveness through better internal networks within the enterprises.

In the next sections, each key finding generated from the data will be discussed and compared to the existing research mentioned in the literature review chapter.

6.3. What are the influences of leadership styles on organisational effectiveness in social enterprises?

6.3.1. Exploring leadership styles

To address this research question, first, it is very important to explore the leadership styles of each participated social entrepreneur. The data shows that most of them have higher scores on transformational leadership factors (which are *Idealised influence, Inspirational Motivation, Intellectual Stimulation, and Individualised Consideration*) than transactional factors

(*Contingent Reward*, *Management-by-Exception*) or non-leadership factor. Particularly, the outcome of the MLQ questionnaires clearly indicates that 100% of social entrepreneurs have a very high score on Factor 1 *Charisma* or *Idealised influence* which is one of transformational leadership factors. Northouse (2021) suggests that leaders who have high scores on Factor 1 can act as strong role models for their followers and be trusted by their followers.

Although the data suggests some slight differences between employees' and the entrepreneur's perspectives on Factor 2 *Inspirational Stimulation* of transformational leadership style, most participated social entrepreneurs scored High on this factor. Inspirational motivation leaders are perceived as leaders who tend to inspire employees through motivation to achieve high expectations and commit to the shared vision of the organisation (Northouse, 2021). In terms of Factor 3 *Intellectual Stimulation*, the data confirms that there are 7 out of 12 social entrepreneurs scored High on this factor, and other enterprises scored Moderate. The outcome shows there were no differences between employees' and entrepreneur's perspectives on this factor. The data also shows that most of the social entrepreneurs have 'High' score on *Individualised Consideration*-Factor 4 of transformational leadership. There were only social entrepreneurs E, H, and J who have a Moderate score on the factor scored by both themselves and their employees. The analysis also finds a difference between employees' and entrepreneurs' perspectives in social enterprise L in which employees scored their entrepreneur 'Moderate', but the entrepreneur scored himself 'High'.

In terms of transactional factors (Factor 5 and Factor 6), the outcome of MLQ shows that most of the social entrepreneurs have a 'Moderate' score on the Factor 5 *Contingent Reward*, there were social entrepreneurs C, J, and L scored 'High' and only social entrepreneur K scored 'Low' on the factor. Although the data generates some differences among leader's and employees' views, most of the social entrepreneurs scored 'Low' on Factor 6 *Management-by-Exception.* Similar to Factor 6, it suggests that there were no or very low scores on Factor 7- Laissez-Faire in most social enterprises. The data reveals a slight difference in social enterprise H where the employees scored this factor 'Moderate' while the entrepreneur scored it 'Low'.

In summary, the MLQ analysis shows that most of the social entrepreneurs tend to lead their social enterprises based on transformational leadership factors rather than transactional leadership and non-leadership factors. However, the differences that arise should be taken into account and are expected to support the following discussion for research question 1.

6.3.2. The influences of leadership styles on organisational effectiveness in social enterprises

The overall outcome of the research confirms that transformational leadership have a positive relationship with organisational effectiveness in social enterprises, which is in line with the existing literature mentioned in Chapter 3. For instance, Parry and Proctor-Thomson (2003) indicated a close correlation between transformational leadership and organisational effectiveness and productivity, or Alsayyed et al (2020) suggested that transformational leadership have positive influences on organisational performance.

This part discusses in detailly the influences of leadership styles on organisational effectiveness that were highlighted in the literature and the findings. By this, this part emphasises (1) stakeholder management and employee empowerment, (2) the ability to work well with people with special needs, (3) the ability to deal with a high degree of uncertainty, and (4) transactional leadership and non-leadership factor with organisational effectiveness.

6.3.2.1. Transformational leadership influences organisational effectiveness through stakeholder management and employee empowerment.

In the literature review, Table 10 in Chapter 3 shows that there are three indicators for assessing organisational effectiveness in social enterprises, one of them is legitimacy which is measured by the ability to manage the stakeholder's concerns (Balser and McCluskey, 2005). Similar to these authors, Ospina et al., (2002) suggested that the management of stakeholder relations is critical to the legitimacy and accountability of an enterprise, and from that it can contribute to the organisational effectiveness. On this basis, the findings of this study indicate that transformational leadership can positively impact organisational effectiveness through stakeholder management, which is in line with existing literature. There are two main elements of stakeholder management are discussed in the research, including effective team building, team cohesion and spirit; and employee empowerment and collective decision-making.

Effective team building, team cohesion and spirit

Specifically, both Light (2002) and Rochon (1998) suggested that transformational leadership is crucial for enterprises to facilitate effective team building which helps people work cooperatively and effectively. Furthermore, Dorfman et al., (2012) also indicated the importance of transformational leadership in further building a collaborative mindset, nurturing tram cohesiveness, and achieving common goals in social enterprises. Similarly, the evidence

from the research findings also indicates that having perceived the importance of effective teamwork, most interviewed social entrepreneurs motivate and promote team spirit, cohesion and cooperation within their companies. For instance, social entrepreneur A, who was evaluated to have a very high score on *Inspirational Motivation* transformational leadership factor, suggested that:

'Although we are not blood relatives, we are very familiar and very close to each other…it needs a very strong team spirit and cohesion. Every week, we have a weekly meeting on Monday afternoon to discuss the problems my employees are dealing with and here, I as a leader have pep talks to encourage them to work together and to increase their confidence to fix any issues to achieve outcomes even more than they would in their own self-interest'(Social entrepreneur A)

Another example was given by social enterprise B:
'For employees, we aim to build a happy business model in which we do not only focus on making revenues but also take care of the values of team spirit. Here, employees in our social enterprise are encouraged to share knowledge and opinions, and help each other if needed. Overall, we create a friendly working environment where all employees are happy to work and support each other (Social entrepreneur B)

In addition, the findings of the study are also in line with the claim made by Muralidharan and Pathak (2018) that the encouragement of transformational leaders for their followers to build friendships among each other and strengthen team cohesion and cooperation can lead to better employee performance. Similar to it, the outcome of the research shows that most of the interviewed employees among 7 social enterprises reflected that effective team building helps them work together more smoothly and effectively.
'I think our social enterprise has done a very good job in creating team cohesiveness and it not only helps us to work more effectively and give us a sense of belonging that can keep us stay for a long time… We have chances to share about personal concerns….. I feel that ….our friendship has built up every day; therefore, we can work together smoothly'(An employee in social enterprise B).

However, there was an interesting finding in the data set that contradicts the above claims. There was an opposite opinion which was claimed by an employee in social enterprise E.

'I think each of us has our own job responsibility and I always try to complete my tasks on time. We do not have many chances to work together as my job can sometimes work from home, and only contact my leader and colleagues if needed. You know we are just a small social enterprise, maybe due to financial capability, we do not have many activities as opposed to commercial businesses'(An employee in social enterprise E)

There is one more piece of evidence can be used to explain this contradiction that lies in the exploration of leadership styles part. Although being assessed as a transformational leader (scored Moderate to High in transformational factors compared to Low to Moderate in transactional and non-leadership factors), the social entrepreneur E was scored 'Moderate' in Factor 2 *Inspirational Motivation* and Factor 4 *Individual Stimulation* by the employees. Here, the outcome of the MLQ questionnaire also shows that there was a difference between the leader's and employee's opinions on Factor 2 in which social entrepreneur E scored by himself as 'High' but the employees scored it 'Moderate'. The difference encouraged the researcher to probe additional questions in the semi-structured interview with the participated employee to explore the situation. According to the employee's interview data, the employee knows the expectation of their job '*I think each of us has own job responsibility and I always try to complete my tasks on time* but it was suggested that they lack opportunities and communication to build team spirit and cohesion '*We do not have many chances to work together as my job can sometimes work from home, and only contact my leader and colleagues if needed' (an employee in social enterprise E)*. Nevertheless, in the interview with social entrepreneur E, it was claimed that

'In my company, solidarity is very important as a premise for the company to develop and overcome the difficulties caused by the Covid-19 pandemic. I can see that in general, employees in the company are willing to give each suggestion and help each other when needed.' (Social entrepreneur E)

To effectively analyse this case, apart from thematic analysis, the researcher also applied narrative analysis in which the employee's narratives was used to explain the contradiction.

Figure 6. 1 The impacts of intervening conditions

Properties of phenomenon

Intervening | *Conditions*

Causal conditions

Intervening
Conditions

Phenomenon

Action

Outcomes

Intervening | *Conditions*

Dimensions of phenomenon
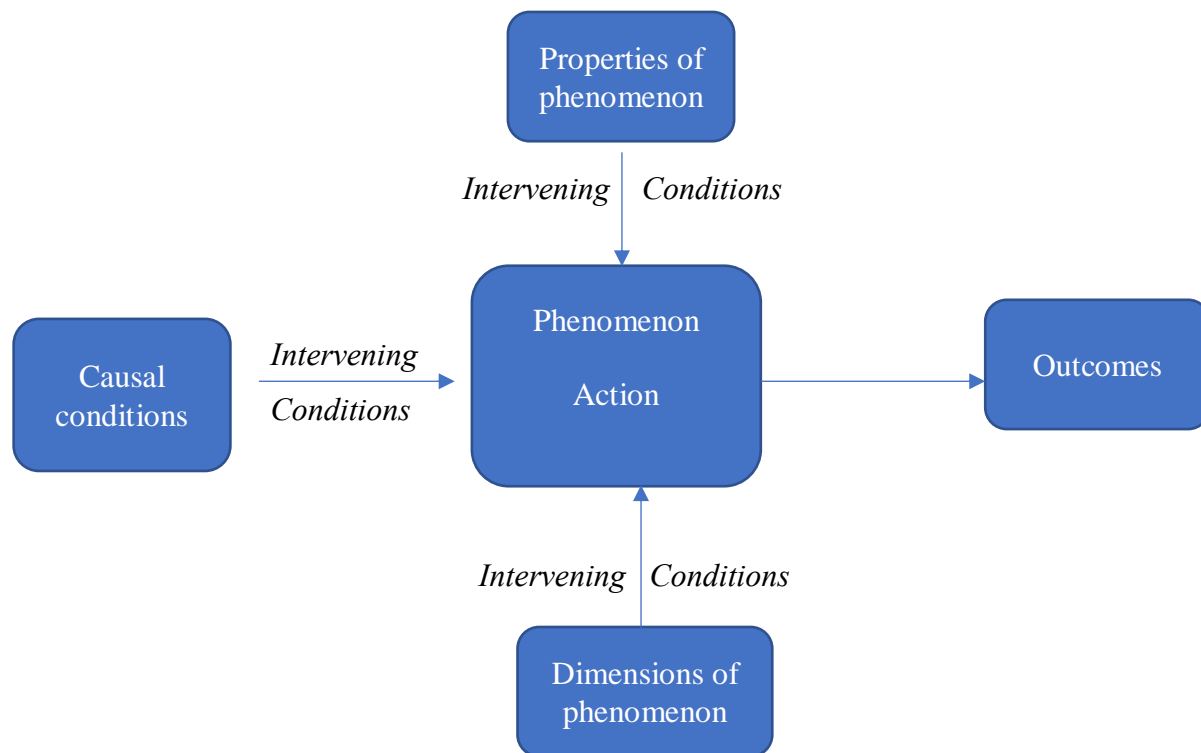
Furthermore, in the axial coding process, the researcher not only evaluated the phenomenon (the employee responded they do not have many chances for team building), but examined the causal conditions (the mentioned reasons are due to financial capability and job characteristics as sometimes work from home), but also considered *intervening conditions* such as the influences of the position of the employee in the social enterprise E (the employee works as an online sale associate), the sector (social enterprises compared to commercial businesses), the economic status (for example, the economic downturn due to the Covid-19 pandemic during the last two years), and other environmental and social elements (social distancing during the coronavirus pandemic resulted in limited activities inside and outside the organisation). Therefore, it can be seen that although social entrepreneur E tend to be a transformational leader and has certain influences on the company's stakeholder management, there may be due to both mentioned *casual* and *intervening conditions*, the finding from the employee's interview data seems to be contradicted.

Employee empowerment and collective decision making

The findings confirm that transformational leadership has positive relationship with organisational effectiveness through promoting employee empowerment and collective decision-making. First of all, it is important to specify how transformational leaders empower

employees and encourage them to solve problems and make decisions in participated social enterprises. The data highlights that in social enterprises, transformational leaders tend to give their employees the opportunities to raise their voices and the authority to participate in making a decision, which is similar to the claim made by Webler et al., (1994) that transformational leadership promotes collective decision making that can transform an individualistic to an all-inclusive moral growth. For example, being a transformational leader- social entrepreneur A indicated the encouragement for employee empowerment and the ways she gives authority to her employees in the social enterprise. The social entrepreneur mentioned that she tends to *'discuss with my followers'* before making important decisions and to some degrees, she lets her followers to *'make decisions themselves'* as she wants to see how they *'deal with any problem arisen'*. Similarly, employees are provided opportunities to make their contribution in the decision-making process and raise their voices in social enterprise B. One of the three founders of social enterprise B responded that *'Our leadership style refers to be democratic ....everyone in the organisation has the right to raise their voices*

Secondly, in terms of the influences on organisational effectiveness, Mohapatra and Sundaray (2018) suggested that when transformational leaders empower employees and let them involve in decision-making activities, it can give rise in employee performance and contribute to achieving organisational effectiveness. Moreover, Barnett and Mccormick (2003) also highlighted that transformational leadership contains distinctive features and behaviours that can encourage the followers to create new and creative ideas. Similar to the above claims of Mohapatra and Sundaray (2018) and Barnett and Mccormick (2003), evidence from the findings in this study also identifies that transformational leaders, especially those who cored 'High' on transformational leadership Factor 3-*Intellectual Stimulation* such as social enterprise A, B, C, D, E, I, and K, tend to give their employees the motivation to challenge their own belief in participating in certain decision-making activities, think of new ideas and solutions to deal with problems, which can lead to not only a positive impact on organisational effectiveness for the enterprises but also bring the employees a sense of sovereignty and promote their personal development.

'Overall, I think empowering employees is very important, it not only shows that I trust them and believe that they can do it, but also give them opportunities to learn from problems, and trust in themselves. In addition, when I give them empowerment, I have more time for other things .....' (social entrepreneur A)

'...the requirement for creativity and innovation is relatively high. Therefore, we are given opportunities to raise voices, and perspectives, and encouraged to be creative in the ways we do our tasks. This can lead to an effective organisation with a high level of creativity' (an employee in social enterprise B).

Additionally, Mohapatra and Sundaray (2018) also indicated that giving trust and the authority to deal with problems is an effective way to stimulate employees to come up with solutions and address the problems more quickly than those are without empowerment. Here, the results of the research also show that employee empowerment plays an important role in addressing problems that need quick responses to satisfy their customers, it was particularly suggested by employees who are working in social enterprises in the hospitality and retail industry.

'....I have been assigned many important tasks by Mrs .... In addition to instructing my newcomer in my team, I also can deal with customers and can make certain decisions for example to satisfy our customers when they buy our products'(an employee in social enterprise C)

Interestingly, although there are many advantages of empowerment mentioned by both leaders and employees in the interviews, the data also suggests that employee empowerment also has some drawbacks, particularly leading to conflicts among employees at some points. '…*a disadvantage when everyone has the right to speak and share ideas, …when there is a problem, everyone wants to protect their own points and sometimes create unnecessary conflicts' (an employee in social enterprise B).* This finding of the study contradicts those of Ramsbotham, Woodhouse and Miall (2011) that empowerment can be seen as the best use to resolve conflicts among employees by empowering them to make their own decisions. In contrast, the finding is in line with a part of the claim made by Turkmenoglu (2019) who suggested several drawbacks of employee empowerment, including difficulties in managing empowered employees, high risks of failure, negative uses of authority received, and conflicts among employees. Although there exist disadvantages, the finding of this study and Turkmenoglu (2019) have the same conclusion that employee empowerment should be stimulated in social enterprises as it has positive influences on job satisfaction, better employee performance, and overall organisational effectiveness. After sharing about unnecessary conflicts caused by empowerment, an employee in social enterprise B strongly highlighted that '….*Although it is a huge advantage for my company to develop'.* To eliminate these drawbacks of the employ

empowerment, the role of transformational leadership can be discussed further in the practical implications.

6.3.2.2. Transformational leadership helps entrepreneurs work well with people with special needs

Most of the social enterprises in Vietnam have created jobs for vulnerable and disadvantaged people. The findings of the research confirm that transformational leadership is the best fit to positively influence the organisational effectiveness in social enterprises, particularly in working with vulnerable people and people with special needs.

Through the employee wellbeing

First of all, it is suggested from the study that transformational leaders tend to take into account the well-being of employees, which can further positively influence organisational effectiveness. The first part of the finding is in line with the research result of Kelloway et al., (2012) who found a strong positive correlation between transformational leadership and employee well-being in a cross-sectional sample of 436 leaders and Dorfman et al., (2012) who suggested that transformational leadership can be considered as the reflection of a humane-oriented style that emphasises on compassion and the well-being of their followers. For instance, social entrepreneur F who is a transformational leader with mobility impairments pointed out that he '*thoroughly understands the difficulties that our employees who are with special needs are dealing with on a daily basis and more empathise with their desires to have a job, to dedicate themselves to make values and to master the life of the disabled.*' Therefore, their employees are taught to be independent, particularly in personal activities and they are supported based on their personal needs and given tasks on their capability.

At this point, it can be seen that the leadership style of participated social entrepreneurs can be explained based on *Individualised Consideration* transformational leadership factor in which the transformational leaders tend to provide a supportive working environment to employees and are willing to listen actively to individual needs of their employees (Northouse, 2021). Here, in social enterprise F, as mentioned above, employees are given support '*based on their personal needs and given tasks based on their capacity*'. Apart from being taught job-related skills, transformational leader also provides their mobility disabled employees with courses that help them '*to be able to be independent in daily personal activities without supports from their family members' (social entrepreneur F).*

Similar to all participated leaders who have a 'High' score on *Individualised consideration* transformational leadership factor, social entrepreneur K also has leadership characteristics that link to elements listed by Northouse (2021) in which he is considered as an adviser who always tries to assist his employees to help them fully actualised and take good care of them in a caring and unique way. He suggested that he delivers '*, the spirit 'yes! you can' is our slogan in every task'* and understands disabled employees' need for '*the opportunity to work and live in harmony with society like a normal person'*. Thus, he '*try to create a supportive climate and give them specific directives in order to help them achieve the assigned tasks and further help them realise their potential… People nourished by beliefs and motivations are more important products than market products'*

More importantly, employees are one of the important stakeholders of a social enterprise. Transformational leaders can effectively manage the concerns of stakeholders such as employee well-being, which can positively influence their organisational effectiveness (Balser and McCluskey (2005). The research finding is also found to have similar result with Krekel et al., (2019) 's research that was undertaken with a sample of 1,882,131 employees and the performance of 82,248 business units from 230 organisations across 49 industries that there is a strong positive relationship between employee wellbeing and various measures of performance. Shreds of evidence from the data set in this study confirm that when transformational leaders emphasis on employee wellbeing, it can result in better job performance and productivity which contribute to organisational effectiveness.

'……At first, I was very self-deprecating because I was afraid that I would not be able to complete the job, but thanks to Mr…'s enthusiastic guidance, I have gradually improved my skills and now I am so happy that I can complete products of high difficulty.' (an employee in social enterprise K)

Similarly, social enterprise F also highlighted the positive effects of focusing on the well-being of employees, particularly in '*helping them better understand their work, especially when working with disabled people who need a lot of supports, I can see them progress their job skills day by day'*.

Through building a good relationship with employees

The research findings also indicate that transformational leadership factors have a clear correlation with organisational effectiveness through building good relationships with

employees. Such close relationships can be nurtured by mutual trust, openness and effective communication (Carmeli et al., 2013). These relationships were also found in the evidence of the study:

'Working with vulnerable individuals and people with special needs are not easy at first. The leader of those people needs to create trust with them and the leader should be respected by them, and be the one who they can trust…. We even needed to build trust with their parents and then when we had mutual trust, everything went easier. Thus, I think mutual trust is very important to build a close relationship with my employees' (social entrepreneur A)

At this point, compared to the literature of Northouse (2021) that *Idealised influence or Charisma* transformational leadership factor represents leaders who act like a strong role model for employees and are strongly trusted by them, these characteristics were clearly found in most social entrepreneurs. According to the result of MLQ, all of the participated leaders score High to very High on *Idealised influence* factor and the interviewed employees also highlighted that they strongly believe in the vision and mission set up by their leaders.

'Mrs (P) is our very strong role model and a leader whom we want very much to emulate her. When she leads us, she gives us a very clear direction, particularly she helps us take our social mission at the centre of every task we do. Thus, when working with her, we feel assured as we truly believe and trust in her' (an employee in social enterprise I)

'We always believe in the vision Mr…lead us because it has been almost 7 years since I work for the company and I can see the monumental change that our business has brought to more than 700 farmer households participating in the company's organic product production chain. Their quality of life has improved a lot, their income has increased, and their knowledge about organic agriculture has enhanced (an employee in social enterprise J).

Here, this data confirms that transformational leadership styles can facilitate close relationships with employees through trust '*we feel assured as we truly believe and trust in her', 'We always believe in the vision Mr…lead us',* charisma transformational change '*monumental change… quality of life has improved a lot, their income has increased, their knowledge about organics agriculture has enhanced',* and clear communication '*she gives us a very clear direction, particularly she helps us take our social mission at the centre of every task we do'*, which motivates the employee to put their efforts to achieve social missions set up by the leaders. As

mentioned in the literature review chapter, social mission accomplishment is one of the important indicators of organisational effectiveness in social enterprises (Mayberry, 2011). Thus, it can be concluded that transformational leaders with a good relationship with their employees can positively influence organisational effectiveness.

6.3.2.3. Transformational leadership and a high degree of uncertainty

There are several studies captured in the literature review suggesting that transformational leadership positively influences organisational effectiveness in highly uncertain situations. Particularly, it was found that transformational leadership not only helps enterprises overcome challenges arising during Covid-19 pandemic but also positively impacts on organisational performance through hard time (Ma and Yang, 2020). Correspondingly, Rashid et al., (2020) added that effective crisis-management capabilities are fostered by transformational leadership, which can lead to well-managed systems and internal processes. Here, it was indicated that transformational leadership can provide effective approaches such as communication to ease psychological effects on employees during crisis situations (Fernandez and Shaw, 2020), eliminate employee emotional exhaustion through promoting a supportive and caring environment (Charoensukmongkol and Phungsoonthorn, 2020). These claims can be supported by the work of Dorfman et al., (2012) that transformational leadership can serve as a human-oriented style that highly takes into account compassion and employee well-being concerns. It is believed that transformational leadership positively relate to organisational effectiveness as Krekel et al., (2019) found a strong connection between employee well-being and employee performance which is one of the indicators (Table 10) for organisational effectiveness.

The research data set shows that the impacts of Covid-19 pandemic were mentioned very commonly in most interviews with both employees and leaders; thus, it can be considered as an element of the high degree of uncertainty in the research. The findings confirm that transformational leadership can positively influence organisational effectiveness by promoting employee well-being, which is in line with the above claims of Ma and Yang (2020), and Krekel et al., (2019). On the basic, similar to Fernandez and Shaw (2020) and Charoensukmongkol and Phungsoonthorn (2020), the findings suggest that through inspirational motivation and effective communication, transformational leaders motivated employees to overcome psychological effects and emotional dissatisfaction caused by the pandemic. An employee in social enterprise L highlighted that

'Of course, during the time of the pandemic, I think anyone in the company was worried. Working in social enterprises as you can see, the salary is not high; moreover, when the pandemic happened, the company was really in financial difficulty. I can tell that there were months when the company did not have enough money to pay employees' salaries. Besides, each person still has to take care of their family's living expenses, so it caused pressure. 'Really, if we didn't believe in our leader's vision and mission we probably wouldn't have made it through' (An employee in social enterprise L)

While there are some studies undertaken during the Covid-19 suggesting that transformational leadership can positively influence organisational effectiveness through better organisational performance (Ma and Yang, 2020) and effective crisis-management capabilities (Rashid et al., 2020), the research findings also indicate a strong relationship between transformational leadership and employee commitment and the trust on social mission set out which are considered as main determinants of organisational effectiveness in a social enterprise listed in table X.

'Really, if we didn't believe in our leader's vision and mission we probably wouldn't have made it through'(An employee in social enterprise L)

Social entrepreneur J also pointed out the difficulties caused by the Covid-19 pandemic.

'Two years of the pandemic was a very challenging time for my business when both of my two production factories had to close temporarily due to some of my employees being infected with covid-19 at the time..... The pandemic affected significantly our revenue. Maintaining the number of employees in the last two years was very hard for us. Remunerations were also cut down. However, we stayed strong together to maintain the business'. (Social entrepreneur J)

An employee working in social enterprise J highlighted the employee commitment was fostered by leader's inspirational motivation, cohesive team spirit, emotional appeals and sympathy during the pandemic.

'Yes, I also thought that I would quit my job because you know the pandemic caused lots of difficulties and the company's finances were not stable at that time. But in the end, I still

decided to stay to do meaningful things. Moreover, the company's leaders also encouraged a lot, everyone sympathized with each other during the difficult time. I feel strongly our bond especially over the past year to keep the company afloat'(An employee in social enterprise J).

'Luckily, during the course of the pandemic, our leaders always accompanied us and gave us great motivation so that we could confidently overcome difficulties. At the time, our team spirit was boosted and stronger than ever before' (An employee in social enterprise B).

The analysis also indicates that transformational leaders tend to use *Intellectual Stimulation* to stimulate the employees to be creative and give them more opportunities to involve in problem-solving. On the basic, it was suggested that employees are promoted to come up with new and creative ideas to effectively sort out problems and difficulties caused by the Covid-19 pandemic. As a result, most of participated leaders and employees emphasised that transformational leadership, especially with *Intellectual Stimulation* factor, contributes to the social mission achievement, and increases employee performance and satisfaction.

'When the pandemic was taking place very seriously, it had created many challenges in terms of maintaining markets and customers, ensuring our operations as well as achieving our promised social missions...... We were encouraged to be creative to flexibly adjust to the conditions of the pandemic in which our company switched to selling on e-commerce sites. Our events were not allowed to organise; thus, to help children with special needs could have artistic experiences, we focused on developing our Youtube channel specialising in DIY and storytelling videos and online artistic courses for both children and adults. (An employee in social enterprise B)

Furthermore, the Covid-19 pandemic has caused many issues such as employee role ambiguity due to the changes in work settings, lacking directive supports, ambiguous instructions and expectations for daily tasks (Prasada et al., 2020). At this point, the data identifies that transformational leadership can lessen employee role ambiguity, which in turn positively influences organisational effectiveness. Here, it was reported that transformational leaders provide employees with concise and clear direction and effective communication, which can result in a decrease in misunderstanding and uncertainties that employees may experience during the pandemic. As a result, employee performance and internal organisational effectiveness are improved, which positively influences overall organisational effectiveness in

social enterprises. This finding is supported by several studies such as Lee and Low (2016) who suggested that job ambiguity arising during the crisis time was indicated to be a meditating construct which can strengthen the relationship between transformational leadership and organisational effectiveness; Charoensukmongkol and Puyod, (2021) suggested that employee role ambiguity can be effectively reduced by transformational leadership; Zhang et al., (2012) indicated that transformational leadership can create effective communication between leaders and employees such as clear communication, or clear information and directions (Al-Malki, 2016) , motivation for highly employee integration (Pandita and Singhal, 2017).

For instance, social entrepreneur C acted as an adviser who is ready to assist the employees and give them on-time feedback. She listened to employees' opinions and needs, particularly '*motivating employees to speak out about what issues they were dealing with. From that, I can provide them with specific directions, advice and feedback on time'*. She also acted like an online coach to enhance the skills needed for their job tasks.

However, the analysis also found a contrary finding that transformational leadership, especially leaders who highly motivate employee empowerment, may foster a rise in employee role ambiguity during highly uncertain circumstances like the Covid-19 pandemic and may further negatively influence organisational effectiveness. This result seems to contradict to the research finding in the previous part 'employee empowerment and collective decision making' and other prior research that supported the benefits of employee empowerment (Bedarkar and Pandita, 2014; Mohapatra and Sundaray, 2018). Nevertheless, the contradictory effects of employee empowerment which is fostered by transformational leadership on organisational effectiveness from the present study could be explained by the impacts of dramatic quick changes in social enterprises caused by the Covid-19 pandemic. It was reported by some employees who were impacted:

'Generally, we are encouraged to decide in certain areas. However, when the pandemic changed the way of working, making work did not go into the common orbit as before. The expectations for assigned tasks are different. I know that one of my decisions can have a big impact on the company in this sensitive period, so I am not confident to decide on my own like before. In general, we need to discuss and consult with the management board more than before'(an employee in social enterprise A)

Similarly, an employee working in social enterprise K also noted that *'It took a while to get used to, it was a bit vague at first because basically, we had very little time to get used to new changes'.* The pandemic caused changes that they are not sure to make decisions about.

6.3.2.4. Transactional leadership and organisational effectiveness in social enterprises

According to Northouse (2021), transactional leadership includes two factors: Factor 5 – Contingent reward and Factor 6 – Management-by-exception. The data collected from the MLQ and interviews indicates that transactional leadership is not commonly used in the participated social enterprises. Particularly, the results suggest that *Contingent Reward* factor is applied in some social enterprises, whereas there are very rare responses supporting for *Management-by-Exception* factor.

The data identifies that in some social enterprises, the contingent reward is not motivated in the social entrepreneur's leadership styles. They tend to apply reward systems but their attention does not aim at employee satisfaction, rather they focus on its reasonable balance with their certain circumstances, transparency and fairness.

'.... Actually, it's very difficult to satisfy a person, you know very few people can feel satisfied, for example, today I wish my salary is 10 million VND, but when I achieved it, I found it this amount is very little, why my salary is not 15 million VND, so when I give rewards to my employees, it's not to measure their satisfaction, but to make sure that it is reasonably balanced, transparent and fair among them' (social entrepreneur A)

However, the research finding also confirms that contingent reward, Factor 5 of transactional leadership, is applied in most social enterprises in which it was suggested that it can foster employee motivation, increase employee performance, stimulate their contribution to the achievement of business objectives, which all contribute to increasing organisational effectiveness.

'Reward system in the company is effective, meaning that when there is such a reward for employees, so they have the motivation to do their jobs. Usually, I think that in any company, if there is a reasonable reward system, people will be motivated to do better and contribute better to the company, in addition to having a solid salary' (Social Entrepreneur J).

This finding is also supported by some prior studies such as McCann (2008) and Kalsoom et al., (2018) who claimed transactional leaders can lead workers to work more effectively; Brown and Moshavi (2002) indicated that contingent reward can positively associate with organisational effectiveness; Elenkov (2002) who suggested that transactional leadership can help the organisation reach business goals and objectives.

Nevertheless, the above finding of the study contradicts those of al Khaieh (2018) that transactional leadership styles negatively relate to organisational effectiveness and those of Howell and Avolio (1993) that transactional leadership has negative correlations with business unit performance. This contradiction can be explained by Factor 6 - *Management-by-Exception* which is indicated to cause negative effects of transactional leadership on organisational performance and employee well-being (Kelloway et al., 2012). Furthermore, the data confirms that *Management-by-Exception* leadership is not motivated and commonly used in participated social enterprises in which most employees confirmed that it is very rare to see poor performance evaluation and negative feedback or negative reinforcement from their entrepreneurs and the entrepreneurs also claimed that they do not tend to daily monitor and make corrective criticism to their employees.

'In fact, I have no management at all because I think that when you are an adult, no one should manage anyone, more importantly, I tend to create an environment for them to develop and I believe that when an individual grows, the whole organization will grow, simple as that. Everyone in my company has this same spirit and the reason they're still holding back is a lack of trust in themselves and they haven't dared to pursue their dreams so that I encourage and inspire them to pursue their intended goals in life' (Social entrepreneur A)

'I feel quite satisfied with Mr…'s suggestions and feedback. He is very psychological, very calm and patient to convince us to understand the meaning of our mission apart from the financial value it can bring' (an employee in social enterprise K).

Therefore, it can be seen that *Management-by-Exception* transactional leadership factor has no relationship with organisational effectiveness in the present study. Similar to it, there is also no connection between the nonnleadership factor (Laissez-Faire) and organisational effectiveness found in the data.

In summary, although not all participated social enterprises motivate transactional leadership in their leadership styles, the present study still identifies its positive relationship with organisational effectiveness through the *Contingent reward* factor.

6.4. What are the influences of social capital on organisational effectiveness in social enterprises?

In this section, the influences of social capital on organisational effectiveness will be discussed in 4 different parts, including (1) coping with inherent barriers of social enterprises; (2) the exploration of new ideas and innovation; (3) a high degree of uncertainty; and (4) building internal networks. In each part, the research findings will be presented and compared to the existing literature mentioned in the literature review.

6.4.1. Social capital enables social enterprises to deal with inherent barriers to social enterprises

To present the influences of social capital on organisational effectiveness in social enterprises, this section will be divided into 2 periods of time: before 2010, there was very weak social capital that led to difficulties in achieving the social mission, financial stability, and legitimacy which are indicators of organisational effectiveness of a social enterprise. After 2010, there has been stronger social capital which strongly positively influences organisational effectiveness through coping with inherent barriers of social enterprises.

The relationship can be revealed when looking at the inherent barriers of this sector. According to British Council (2019), there are five common inherent barriers that social enterprises in Vietnam have dealt with, including lacking volunteers and staff, cash flow, limitedness of business skills, lacking organisational and management experiences and lacking business support and advice. As generated from the data, most of the social entrepreneurs claimed that lacking networks, essential knowledge about social enterprises and necessary support led to difficulties to achieve social missions, financial stabilities, and legitimacy which are elements of the organisational effectiveness of a social enterprise.

The findings in this section are in line with the claim of Matsunaga (2013) that the more social capital accumulated the more chances for social entrepreneurs to achieve the social mission

which is one of the indicators of organisational effectiveness and the claim of Maurer and Ebers (2006) that enterprises with higher social capital usually have better performance than those with lower social capital. The data suggests that before 2010, there was limited social capital for social entrepreneurs. They claimed that they did not have much bridging social capital (weak ties) at the time as local authority and government had not fostered the social enterprise sector and the acknowledgement of social enterprises was limited, most of the social capital came from strong ties (bonding social capital) such as family members, relatives or friends. For instance, social entrepreneur C suggested that she did not know what is a social enterprise and how to operate it due to '*lack of knowledge, lack of capital, lack of network and all other necessary things so this model did not help me to achieve social mission that I wanted'*. Another example given by social entrepreneur A that local authorities did not provide any support for her social enterprises '*They only praised me when I did a good job, but when speaking of real support, they did not give me any of it'*. It can be seen that this finding indicates that the low level of social capital has a very low influence on organisational effectiveness in social enterprises, especially in dealing with inherent barriers of this sector.

Another key finding in this section shows that social enterprises have gained much more social capital since 2010 when social enterprises had been known, especially bridging social capital which tends to be weak ties and broad networks. From that, the analysis indicates that social capital plays a crucial role in dealing with financial instability through access to various sources of funds and donors and business opportunities, the shortage of business skills and lack of knowledge through received specialised courses and programs for social entrepreneurs, and gaining business advice and supports from experts, which help them to positively influence organisational effectiveness. This finding is compatible with the literature reviewed in chapter 3 such as Xu (2016) claimed that social capital can bring entrepreneurs a wide range of networks which help them identify opportunities and gather scarce resources. Here, resources can be listed as tangible and intangible resources. Specifically, the result indicates that through social networks they gather financial resources like various sources of funds and donors, and business opportunities, which helps them achieve financial stability – one of four indicators for organisational effectiveness in social enterprises. For instance, after joining the social enterprise networks, social entrepreneur F suggested that he has gained social connections which helps him to obtain business partners and access to various sources of funds, ensuring the company's financial stability.

'There were times when I faced myself with the question 'How does the company survive when the financial resources are exhausted?' Fortunately, I received financial support from Mr…, chairman of Group…, at the most difficult time' (social entrepreneur F)

To ensure financial stability, lots of participants highlighted the importance of social enterprise networks which have helped them find reliable business partners. For instance, social entrepreneur E mentioned that '*They have a large network with big domestic and foreign enterprises that want to do CSR so they made a connection for us with these businesses'*. Similarly, an employee working in social enterprise B suggested that social networks not only bring them opportunities to work with large foreign enterprises but also '*help the company's brand development to the world'.* As a result, they can ensure the stability of their financial status, and build up their brand images and reputation, which in turn leads to a positive influence on their organisational effectiveness.

Furthermore, lacking staff is one of the most inherent barriers to social enterprises in Vietnam (British Council, 2019). Here, more than half of social entrepreneurs noted that social capital can help them deal with the shortage of human resources. This sub-finding also indicates the compatibility with the claim made by Xu (2016) who suggested that social networks can provide entrepreneurs with chances to gather scarce resources including human resources. Particularly, the data shows that social capital can act as a bridge to connect social enterprises and the availability of human resources. Social entrepreneur, I highlighted that they had chances to access several volunteers when working with Universities as he shared '*we are working together to give students the opportunities to gain some practical knowledge and also sort out our staff shortage in our social events.'* Another example given by social entrepreneur E is that he found his companion in the most difficult time when taking part in an event held by CSIP- a social enterprise incubator in Vietnam '*luckily, I met Ms D and Ms N in a seminar for people with disabilities... They sympathised with our plight and agreed to join the company'* (Social entrepreneur E).

Social capital also brings social entrepreneurs opportunities to fill up the shortage of intangible resources, including information and knowledge. Similar to X (2016), Lang and Fink (2019); and Davidson and Honig (2003) also suggested that social capital can support the entrepreneurial process through providing critical knowledge and information. The analysis is in line with this literature. Here, social entrepreneur H claimed that her company received

'hands-on consultation of experts' which helped her not only understand how to run the business smoothly but also plan future development strategies. Another example is given by social entrepreneur C she has transformed her business by taking a course organised by social enterprise incubators.

'....I was so grateful because I had not had any business knowledge before. You know at the time I did not have the knowledge, I worked based on just my feelings without a specific job description, skills and expertise…. I learnt from them a lot and have applied what I learnt to my business model. I can tell until now this course has transformed my business.' (Social entrepreneur C).

Overall, it can be seen that social capital plays an important role in addressing inherent barriers of social enterprises, which in turn helps them achieve organisational effectiveness. The findings in this part are in line with the literature review. The outcome indicates that social enterprises in Vietnam have been given opportunities to access various sources of funds, and business opportunities that can help them ensure financial stability. It was also claimed that having chances to work with big international business partners was found to have positive impacts on legitimacy through improving the brand's images. Social capital was indicated to provide certain access to human resources and intangible resources such as rich information and knowledge, which positively influences their legitimacy through obtaining adequate scarce resources.

6.4.2. Social capital facilitates the exploration of new ideas and innovation

In this part, the result confirms that social capital plays a significant part in generating new and innovative ideas, which contributes to the achievement of organisational effectiveness in participated social enterprises. Particularly, most of the interviewed social entrepreneurs suggested that critical business ideas were generated from social enterprise networks, workshops, and specialised programs organised by incubator centres where they have opportunities to connect with experts and receive valuable advice. For instance, social entrepreneur K noted that after taking part in a specialised course organised by CSIP and receiving direct support and advice from Ms A who is one of the experts in the CSIP centre and the Head of SE scholar networks, he created '*a new vision for the company, to become a leading social enterprise in the creative industry and to build an ecosystem for people with disabilities and the community',* add new product lines to the business '*our company have also*

released new products for education and home decoration' and he also came up with an idea of '*developing more services including vocational training for people with disabilities and helping them integrate into life'*.

This finding is not only found in this study, but also in many studies such as the study of Nasrin and Jalil (2017) who claimed that social interactions enable the generation of creativity and innovation contributing to the success of an enterprise or an empirical study undertaken by Burt (2001) who suggested that the connections between social networks foster the introduction of new ideas and creativity or Romano et al., (2017) indicated that social capital can help to expose new and innovative ideas and ventures.

More importantly, the finding in this part also indicates that the application of new ideas and creativity has brought social enterprises positive influences on their organisational effectiveness. In terms of financial stability- one of the indicators of organisational effectiveness, take as an example, social entrepreneur K claimed to achieve '*a new customer range, additional income and new business partners* or social entrepreneur F noted to gain '*a source of stable earnings to reinvest in our social ventures'*. This finding is compatible with the claim of Dobni (2011) who found a strong relationship between innovation orientation and organisational performance, particularly the correlation between innovative ideas and return on investment and profitability. In addition, as listed as an indicator of organisational effectiveness in social enterprises, some respondents claimed to gain legitimacy through improving their reputation in the market as mentioned by social entrepreneur F '*we have created various vocational training courses for not only disabled people but also normal people who want to work in this field. From that point, we have been known more than before'*. However, there are limited evidence on the literature to support this finding. Therefore, the relationship between innovation and legitimacy may be recommended for further research.

6.4.3. Social capital can support social enterprises to deal with a high degree of uncertainty

There are strong evidence that social capital plays an important role to help entrepreneurs spot possible risks during uncertain situations (Hoogendoorn et al., 2017). Similarly, Lin et al., (2020) suggested that the effects of natural ambiguity and environmental uncertainty can be reduced by social capital. This is explained that social interactions tend to facilitate knowledge transfer and the flow of information (Davidson and Honig, 2003), which enables social entrepreneurs to reduce costs in responding to the risks caused by uncertainty. On the basis,

Xu (2016), Lang and Fink (2019), and Johnson et al., (2013) have the same perspective that social capital can provide entrepreneurs with critical knowledge and information

As mentioned in the literature review, social capital includes bridging and bonding types. In terms of bridging social capital, the findings of this study are in line with the above literature. For instance, social entrepreneur D suggested that social interactions are important to gather updated valuable information and knowledge as he mentioned that

'Knowledge transfer is even crucial for individuals who are considered successful social entrepreneurs because we are living in a world that has constantly changed. When having updated knowledge, it may be easier to take potential opportunities and realise possible risks and finally put the knowledge to action.' (Social entrepreneur D)

Similar to social entrepreneur D, most of the interviewed social entrepreneurs also claimed that updated rich knowledge and information gained from social networks enable them to have better control on possible risks caused by uncertainty, which in turn positively influences their organisational effectiveness. For instance, social entrepreneur J noted that social capital provides him with helpful information that helped to solve conflicts arisen among employees during the pandemic last year *'The situation of workers in conflict with team leaders and production problems happened more often during the pandemic when everything was turned upside down…I can help my business survive through a difficult time like last year'.* Similarly, social entrepreneur B suggested that knowledge transferred from social enterprise networks supported him to come up with ideas to help the employees adapt to changes caused by the Covid-19 pandemic, which *'ensure employee commitment and performance'.* The results are in line with the result of Johnson et al., (2013) about the relationship between social capital and organisational performance.

Nevertheless, the effects of bonding social capital on organisational effectiveness are much weaker compared to those of bridging social capital. There were only few social entrepreneurs who noted that bonding social networks such as family members, relatives or close friends, have influences on their businesses. For instance, social entrepreneur E received support from his companion's parents *'At that time, Ms N's parents lent us a small yard of their ancestral house to make a temporary production'.* Most of the social entrepreneurs highlighted that there was very little support from bonding networks when dealing with uncertain situations such as economic downturn or during Covid-19 pandemic.

'Talking about support from family or friends that are related to work is almost none. However, they encouraged me to have more belief in life and motivation.' (Social entrepreneur I)

6.4.4. Social capital can foster building better internal networks

The literature review captures that internal social capital has positive influences on organisational effectiveness. For instance, by building close relationships, internal social networks can improve organisational performance, eliminate disruptions and ensure resilience (Polyviou et al., 2019). Moreover, He and Huang (2011) also suggested that cohesion among members in an organisation can result in effective group performance. This is supported by Offstein et al (2005) who indicated that internal social capital can foster the development of mutual norms and values, and facilitate employee commitment and collective actions. In addition, Yen et al., (2015) claimed that the flows of information are strongly fostered by internal social capital, which can enhance organisational performance.

Here, the first finding of this part is in line with this literature. The data confirms that internal social capital can foster communication among members, flows of information, and team cohesion and cooperation, which positively influences on organisational effectiveness in participated social enterprises. For instance, most social entrepreneurs responded that their companies have team-building events which can give their employees the opportunities to transfer valuable information and knowledge, and build cohesiveness among them.

'Every month we have a 'Circle Selling' session, on that day if everyone has their job or their work like deadlines, we will put all our work aside. We share about the problems we are facing at the meeting.' (An employee in social enterprise D)

As a result, it was suggested that internal social activities can improve teamwork and individual performance, for instance *'They will support each other when the tasks are difficult or each of them has a difficult time.' (Social entrepreneur G),* and enhance employee commitment *'I think it is one thing that can keep the staff stay for a long time.' (an employee in social enterprise B).*

Apart from internal social activities, another sub-finding found that building trust within the organisation is an important part of internal social capital that was mentioned by most

participants. Similarly, trust is considered an essential element of social capital (Mehrdad and Mohammad, 2015). For instance, social entrepreneur H claimed that he '*put my trust in the people who accompany me',* and an employee working in social enterprise I noted that 'I *feel assured as we truly believe and trust in her'.* According to Van Bastelaer and Grootaert (2001), mutual trust can foster information sharing, social networks, collective actions, and good relationships. The flows of information and organisational learning are promoted by trust (Turkina and Thai, 2013). More importantly, in this study, this integral factor of internal social capital is indicated to positively influence organisational effectiveness by helping the social enterprise work more smoothly and effectively and reducing the time needed for monitoring. '*I can tell that we work more smoothly and efficiently' (Social entrepreneur H).*

From the above findings and looking at Table 10. Indicators of organisational effectiveness in social enterprises, it can be seen that internal social capital can positively influence 'Internal congruence' elements through effective teamwork and communication (in line with He and Huang, 2011), effective organisational performance (in line with Polyviou et al., 2019), a positive influence on employee commitment (Krull et al., 2019), and effective knowledge transfer (Yen et al., 2015).

Nevertheless, there is a finding identifying that internal social capital can negatively influence organisational effectiveness, contradicting the above literature. This finding is generated from the response of social entrepreneur A who suggested that internal social capital can create solidarity but it can be negative and cause ineffective performance, she responded:

'The important thing is where the solidarity is, with positive or negative spirit, this is very important when there are groups that are united but pull each other down. In my company, I also had some experiences like that, some groups are united, but negative. Most of the other groups unite and take care of each other, and is emphasised in developing job skills so that groups go up very quickly. So I think it's important to create a connection, but how that connection creates an environment is even more important.' (Social entrepreneur A)

In the data, compared to other social enterprises, social enterprise A has more frequent team building sessions as she answered that *'Every week, for example, there is a 'Cafe Talk' on every Monday at 2 pm'.*

According to some authors, for example, Kim (2005), Reagans and Zuckerman (2001), and Gargiulo and Benassi (1999), too much internal social capital can cause the establishment of groupthink, cliques, old-boy networks and other dysfunctions. At this point, it can explain the reason why internal social capital was found to have negative effects on organisational effectiveness. Thus, there will be suggestions for addressing the problem in Chapter 7. Although there is a negative effect, as mentioned above, there are many positive influences of internal social capital on organisational effectiveness.

6.5. The relationship between social capital and transformational leadership

This part will discuss the relationship between transformational leadership and social capital along with how transformational leaders can leverage social capital to achieve organisational effectiveness. In chapter 3 of the Literature Review, it was found that transformational leadership significantly influences organisational effectiveness, which has been supported by a wide range of studies, for example, Alsayyed et al., (2020), Ma and Yang (2020), or Zhang et al., (2012). Similarly, there have been a number of studies (Lang and Fink, 2019; Turkina and Thai, 2013; Romono et al., 2017) indicating that social capital also has strong positive effects on organisational effectiveness. Furthermore, according to Chen et al., (2016), transformational leadership has positive correlations with both internal and external social capital, whereas most studies suggested that transformational leadership can only foster internal social capital (for example, Carmeli et al., 2009).

As being in line with Chen et al., (2016) and Carmeli et al., (2009), the data indicates that there were strong connections between transformational leadership and internal social capital. These relationships were presented through three elements of internal social capital developed by Leana and Pil (2006) consisting of trust, informational sharing and shared vision. First of all, when it comes to trust, the data identifies that transformational social entrepreneurs refer to build trust with their employees and among them through internal social activities with effective communication and interactions. For instance, an employee in social enterprise D noted that every month they have '*a 'Circle Selling' session, ..Those are familiar issues but let everyone sit together and get closer to each other after a tiring day at work. I think the internal communication activities in our company are very good*'. Social entrepreneur K also reported taking part in their monthly meetings to deliver '*Inspirational Motivation'* and build trust with his followers.

Besides, the finding also suggests that transformational leaders foster trust within their organisations by promoting employee empowerment and engagement, which is supported by Amza and Abdelmonem (2018) that transformational leadership has a strong positive effect on employee empowerment. Social entrepreneur H suggested that *'When I assign tasks to everyone and give them the power to make decisions…'* or

'...we are encouraged to be creative in the ways we do our tasks. This can lead to an effective organisation with a high level of creativity' (An employee in social enterprise B)

In terms of information sharing, according to Carmeli et al., (2013), transformational leaders refer to motivate their followers to transfer information and knowledge. In this study, the outcome is in line with this statement as most of the respondents claimed that employees in participated social enterprises are motivated to share knowledge and information. From that, transformational leaders can build up cooperative norms and effective communication. For instance,

'Here, employees in our social enterprise are encouraged to share knowledge, opinions, and help each other if needed. Overall, we create a friendly working environment where all employees are happy to work and support each other' (Social entrepreneur B)

The last element of internal social capital is about the achievement of a shared vision. Here, transformational leadership play an important role in influencing internal networks within the organisation, connecting followers, and inspirationally motivating them to achieve their common goals (supported by Sauer and Kauffeld, 2015; Gupta et al., 2011). Similarly, the finding of this study indicates that transformational leaders in participated social enterprises tend to inspire and motivate their employees to work together, boost team spirit and cohesion in order to accomplish their social missions which is one of the main indicators of organisational effectiveness in social enterprises. For instance, social entrepreneur A claimed to use *'pep talks'* to *'encourage them to work together and to increase their confidence to fix any issues to achieve outcomes even more than they would think of'* or an employee in social enterprise I noted that their leader is an influencer who *'gives us a very clear direction, particularly she helps us take our social mission at the centre of every task we do'.*

In addition, there is one interesting point that emerged from the data. Besides leveraging three core elements of internal social capital to influence organisational effectiveness, the data also

found that transformational leaders leverage great opportunities through internal activities such as team building or annual events to inspirationally motivate the followers to perform excess expectations. This finding has been strongly supported by a wide range of literature reviews such as Northouse (2021); Richardson and Vandenberg (2005) claimed that transformational leaders refer to set up high expectations and motivate them to reach the higher achievement Social entrepreneur K reported his willingness to join in team building sessions and he noted that this is a good chance for him to deliver '*Inspirational Motivation*' by symbols and emotional appeals to encourage the employee's efforts to exceed the expectations, and build up team spirit to achieve their social missions.

'I usually attend once a month and share the story of my life to inspire my employees to help them understand their potential and break down the barriers about people with disabilities.'
(Social entrepreneur K)

Or

I find meetings with employees a good opportunity to encourage them. I not only motivate my employees to complete assigned tasks but also exceed expectations.' (Social entrepreneur A)

The findings also suggest that internal social capital can provide a close-knit environment in which leaders can carefully listen to the individual needs of their employees. It was found in more than half of all the interviews, that the data suggests that social capital acts as a catalyst facilitating the positive influences of transformational leadership on organisational effectiveness.

This has been supported by literature review of transformational leadership that these leaders tend to take good care of their employee's needs as presented as one of the main factors of transformational leadership which is called *'Individual consideration'* (Northouse, 2021). As mentioned in chapter 3, this characteristic of transformational leadership contributes to positive influences on effective communication and job satisfaction (Hargie, 2016); building a good relationship with internal stakeholders (Balser and McCluskey, 2005); employee well-being (Krekel et al., 2019), which in turn contribute to an increase in organisational effectiveness. Nevertheless, in terms of social capital literature, the moderating role of social capital between transformational leadership and organisational effectiveness has been directly under-studied, although there have been some studies that can fundamentally support the finding, for example Chen et al., (2016) supported the connection between transformational leadership and social capital, Xu (2016) or Romono et al., (2017) suggested the correlation between social capital

and organisational effectiveness. Thus, this point should be a recommendation for further research and it will be mentioned in Chapter 7.

Furthermore, the data also generates an interesting finding that the relationship between transformational leadership and social capital can be shown in the way transformational leaders transfer creative behaviour to their employees. For example, social entrepreneur L suggested that he has gained creative behaviour from his networks and he noted to use '*Inspirational Motivation'* and *'Intellectual Stimulation'* as he said:

I find that creative behaviour is very important and put them on our development strategy. It is not something too abstract, I just motivate the employees to take it as simple as the change in the old thinking and to move towards changes that can bring benefits to the company.'
(Social entrepreneur L)

Or an employee in social enterprise L highlighted that she has *' more opportunities to develop myself, the management team is always encouraging us…They have helped me realize my potential that I never thought of before'* *(An employee in Social enterprise L)*

However, from the researcher's knowledge, there are very limited literature that can support this finding. Although there has been fundamental knowledge (, the relationship between creative behaviour and social capital is under-researched. Therefore, it will need further research on the influences of the creative behaviour's transformational leaders on their employee's creative attitudes.

In terms of external social capital which refers to external networks from bridging out-group ties (Adler and Kwon, 2002), the finding of the research indicates that there is no significant relationship between transformational leadership and external social capital. Therefore, it can be seen that the finding contradicts a part of the study undertaken by Chen et al., (2016) who claimed that transformational leadership can build external ties through boundary-spanning behaviour and transformational leaders can play as a 'linking-pin' position that can connect their followers to the outsiders. In the study, most of interviewed employees claimed that they have little opportunities provided by their leaders aiming to help them expand their external social connections. In fact, some employees shared that they felt that this activity is not important and not their needs. Therefore, it was reported to not impact their job satisfaction or performance and overall organisational effectiveness.

6.6. An overall adapted conceptual framework generated from the results

The figure below presents more clearly and in detail the links with and inter-relations among main terms, which is generated based on the Conceptual Framework in Figure 3.5 and research outcomes and discussions presented in Figure 5.1, 5.2, 5.3, 6.1 and Table 5.3, 5.4, and 5.5.

Figure 6. 2   An adapted Conceptual Framework generated from the results
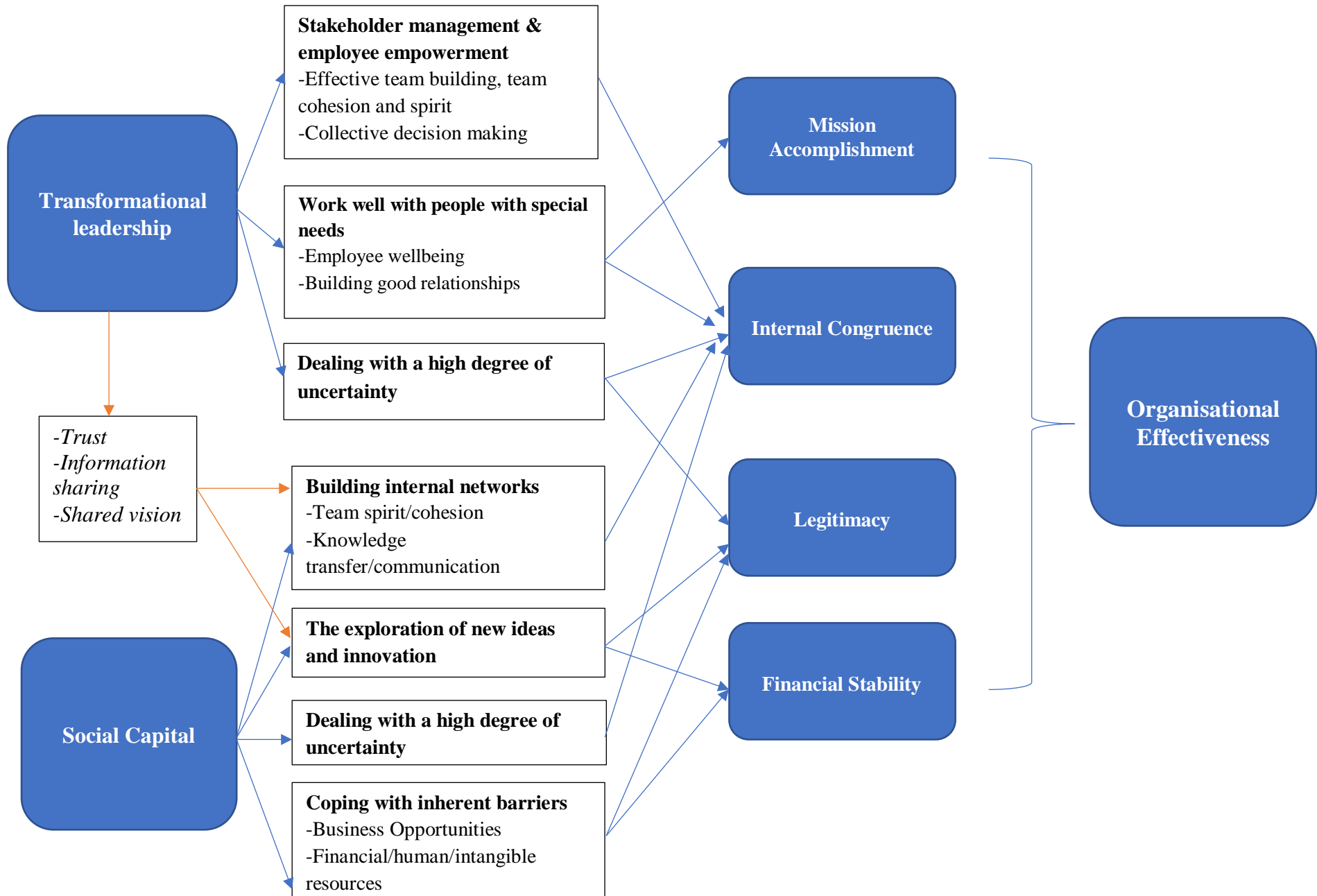
There are three main terms in the conceptual frameworks in Figure 3.5 in Chapter 3, including leadership styles, social capital and organisational effectiveness. Firstly, in terms of leadership styles, it includes transformational leadership, transactional leadership, and non-leadership (Laisssez-Faire). Similar to Figure 3.5, the non-leadership factor does not influence organisational effectiveness in social enterprises; hence, it is also not included in Figure 6.2 above. Interestingly, the research results and a discussion of empirical evidence indicate that there is no significant relationship between transactional leadership and organisational effectiveness; therefore, although this leadership style is presented in Figure 3.5, it is not added in the above figure (Figure 6.2). By contrast, transformational leadership is found to have strong influences on organisational effectiveness as generated from both primary and secondary data. Therefore, the connection between the two main terms is shown in both Figure 3.5 and Figure 6.2 above. Here, through three sub-sections including (1) effective stakeholder management and employee empowerment, (2) working well with people with special needs, (3) the ability to cope with uncertainty, the research findings and discussion indicated that transformational leaders can effectively achieve Mission accomplishment, Internal congruence, and Legitimacy which are main indicators of organisational effectiveness of a social enterprise.

In terms of social capital, the research results were in line with that of secondary data presented in the Conceptual framework (Figure 3.5) which indicates that social capital has significant positive influences on organisational effectiveness. Additionally, Figure 6.2 presents the correlation between social capital and three indicators of organisational effectiveness through (1) building internal networks, (2) the emergence of new ideas and innovation, (3) the ability to deal with uncertainty, and (4) the ability to cope with inherent barriers.

In terms of the connection between social capital and transformational leadership, firstly, similar to the Conceptual Framework in Figure 3.5, Figure 6.2 indicates a strong correlation between transformational leadership and internal social capital through three elements: trust, information sharing, and shared vision. In addition, the research findings also generate an interesting point that transformational leaders tend to transfer creative behaviours to their followers. Therefore, Figure 6.2 also adds a connection between transformational leadership and the exploration of new ideas and innovation. However, there has been very limited literature that can support this finding; thus, it may be mentioned in further research in Chapter 7. Secondly, the research findings suggest that there is no significant connection between

transformational leadership and external social capital, which contradicts the findings of secondary data in Chapter 3. Therefore, although in Figure 3.5 Conceptual framework, it can be seen a correlation between these two concepts, which is removed in this Figure 6.2 an adapted conceptual framework generated from the research results.

All in all, the adapted conceptual framework provides a big picture of the research results in which it reveals the connections and inter-relations among the main terms: transformational leadership, social capital, and organisational effectiveness. It can also elicit the researcher's ideas on the specific contribution and recommendation for policies and practices presented in Chapter 7 Figure 7.1.

6.7. Chapter Summary

This chapter has provided a detailed discussion addressing two research questions. The first part aims to answer the fluences of leadership styles on organisational effectiveness. To do so, firstly, a discussion on the outcome of MLQ questionnaire identified that transformational leadership factors dominated among participated social entrepreneurs, although there were some differences among leaders' and employees' views. Then, each finding supporting research question 1 was presented along with comparisons with the literature review. It included (1) transformational leadership positively influences organisational effectiveness through stakeholder management and employee empowerment, (2) transformational leaders work well with people with special needs, (3) Transformational leadership and uncertainty, and (4) Transactional leadership and organisational effectiveness.

The next part is subjected to address research question 2 of the influences of social capital on organisation effectiveness. Each finding was discussed in detail, it included (1) through dealing with inherent barriers, (2) Through the exploration of new ideas and innovation, (3) Through uncertain situations, and (4) Through building internal social capital.

This was followed by a discussion on the relationship between leadership styles and social capital and the moderating roles of social capital between transformational leadership and organisational effectiveness. More importantly, the outcome of the first two research questions provides significant direction for addressing research question 3 in which the improvement of national policies on social enterprises is further discussed in Chapter 7 for Conclusions, section 7.4. Recommendations for Policies and Practices.

The last part provides an adapted conceptual framework which articulates clearly the links with and inter-relations among key concepts presented in the conceptual framework in Chapter 3 and based on the research results.

CHAPTER 7

CONCLUSION AND RECOMMENDATIONS

7.1. Introduction

In the final chapter, the researcher will provide a summary of the research findings regarding addressing two research questions. After that, it will mention the effectiveness of chosen methodology, followed by the contribution and practical implications of the study. Research limitations will then be presented along with how the researcher used to overcome these barriers. Last but not least, it will provide recommendations for further research and for policymakers and Practice.

7.2. Summary and reflection on research

7.2.1. Summary of the research findings

This research aimed to explore the influences of leadership styles and social capital on organisational effectiveness in social enterprises in Vietnam. Based on qualitative analysis from the data set of 17 in-depth interviews in 12 social enterprises, the results confirm that transformational leadership has significant positive influences on organisational effectiveness; whereas the overall relationship between transactional leadership and organisational effectiveness is not significant. Regarding the former, 3 sub-sections were indicating the strong relationship between transformational leadership and organisational effectiveness (1) Through the effectiveness of stakeholder management and employee empowerment (2) the ability of transformational leaders in working with people with special needs, and (3) Through the ability to deal with uncertainty.

Specifically, transformational leadership can facilitate stakeholder management in which these leaders can encourage team spirit, collaborative mindsets, cohesion and cooperation among employees, which leads to an increase in employee performance and overall organisational effectiveness. Moreover, employee empowerment was found as one of the striking characteristics of transformational social entrepreneurs that can help them to achieve organisational effectiveness. Although there were conflicts among employees due to empowerment, the results indicate that employee empowerment promoted by transformational leadership significantly contributes to the organisational effectiveness of these social enterprises. Furthermore, in Vietnam, most of the employees working in social enterprises are vulnerable and disadvantaged people (British Council, 2019); therefore, transformational

leadership can act as an *Individualised consideration* for leaders who tend to pay more attention to employee's individual needs and employee well-beings, and an adviser to assist the employees. As a consequence, the outcomes suggest that it leads to better job performance, job satisfaction, and employee commitment that contributes to the overall organisational effectiveness. Interestingly, these *Inspirational motivational* leaders can inspire their vulnerable employees to work excess what they thought they could, develop their potential and contribute to social missions. From that, mutual trust can be promoted between them in which the transformational leaders believe in the potential of the employees who put trust in the vision and mission the leaders put forward. Last but not least, the research findings also identify that transformational leadership can have positive influences on the organisational effectiveness in social enterprises in which they can inspirationally motivate their employees to overcome difficulties due to crisis times and address psychological effects and emotional dissatisfaction among their employees by listening carefully to problems they deal with. During turbulences, the Covid-19 pandemic, for instance, transformational leaders also intellectually stimulate their employees to come up with new ideas and be creative in dealing with problems and risks. Although it was found a little evidence that transformational leaders can give rise in role ambiguity during the first period of uncertain situations due to giving too much employee empowerment and failure of adaptation, the overall result indicates that transformational leadership can otherwise reduce job ambiguity as a result of exerting effective two-way communication and a good adaptation process. From that, it contributes to the effectiveness of employee performance and overall organisational effectiveness in social enterprises during the high degree of uncertain times.

Regarding the latter, the results indicate a weak relationship between transactional leadership and organisational effectiveness. Some social entrepreneurs claimed the advantages of contingent rewards on their employee motivation and performance, while others suggested that contingent reward is not their attention and it seems not to be as 'an exchange' between leaders and followers, instead of that, they tend to focus on its transparency, fairness, and financially balanced. Moreover, it was found that other factors of leadership such as Management-by-Exception and non-leadership factor (Laissez-Faire) have no relationship with organisational effectiveness in this study.

In terms of social capital, the outcome also indicates that social capital has a positive correlation with organisational effectiveness in social enterprises in Vietnam. The relationship was presented through the critical roles of social capital in (1) addressing inherent barriers of social

enterprises, (2) the emergence of new ideas and creativity, (3) coping with uncertain situations, and (4) fostering internal networks with an organisation. Particularly, the outcomes identify that social capital provides opportunities for social entrepreneurs to access rich knowledge and information such as management and business skills, updated information; gather scarce resources such as financial and human resources; and find reliable business partners. As a consequence, it leads to an increase in legitimacy, better financial stability, and effective internal congruence, which positively influences organisational effectiveness. Furthermore, the results suggest that social capital facilitates creativity and innovation in which new business ideas and changes can be generated from social networks. Interestingly, social capital can promote knowledge transfer and provide updated information that is necessary to have better predictions and eliminate the impacts of turbulences. Moreover, the results indicate that internal networks within an organisational can be built up through social capital in which it can promote the flow of information, effective communication, and mutual trust. As a result, team cohesiveness and cooperation can be nurtured, which can bring advantages for organisational effectiveness through creating effective internal congruence.

Besides, the study also indicates the relationship between transformational leadership and social capital. From this, it is suggested that transformational leaders refer to leverage social capital to achieve organisational effectiveness. Particularly, the study confirms that transformational leadership has positive influences on internal social capital through trust, information sharing and connecting people for the achievement of common goals. Furthermore, the results also suggest that transformational leaders tend to transfer creative behaviours gained from their social networks to their employees in which they aim to stimulate innovation and creativity in their organisations. Besides, internal social capital is leveraged by transformational leaders to influence organisational effectiveness in which these inspirational motivation leaders tend to use the opportunities that internal social networks can bring, to boost team spirit and excess employee performance. The close-knit environment generated by internal social capital is taken into account which can help transformational leaders to listen carefully to employees' needs.

Table 7. 1 Summary of findings answering research questions

Research questions	Answer based on the findings of this study

RQ1. *What are the influences of leadership styles on organisational effectiveness in social enterprises in Vietnam?*	-Transformational leadership has significantly positive influences on organisational effectiveness in social enterprises in Vietnam
	➢ Facilitating the effectiveness stakeholder management in which leaders encourage team spirit, cohesion and cooperation among employees, resulting in better organisational performance
	➢ Employee empowerment is promoted, which contribute to achieve organisational effectiveness
	➢ Transformational leaders are found to work very well with people with special needs (most of the employees in social enterprises in Vietnam are disabled and disadvantaged people) by providing good care for individual needs and employee well-being
	➢ Inspirationally motivating the followers to conquer difficulties due to crisis times and address psychological effects
	➢ Intellectually stimulating the followers to be creative when dealing with problems caused by changes and turbulences

	➢ Reduce job ambiguity caused by uncertain situations by exerting two-way communication and a good adaptation process. -The connection between transactional leadership and organisational effectiveness is not significant in social enterprises in Vietnam.
RQ2. *What are the influences of social capital on organisational effectiveness in social enterprises in Vietnam?*	-Social capital has positive influences on organisational effectiveness in social enterprises in Vietnam ➢ Social capital fosters rich knowledge, and information such as management and business knowledge, and addresses problems of the shortage of financial and human resources in social enterprises. ➢ Social capital fosters creativity and innovation, particularly in generating new ideas and changes needed to transform social enterprises. ➢ Facilitates knowledge transfer which is beneficial to obtain better predictions and reduce the impacts of uncertain situations and turbulences. ➢ Social capital fosters effective internal networks in which the flow of information, effective communication, and mutual trust are promoted, resulting in an increase in team cohesiveness and cooperation within the organisations.

> *The study also found the moderating role of social capital in which it transformational leaders leverage social capital to have stronger positive influences on organisational effectiveness.*

To address research question 3, the outcome of the research study points out to an important direction for the improvement of national policy on social enterprises, which will be presented in the recommendation below.

7.2.2. Summary on research methodology

The phenomenological and qualitative approach was helpful to collect data based on participants' individual experiences, beliefs, and knowledge in which each participant's personal reality, regardless of their positions in the organisation and their background, is respected. On the basic, the approach was essential to guide the researcher to explore how social entrepreneurs and their employees perceive and interpret how leadership styles and social capital influence organisational effectiveness. In the research design, to address research question 1, mixed methods were used in which the participants were requested to complete Multifactor Leadership Questionnaire (MLQ). The initial step of collecting data was used to reveal what is the leadership styles of each social entrepreneur before conducting in-depth interviews. The result of MLQ completed by each leader was then compared and contrasted with that made by their employees. `There were some differences that facilitated the researcher to probe additional interview questions, which in turn supported to answer research question. After gathering data from 17 in-depth semi-structured interviews, the data set was then analysed based on thematic analysis in which the researcher identified and analysed main themes that emerged from the data aiming to address two research questions. Furthermore, the researcher also used narrative analysis to have a deeper understanding of some contradicting findings that arose in the study. Here, intervening conditions were taken into account to provide explanations for the contradictions and confusion.

7.3. The contributions

As mentioned in Chapter 1, the average number of social enterprises per capita in Vietnam was one social enterprise per 5043 people in 2019, which is much far from the average number of 600 to 2000 people calculated by British Council (2022). Thus, it is very important to promote the acknowledgement of Vietnamese society about the importance of social enterprises, aiming to extend its scale in the nation. Indeed, doing research in this field is crucial to spread the

message and this study can contribute to the variety of social enterprise studies in the country. Particularly, apart from providing fundamental knowledge of social enterprises, how difference between them and commercial enterprises, Vietnamese social enterprise ecosystem, and inherent barriers, this study also unfolds new knowledge and exploration about the ways in which leadership styles and social networks can positively influence organisational effectiveness in social enterprises.

Importantly, lacking leadership/management skills is considered as one of the most common barriers to Vietnamese social enterprises (British Council, 2019). However, from the researcher's knowledge, there has been very limited number of studies exploring this problem. Therefore, this research's results can serve as guidance to provide fundamental knowledge about different leadership styles, particularly the significant relationship between transformational leadership and organisational effectiveness in social enterprises. More importantly, the study also suggests that transformational leaders can leverage their social networks to make stronger effects on organisational effectiveness. The practice implications are presented below.

Besides, according to many studies such as Boaga and Sforzi (2014), Nasrin and Jalil (2017) or Lin et al., (2020), social capital is considered as a critical factor in the process of entrepreneurship; however, the research on this field has never been undertaken in social enterprises in Vietnam (Pham et al., 2016). Thus, this study significantly contributes to the development of studies related to social capital. Here, the study stresses the significance of social capital in the success of a social enterprise. Social capital plays an important role in the achievement of organisational effectiveness by addressing inherent barriers of social enterprises, fostering innovation and creativity, encouraging knowledge transfer, and building effective internal networks within the organisations. On the basic, this study also provides implications for practice in terms of social capital, which is detailly presented in the following section.

In terms of addressing identified gaps in knowledge mentioned in chapter 3 literature review, this study provides new knowledge of how to assess financial stability which is one of the indicators of organisational effectiveness in social enterprises. Compared to a range of indicators such as return on assets, sale growth, revenue or profit in commercial enterprises, the study reveals a different set of criteria to evaluate financial stability in social enterprises in Vietnam. Here, the study suggests that social entrepreneurs can use indicators such as various

sources of incomes, sources of funds, cash flow, and profit in which at least 51% of profit is used to reinvest in social purposes, to evaluate their financial capability.

Apart from financial stability, legitimacy is another indicator of organisational effectiveness in social enterprises, but there have been very limited studies on the relationship between leadership or social capital and legitimacy. Therefore, this study serves to provide fundamental practical knowledge of the positive influences of leadership and social capital on legitimacy. On the basic, social start-ups can use transformational leadership and social networks to generate scarce resources, manage internal and external stakeholders, build up their trustworthiness, and achieve their social missions.

7.4. Implications

Here, social start-ups and ventures can consider the practical implications of transformational leadership in managing stakeholders, empowering employees, working with people with special needs, or dealing with uncertain situations. From that, they can be able to influence the organisational effectiveness as a whole. For social enterprise incubators, this research can provide rich leadership knowledge and how does organisational effectiveness of a social enterprise differ from that of a commercial enterprise so that they can add to their courses.

In terms of social capital, for social start-ups, this study provides practical examples that indicate the significance of social capital in the success of a social enterprise. From this, it can encourage them to build networks in and out of their enterprises to assess supports that they need in their social entrepreneurship in particular. Furthermore, social entrepreneurs can leverage other practical implications of social capital in dealing with inherent barriers of a social enterprise, generating new ideas and creativity, coping with uncertainty, and making internal networks within their enterprises. However, this study also suggests that too much internal social capital can cause groupthink, cliques and other dysfunctions, which negatively influence organisational effectiveness. Therefore, social entrepreneurs can promote internal social networks but at a reasonable degree that can exert many benefits to the enterprises. For policy makers, this study helps them to understand the importance of generating social capital, particularly networks, for the development of social enterprises in Vietnam. From that, they can come up with new legislation and projects that can facilitate social enterprise connections with other parts of the economy.

Additionally, it was reported that the shortage of human resources is the most difficult barrier of social enterprises in Vietnam (British Council, 2019); therefore, the results of this study can

fill up this gap by suggesting that social capital can act like a bridge to connect social enterprises with potential employees and volunteers in which building networks with social enterprise incubators, charity, social events and Universities should be taken into account.

7.5. Limitations of the research

There are several limitations in this research and they have been taken into account before, during and after the research process. First of all, the researcher struggled to assess to a number of participants. At first, the expected number of social enterprises taking part in the research was around 20; however, due to the Covid-19 pandemic, some social enterprises decided to withdraw from the research as they responded that they need more time for their recovery. Therefore, the researcher attempted to reach more potential participants listed in the researcher's backup plan. Nevertheless, some of them refused to take part in the research study, some have not replied although the researcher endeavoured to approach them through different ways of contact. After making lots of efforts, there were 12 social enterprises agreed to participate the study. The sample size was quite limited; thus, it may relatively lead to the limitation of generalisability. To deal with this problem, the researcher decided to expand the number of people invited for the interviews in each social enterprise; thus, both the social entrepreneurs and their employees working in different positions were invited to the interviews.

The second limitation is lacking the previous studies in the same field. As mentioned above, the research in the field of social entrepreneurship, social capital and leadership in social enterprises has been very limited in Vietnam (Nguyen et al., 2012; British council, 2016). Therefore, it was challenging to generate literature review findings. To cope with it, the researcher expanded the literature of the chosen field but in different national contexts. Furthermore, up to date, there have been limited studies directly indicating the positive relationship between leadership styles or social capital and organisational effectiveness in social enterprises. Thus, the researcher attempted to find studies confirming the correlations of these two main concepts with each indicator of organisational effectiveness. Therefore, this process was an ongoing process from the beginning of the research to the end of the data analysis, for example, when an interesting finding came out, the literature review was then updated to support the new findings.

Last but not least, there are also some limitations related to the chosen methodology. Qualitative research has been criticised due to its reliability. Therefore, to cope with this problem, the researcher recorded each interview which was then transcribed very carefully.

The researcher believes that taped conversations can ensure the reliability of the data than just written notes. Furthermore, the research took into account a criticism of inadequate evidence of qualitative data. Thus, to address research question 1, MLQ questionnaire was required to complete in the initial stage of data collection, aiming to support the development of collecting qualitative data in interviews. Besides, there were additional interview questions probed when it was necessary to expand the information in all semi-structured interviews. Moreover, in terms of data analysis, there were also limitations of thematic analysis such as rewriting the data without narratively analysing it. Having perceived this problem before, the researcher did bear in mind an additional narrative analysis in each situation that arose. For instance, the narrative analysis was used to provide explanations for contradicting findings in the study in which the researcher took into account the whole picture of the situations including intervening conditions, contexts around the problem, dimensions of phenomenon, properties, action/interaction, and the outcomes.

7.6. Recommendations for Policies and Practices

To answer research question 3 'What state policy can be recommended for enhancing the effectiveness of social enterprises in Vietnam through social capital and leadership?'. There are some recommendations for Vietnamese Government policymakers. First of all, the study suggests there are many inherent barriers that can be effectively sorted out by building social capital; therefore, it would be helpful if policymakers can have new policies that aim to facilitate the growth of the social enterprise ecosystem by a number of key points below.

- Strengthening the connections between social enterprises and existing key players in the ecosystem.
- Promoting the development of social enterprise membership bodies, networks, platforms, and facilitators.
- Promoting intensive interactions and collaborations among these players to help form joint actions and partnerships.
- Growing the ecosystem by expanding the intermediaries and promoting new players joining in the ecosystem

The figure below presents the whole picture of the social enterprise ecosystem in Vietnam, adapted to these suggestions.

Figure 7. 1 Social enterprise ecosystem and recommendations
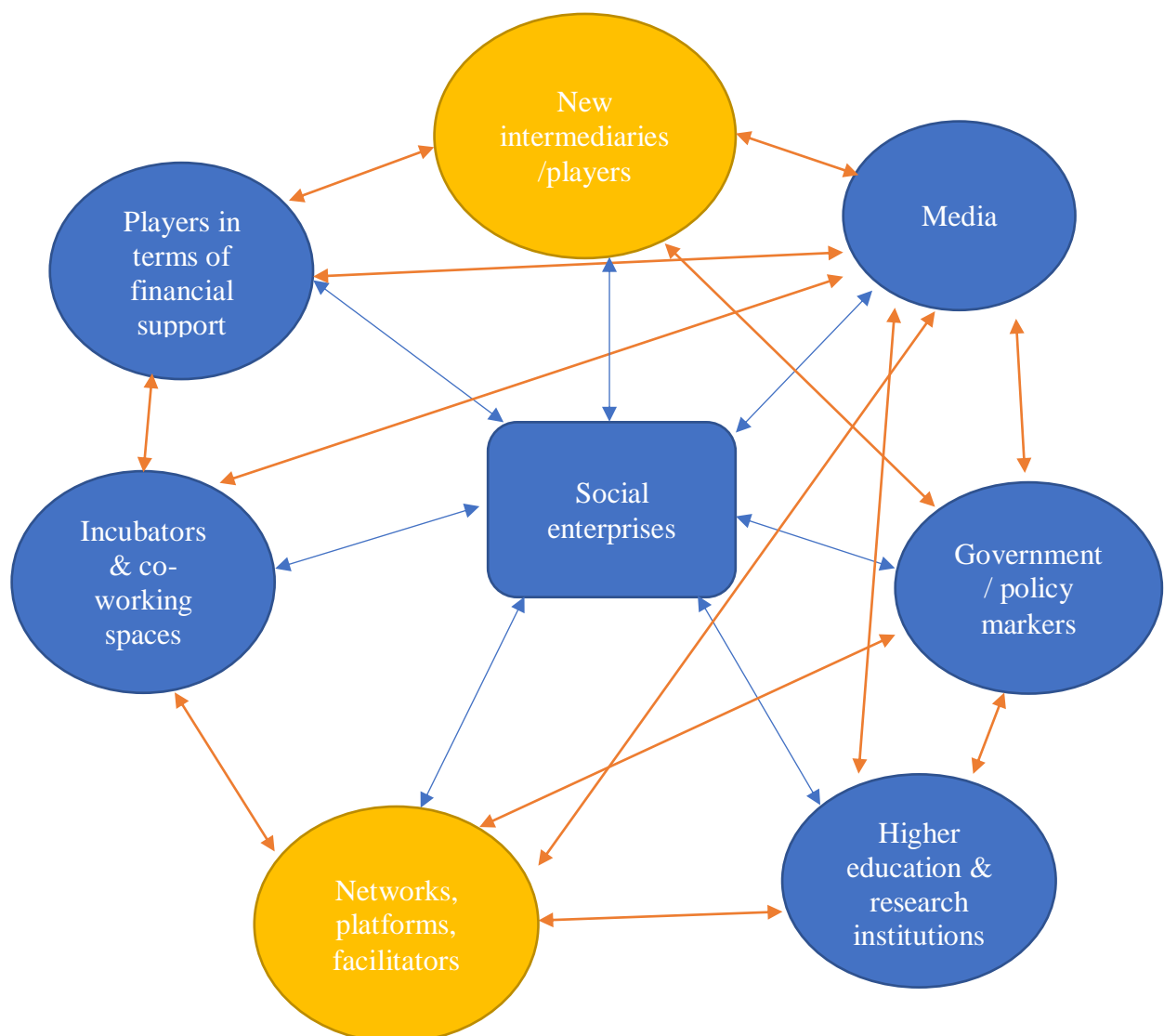
Firstly, the social capital of social enterprises can be built up by strengthening the connections between them and existing key players in the ecosystem. Here, in terms of players of financial support, Government is one of the key player here in which social enterprises is currently receiving SME Development Fund regarding Decision 601/QD-TTG policy. However, it is suggested that the Fund is very competitive as it serves all small and medium enterprises across the country; as a result, many social enterprises have not received the fund they need from Government Funding (Truong et al., 2018). Thus, it would be helpful if the Government can work more closely with social enterprises in order to make a policy that can financially support them as the social enterprise sector solely and have specific eligibility of receiving it.

Furthermore, according to British Council (2022), legal forms and recognition for social enterprises do exist but they have not always had significant uptake as social enterprises have

perceived a lack of tangible benefits of entities registering as such and a lack of awareness and understanding. Truong et al., (2018) also added that inconsistency in the application and delivery of existing policies exists due to long bureaucratic processes and communication. Therefore, to strengthen the relationship between the Government and social enterprises, it is important to reduce the complexity of the process of registering as a social enterprise, raise their awareness, and the understanding about the benefits of the registration. In addition, in terms of communication, it would also be helpful to take into account intensive interaction with social enterprises by opening a channel or a website where social enterprises can raise their concerns, keep track on what they are doing, and report their social impact as a result of receiving the Government Funding.

Besides, social enterprises should be promoted to have close relationships with a wide range of incubators, accelerators, and co-working spaces in order to receive support in terms of training, mentorship, business management and skills. Currently, social enterprises in Vietnam are working closely with some main incubators such as CSIP, Spark, Seed Planters or HATCH! Ventures. However, the number of these incubators and accelerators is limited and they are mainly based in big cities while a significant proportion of social enterprise activities take place in more rural or peripheral areas (British Council, 2019; Pham et al., 2016). Therefore, it is important to facilitate the establishment of new intermediaries and players joining in the ecosystem, particularly in rural areas, to provide support services such as capital, access to markets, coaching and mentoring, and incubation. Additionally, giving free spaces and free Wi-fi for young social start-up entrepreneurs in rurally based young citizens should be also taken into account. Besides, lacking of business skills, and leadership and management knowledge are one of the biggest barriers for start-up social entrepreneurs in Vietnam (British Council, 2019). More importantly, similar to a number of studies, this research result suggests that transformational leadership significantly positively influences organisational effectiveness of social enterprises. Therefore, the policymakers can consider promoting the importance of teaching leadership in social enterprise incubation centres and in other incubators.

Another key point aims to promote intensive interactions and collaborations among the players in the ecosystem to form joint actions and partnerships that support social enterprises. An ample example is a partnership between British Council and the Ministry of Education and Training that plays a key role in promoting awareness of social enterprises and social entrepreneurship in the education sector. According to British Council (2019), there were 30 country-wide university lecturers and intermediaries were trained during the partnership, which has brought positive influences in the awareness of social enterprise across the country. Thus,

it would be very helpful if the policy makers could promote possible collaborations and partnerships among key stakeholders. For instance, nowadays, social media is a very popular channel to connect people; thus, key players such as incubators and co-working spaces, higher education and research institutions, and networks, platforms, facilitators, and other intermediaries can closely cooperate with available social media channels in the country to produce a program for social enterprise and social entrepreneurship. As a consequence, it is expected to disseminate the knowledge and awareness of social enterprise more widely. In addition, the media programs can act as a bridge to connect social enterprises with a wide range of supporters, organisations, and other players in the economy.

Policymakers in Vietnam should focus on expanding new networks, platforms, and facilitators for social enterprises. It can include membership bodies, chambers and associations funders and financers in which it can mix financial motivations from philanthropic to commercially motivated capital providers. Here, crowdfunding can be one of the options, but it is suggested to have a specific legal framework to avoid scepticism in the community and select attractive start-up ideas (British Council, 2019). Besides, impact investment may be new and exciting for many stakeholders; thus, the Government should take this into account when promoting new players joining the ecosystem.

In addition, the connection between social enterprises and higher education institutions should be taken into consideration. According to British Council (2019), most of the Universities in Vietnam are not engaged deeply with social enterprises or social entrepreneurship. There are only five Universities that teach social enterprises in classes and have social enterprise related events in a total of 446 universities and colleges across the country. Furthermore, British Council (2022) suggests that universities often play an important role as a crucible for social enterprise development. The research study also found that the connection with universities can provide a wide range of human resources for social enterprises if their students have perceived the importance of social enterprise in the economy. Thus, the Ministry of Education and Training in Vietnam should promote teaching programs of social enterprises and entrepreneurship in universities. At this point, the teaching of social capital and leadership is recommended to include in these programs as these elements play a significant role in the success of a social enterprise according to this research study. In addition, higher education and research institutions should be more active in spreading awareness and understanding of

social enterprises and nurturing the next generation of future social entrepreneurs by offering grants, competitions, or prizes for students for their social ventures.

7.7. Recommendations for future research

In light of the discussion in Chapter 6 and existing and emerging literature in the field, it is recommended that future research should focus on some key areas. First of all, the study has its limitations as it is emphasised on a relatively small sample of social enterprises based in a specific context -Vietnam. Therefore, it can limit generalisation. It would be advantageous for the study in the field of social entrepreneurship to be replicated within other contexts to examine if there are any regional variations in how each of the study findings is influenced. Secondly, based on the findings of this study, future studies could test the result by using a bigger sample size and better generalisability or exploring in a different sector. Moreover, in the discussion Chapter, the data suggests that the exploration of new ideas and innovation gained from social capital has positive influences on the legitimacy of social enterprises. Nevertheless, there has been very limited evidence in the existing literature to support the finding. Thus, future studies should take it into account in order to enrich the conclusion.

Furthermore, as mentioned in Chapter 6, there have been limited studies exploring the moderating role of social capital in the relationship between transformational leadership and organisational effectiveness. This study can provide fundamental evidence for the finding; however, to better understand the result, it is needed for future research to explore this area. Similarly, the study also generated an interesting finding that suggests the connection between transformational leadership and employees' creative attitudes. Nevertheless, from the researcher's knowledge, the relationship has been understudied. Thus, future studies are needed to confirm the existence of the correlation.

7.8. Chapter Summary

In the final chapter, a summary of research findings was started by overviewing the main gaps in literature and motivations for doing this research, followed by a presentation of the main findings that address two research questions. A summary of the research method reflected the effectiveness of the selected methodology in answering the research questions along with applied solutions the research used to eliminate drawbacks that arose during the research. The contribution provided key themes in which the study has addressed gaps in knowledge and sorted out the problems in the social enterprise sector in Vietnam. In this part, practical implications for social start-ups, ventures, and policymakers were mentioned. There were some

limitations of the study presented, consisting of limited sample size, lack of existing literature in the same field, and relevant limitations of the chosen methodology. There were also some recommendations for Policymakers that aims to address Research question 3. Here, the growth of the social enterprise ecosystem is significantly focused. For further research, it was recommended to replicate the study in other contexts to see if there may be any regional variations that may influence the results. It was also suggested to use a bigger sample size to have better generalisability. As a result of Discussion chapter, future studies were recommended to enrich the literature in terms of the connections between social capital and innovation, the moderating role of social capital in the relationship between transformational leadership and organisational effectiveness, and the connection between transformational leadership and employee's creative attitudes

APPENDICES

Appendix A. Main stages in the development of SE in Vietnam in detail

Before Doi Moi (1986)

Before 1986, Vietnam was recognised as the centralised planning economic system in which only the State had its accountability and responsibility to ensure the provision of social services to citizens. At the time, the establishment and operation of any socio-political organisations, for instance the Women Union, or the Youth Union and so on were completely under the

leadership of the Communist Party, strongly associated with the state management. It can be seen that these organisations were the only channels for citizens to take part in community activities. It is strictly that there were no organisations which independently operated to Government such as NGOs, are allowed to run in Vietnam. In addition, there were only the State economy and collective economy being identified as two main economic sectors of the country at the time.

The context at the time reinforced the development of cooperatives which were the only best-fit form of economic-social organisations in order to address special needs of its members with the spirits of community: Cooperation, sharing and mutual benefits. There are two main features of a cooperative: being recognised as community owned, and operating as independent economic units. Thus, it can be found that the cooperative form can be identified as the very first and earliest social enterprise model in Vietnam. Regarding policies, from the early years of building up socialism in the North, the Government had taken on policies to foster the growth of cooperatives. By 1987, the number of cooperatives rose up to nearly 74 000 operating across the country in varying aspects and areas to addressing the special needs of the community.

There were big number of established cooperatives during the time aiming to create jobs and support disadvantaged individuals, particularly people with disabilities in order to help them have a better quality of lives. Cooperatives ran in cottage industry and handicraft were popular at the time. They used natural ingredients to create handmade products such as rattan, bamboo, knit, or garments, and so on, which was considered as suitable jobs for their health and working conditions.

From 1986 – 2010

In Vietnam social enterprises have appeared in the form of cooperatives since the 70s of the 19th Century. However, after the implementation of the Doi Moi policy made in 1986, social enterprises have entirely started to do their business activities that reach for social goals with the fundamental features of social enterprise model. This can be considered as a remarkable point that made social enterprises recognised as a new economic sector as well as the state capitalist economy, small business owners, and private capitalist economy. Thus, it can lead to the recognition and development of the important role of citizens and communities in supplying and exchanging products and services to meet people's demands.

The amount of foreign direct investment (FDI) and international development assistance (ODA) had significantly increased after the 'Open door' policy was released. Supports from these international organisations not only created enormous capital in order to help the country

growth, but also brought opportunities for Vietnam to exchange and learn experiences and knowledge of social development such as new models, methods, and experiments that the country could adopt. Moreover, there were hundreds of international humanitarian and development organisations supported Vietnam with large amount of non-refundable aid and ODA after Vietnam was free from US embargo in 1994. Particularly, from the period 2005 to 2010, the amount of committed ODA supporting the country reached 31 billion US dollars.

In the context, to give back all supports from international organisations, Vietnamese Government adopted many open policies. Creating a legal framework for the growth of non-state economic and social organisations was one of the remarkable policy at the time. Decree No. 71/1998/ND-CP on grassroots democracy and other legislations was released in 1998, officially reinforcing and welcoming the introduction of social organisations for the very first time in the process of formulating, implementing and monitoring policy implementation in the country.

The cooperation between various organisations was promoted by the state with positives steps, particularly strengthening the relationship between social and political organisations. Decreee 35-HDBT in 1992 adopted solutions to foster the introduction of science and technology organisations.

During this time, there were policies which encouraged the fundamental establishment of social funds, charity funds such as Decree 177/1999/ND-CP and Decree 148/2007/ND-CP, whereas community organisations paid attention on the supply of basic daily services such as poverty reduction, health care, education, environment protection, and waste and water management. Particularly, the state also emphasised in the cooperation between international NGOs and national organisations, oversea and local governments.

The above policies have created opportunities in order for organisations and community enterprises to reach a significant growth that never happened before. The statistics marked more than 1000 NGOs, more than 300 associations and 2150 associations that operates on voluntary principles and autonomy in varying levels from central to local. At the time, international NGOs and donors were the main financial supports for these organisations in order to maintain their operations and sustainably provide services to the community.

Furthermore, in the context of the time, it was expected that social enterprises in Vietnam would increase dramatically in coming years as there were thousands of community organisations, for instance, cultural houses, business strand of mass organisations like Women Union, a big number of associations with disable people, and so on; and huge number of units that were offering social welfare like waste and water sources management, forest protection,

and more. These organisations contained certain characteristics of social enterprises and they could be legally transformed to be recognised as social enterprises in the near future.

Moreover, a part from the 'Open door' policy and transformational renovation, the country also innovated the forms of public services by adding socialisation approach, calling for investment, and allowing the participation of all economic sectors, citizens, and collectives in order to share the burden and better provide public services, particularly in poverty reduction, health care and education. As a result, the number of non-state educational institutions, health care organisations, culture and art organisations significantly increased, which solved social problems and ensured to satisfy citizen's needs. For example, the Research and Training Centre for Community Development (RTCCD) was first introduced in May 1996 by a Dr Tran Tuan with the cooperation of four scientists. After 2 years running under the legal patronage of another organisation, the centre was legally identified as a non-profit independent scientific and technology organisation to address the need of community in Vietnam. They focused on delivering training programs, consultancy, and experiment of pilot projects in the field of mental health, nutrition, prevention of micro nutrient deficiency, and the overall development of health care systems in effective ways in the country (Source www.rtccd.org.vn)

Overall, it can be seen that innovation played a crucial part in the development of non-state organisations and particularly social organisations including social enterprises. Nevertheless, the gap between economic activities and social counterparts existed not only in mindset but also in actual operation, which has restricted the establishment of the hybrid model as social enterprises. As in a commercial business, financial return is the most attention of these businesses, whereas community activities undertaken by them often aimed for the individual reputation and it can be considered as pure charity. Compared to it, at the time, social organisations tended to cooperate together with other kinds of charitable organisations, mainly based on the supports from external donors. Therefore, it not only shows social ventures but also provides social enterprises with limited choices: they can either run as charitable organisations, or as commercial firms. Taking the opportunities of abundant external funding for poverty reduction and community activities in Vietnam, more than 90 per cent chose to run as NGOs, there was only a small number of them have committed to operate with their own resources. One of many reasons for the decision is the belief of the sustainability and effectiveness of their business models which aims to address social problems and serve the community's needs. During this period, there are some leading social enterprises operating under various forms, such as Hoa Sua school, KOTO restaurant in Hanoi, and Mai Handicraft Ltd in Ho Chi Minh city. Although before 2010, social enterprises in Vietnam had not

expanded strongly in number and had not indicated their full potential, the introduction and development of these leading social enterprises during the past 10 years had demonstrated the success of their business models, the perception in social services, the elimination of the gap between economic and social sectors, and opening up the social enterprise sector.

From 2010 – to date

Since Vietnam has been recognised as a low middle income country, there have been development opportunities opening up for the nation. Obtaining better and active capital capabilities is one of the valuable opportunities for Vietnam, which has dramatically reduced poverty issues for majority of the population. Nevertheless, it resulted in changes in Vietnamese policies, particularly in humanitarian assistance and social development for both national and international organisations operating in Vietnam.

However, the withdrawal of some bilateral development organisations such as SIDA, Ford Foundation and the decrease of ODA funding have been challenges for Vietnam. The country will have to cope with inadequate sources of capital for community development activities in coming years as the social organisations continue to depend on external aid. Moreover, the mobilisation of funds raised from donors and the community is still limited. In fact, the Asia Foundation (2011) carried out a study on charitable contributions in Vietnam, it suggested that there is a significant potential contribution from citizens and domestic enterprises; however, these people lacks of official charitable channels, networks, and even policies. Thus, most of their charitable activities are spontaneous and in small scales and small local communities. It can be seen that the shortage of operational funds has been placed certain pressure on most of Vietnamese NGOs and social and community development ventures, it is believed that the degree will dramatically increase in the future if there are no solutions to solve the problem.

To address the foreseen issues, Centre for Community Initiatives Promotion (CSIP) has cooperated with British Council and Spark Centre in order to actively introduce and promote the development of social enterprises as an effective new solution. The alternative organisational model is suitable for both current social and economic context. Social enterprises are not only able to apply business models that fit the market principles and market demands, but also achieve social and economic objectives in which solving social problems is a unique key goal.

In the context at the time, social enterprises were divided into three groups:

(4) *The NGOs*: change the operating strategy of NGOs to introduce strand as a social enterprise in order to

- Generate income to create independently funding sources; and

- Effectively use and manage resources to provide community services depending on market mechanism.

The Will to Live Centre is an individual typical NGOs at the time. Vietnam has nearly 6.1 million people with disability (PWDs), and they are almost dependent to their family's supports. It was found that about 33% of families with disabled people are below the poverty line in Vietnam. Being disabled individuals, Nguyen Cong Hung and Nguyen Thi Van understood the needs of people with disabilities, which encouraged them to create The Will to Live centre. They have supported a huge number of disabled people with full integration through offering free Information Technology training activities and helping them to find jobs. Since 2009, the Centre transformed the business model by establishing the "Will to Live' centre and Technology Vision and Solutions Joint Stock company to deliver business activities, generate revenues, and create jobs for people with disability. This social enterprise was invited to participate in the research.

(5) Groups of companies pursuing shared value: these organisations aim to not only create economic value but also social value by addressing the social needs and challenges. Here, the share value is identified as a new method to achieve economic success rather than an actual social responsibility or charity. Particularly, the social value lies in the core value chain of these enterprises, which is considered as an indispensable characteristic in the competitive capability. There are some common orientations of these firms as below:

- Fair Trade: social enterprises like Mai Vietnam Handicraft in Ho Chi Minh city focuses on supplying handicrafts, products made of natural ingredients, providing jobs and educational opportunities for poor women throughout Vietnam. This social enterprise was also invited to take part in the research.

- The business group pay attention on the Base of the Pyramid Group (BoP): creating and identifying business ventures by serving the needs of poor citizens with affordable service.

- Social enterprises purpose to address social and environmental problems

(6) Group of new social enterprises: Since social enterprise concept was first penetrated in Vietnam, this sector was significantly encouraged and supported by intermediary organisations such as CSIP and Spark- the most popular social enterprise nurturing and promoting centres. As a result, more individuals have created their ventures through social enterprises in which they can operate in various forms, for example, NGO or

limited companies, Joint-stock companies, co-operatives, funds and associations. These social enterprises have common characteristics as below:

- Created and led by social entrepreneurs with high autonomy
- Supporting creative and innovative social solutions
- Transparent social and environment objectives and they are core objective and aims of the enterprises
- Optimising not maximising revenue, most of their profits intends to reinvest and improve social impact not to be shared to investors
- Collective and community ownership with high level of democracy, empowerment, and participation of individuals sharing needs and goals
- Willing to face with high risks

For example, To He joint stock company is a leading social enterprise at the time. Having realised the potential of disadvantaged children, the enterprise was established in 2009 to foster creativities of children with special needs through offering free drawing sessions and providing playgrounds. The paintings of these children are selected to apply in environmentally friendly fashion items or home decorations. The revenue is committed to reinvest in their training sessions and other events for children.

Before 2014, the concept of social enterprises was still new and not widely known in Vietnam. At the time, some social enterprises were introduced but had not recognised until July 2015 when the forms of social enterprises were officially identified for the first time. According to Article 10 Enterprise Law (British Council, 2019), social enterprise is defined as 'an enterprise that is registered and operates to resolve a number of social and environmental issues for social purpose; and reinvests at least 51 percent of total profits to resolve the registered social and environmental issues' (p. 22)

Appendix B. List of key players in social enterprise ecosystem in Vietnam

Name	Raising awareness	Competitions	Education	Incubation/ Acceleration	Research	Finance	Co-working space	Description
Finance support for social enterprises Financial institutions and groups tend to make positive social influences by providing financial investments for enterprises that address social or environmental missions in addition to financial gain.								
SMEDF						x		Pay attention on innovation in SMEs
Abilis Fund						x		Providing grants to support social enterprises aiming at people with disabilities
Thrive Fund				x		x		Providing free interest-rate loans for SMEs
Oxfam				x	x	x		Creating supporting programs for inclusive businesses
Incubator/ accelerators and support programs Offering supports such as training, mentorship, and business development services for social start-ups								
British Council	x	x	x	x	x			Promoting and creating programs specialising creative business and social enterprises
CSIP	x	x	x	x	x	x		Social enterprise incubator

Spark	x		x	x	x	x		Accelerating social enterprises
Evergreen Labs			x	x		x		Incubation and investment centre in social impact businesses
IBA Vietnam	x		x	x		x		Providing inclusive business programs
UNDP SDG Challenge and Youth Co:Lab	x	x	x	x	x	x	x	Creating innovative programs for new social impact ventures and promotion
HATCH! Ventures	x	x	x	x	x	x	x	Providing co-working space, being an incubator and accelerator for social enterprises
WISE	x	x	x	x	x	x		Women's ventures for start-ups and entrepreneurship
SiHUB		x		x		x	x	SME incubator in Ho Chi Minh city
DNES	x	x	x	x	x	x	x	Enterprise incubator in Da Nang
VCCI		x	x		x			Business platform for the growth of sustainable businesses
Higher education and research institutions								

CIEM	x		x		x			Embedding the concept of social enterprise into the Vietnam Enterprise Law 2015
NEU CSIE	x	x	x	x	x			The first university-based research, education and social incubation centre in Vietnam
FIIS		x	x	x				Innovation and start-up centre at the Foreign Trade University
Initiatives contributed by commercial corporations								
Coca-cola andEKOC ENTRE	x		x	x		x		Research and Development centre for SMEs and community centres owned by women
Minh Phu Fish				x		x		Providing the first large clean shrimp farming, co-owned by farmers.
VinGroup				x		x		Having two largest private health care and education businesses legally identified as social enterprises

Green Swallow Award	x	x						Business initiatives was awarded for CSIP and VCCI in 2017
Sustainable Business Rating	x	x						Providing a ranking top 100 sustainable businesses by VCCI, and the Social Responsibility Award from 2005
Forbes Vietnam	x							Honours the most influential people of the year, including social entrepreneurs
VTV1	x							Providing CSR programs every week since 2018

Source: British Council, 2019. *Social Enterprise in Vietnam*. Social enterprise. [online] Hanoi, pp.17-64. Available at: <https://www.britishcouncil.vn/sites/default/files/social-enterprise-in-vietnam.pdf> [Accessed 30 August 2022].

Participation Consent Form

TITLE OF STUDY
The influence of leadership styles and social capital in organisational effectiveness: a study of social enterprises in Vietnam.

PRINCIPAL RESEARCHER
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PURPOSE OF STUDY
You are being asked to take part in a research study. Before you decide to participate in this study, it is important that you understand why the research is being done and what it will involve. Please read the following information carefully. Please ask the researcher if there is anything that is not clear or if you need more information.

The purpose of this study is to examine the influences of leadership styles, social capital and organisational effectiveness in social enterprises in Vietnam. From that, the research ultimately aims to provide recommendations for policy makers to conduct future programs in order to support social entrepreneurs in terms of leadership trainings, expanding social capital, and relatively increase social enterprise's organisation effectiveness.

NATURE OF PARTICIPATION
You will participate in an interview which will be arranged via Skype. You will be sent a list of interview questions and a short leadership questionnaire (MLQ) beforehand. However, during the interviews, the researcher may ask additional questions in order to facilitate probing the participant's views and expand the answers. The interviews will be audio-taped and last for about 30 minutes.

RISKS

When interviewing, you may find unpleasant to answer a few of the questions that you will be asked to provide confidential information about yourself, for instance, questions to find out your leadership characteristics and social relationships. To minimize the possible risk, you will be informed how the data will be used and the way your information will be concealed during the research time.

You may decline to answer any or all questions and you may terminate your involvement at any time if you choose.

BENEFITS

When your participation is complete, you will be given an opportunity to learn about the research, which may be useful to your business. For instance, you may find an effective leadership styles and social relationships that can build up your organisational effectiveness. In addition, you will have an opportunity to contribute to the development of social entrepreneurship and social enterprise studies by participating in this research.

CONFIDENTIALITY

You will be assigned a code number which will protect your identity. All data will be kept in secured files, in accord with the standards of the University's Research Ethics and Integrity Code of Practice. All identifying information will be removed as soon as your participation is complete.

CONTACT INFORMATION

If you have questions at any time about this study, or you experience adverse effects as the result of participating in this study, you may contact the researcher whose contact information is provided on the first page. If you have questions regarding your rights as a research participant, or if problems arise which you do not feel you can discuss with the Primary Researcher, please contact the University Postgraduate Research at pgresearch@uwtsd.ac.uk

VOLUNTARY PARTICIPATION

Your participation in this study is completely voluntary. It is up to you to decide whether or not to take part in this study. If you decide to take part in this study, you will be asked to sign a consent form. After you sign the consent form, you are still free to withdraw at any time and without giving a reason. Withdrawing from this study will not affect the relationship you have, if any, with the researcher. If you withdraw from the study before data collection is completed, your data will be returned to you or destroyed.

CONSENT

I have read and I understand the provided information and have had the opportunity to ask

questions. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving a reason and without cost. I understand that I will be given a copy of this consent form. I voluntarily agree to take part in this study.

Participant's   signature   _____   Date   _____

Researcher's signature _____ Date _____

Dear Sir/Madam

Hope this email finds you well

My name is Bach Thi Thao Oanh. I am a Research student in University of Wales Trinity Saint David, UK. I am currently in the process of collecting data for my research paper which is to explore the influence of leadership styles and social capital on the organizational effectiveness in Social Enterprises in Vietnam. I have heard about your company through the website of CSIP Community Service Initiative Support Centre where supports and develops the ecosystem for Social Enterprises. After searching the start-up story of your company and the ways in which the company operate to achieve the goal of serving the Society, I hope that I may have an opportunity to bring your social enterprise story in my research paper.

If your company agrees to participate in the study, I will send a research acceptance letter to your company via email. To collect data for the research paper, I will send you and participated employees a questionnaire link about leadership styles to complete and it may take around 10 minutes. In the second stage, I would like arrange 30-minute interviews via Skype or Zoom with you and some of your employees if possible and I will send a list of interview questions before conducting the interviews. I am very sorry because of the pandemic situation, I cannot return to Vietnam to meet you in person. I hope that you can understand the situation and I will undertake the interviews as smoothly as possible.

I really hope that your company can join in my research paper as I believe that this research study can contribute to the development and sustainable existence of Social Enterprises in Vietnam in the future.

I am looking forward to hearing from you.

Kind regards
Oanh

Appendix E. Multifactor Leadership Questionnaire

Multifactor Leadership Questionnaire (MLQ) Form 6S

This questionnaire will be sent to participants via Google Forms

INSTRUCTIONS: This questionnaire provides a description of your leadership style. Twenty-one descriptive statements are listed below. Judge how frequently each statement fits you. The word others may mean your followers, clients, or group members.

0 - Not at all 1 - Once in a while 2 = Sometimes 3 = Fairly often 4 = Frequently, if not always

1	I make others feel good to be around me	0	1	2	3	4
2	I express with a few simple words what we could and should do	0	1	2	3	4
3	I enable others to think about old problems in new ways	0	1	2	3	4
4	I help others develop themselves	0	1	2	3	4
5	I tell others what to do if they want to be rewarded for their work	0	1	2	3	4
6	I am satisfied when others meet agreed-upon standards	0	1	2	3	4
7	I am content to let others continue working in the same ways always	0	1	2	3	4
8	Others have complete faith in me	0	1	2	3	4
9	I provide appealing images about what we can do	0	1	2	3	4
10	I provide others with new ways of looking at puzzling things	0	1	2	3	4
11	I let others know how I think they are doing	0	1	2	3	4
12	I provide recognition/rewards when others reach their goals	0	1	2	3	4
13	As long as things are working, I do not try to change anything	0	1	2	3	4
14	Whatever others want to do is OK with me	0	1	2	3	4
15	Others are proud to be associated with me	0	1	2	3	4
16	I help others find meaning in their work	0	1	2	3	4
17	I get others to rethink ideas that they had never questioned before	0	1	2	3	4
18	I give personal attention to others who seem rejected.	0	1	2	3	4

19	I call attention to what others can get for what they accomplish.	0	1	2	3	4
20	I tell others the standards they have to know to carry out their work	0	1	2	3	4
21	I ask no more of others than what is absolutely essential	0	1	2	3	4

SCORING

The MLQ-6S measures your leadership on seven factors related to transformational leadership. Your score for each factor is determined by summing three specified items on the questionnaire. For example, to determine your score for factor 1, Idealized influence, sum your responses for items 1, 8, and 15. Complete this procedure for all seven factors.

Idealized influence (items 1, 8, and 15)   _____ Factor 1

Inspirational motivation (items 2, 9, and 16)   _____ Factor 2

Intellectual stimulation (items 3, 10, and 17)   _____ Factor 3

Individual consideration (items 4, 11, and 18)   _____ Factor 4

Contingent reward (items 5, 12, and 19)   _____ Factor 5

Management-by-exception (items 6, 13, and 20)   _____ Factor 6

Laissez-faire leadership (items 7, 14, and 21)   _____ Factor 7

Score range: HIGH = 9-12, MODERATE = 5-8, LOW = 0-4

Multifactor Leadership Questionnaire (MLQ) Form 6S

SCORING INTERPRETATION

Factor 1 – IDEALIZED INFLUENCE indicates whether you hold subordinates' trust, maintain their faith and respect, show dedication to them, appeal to their hopes and dreams, and act as their role model.

Factor 2 – INSPIRATIONAL MOTIVATION measures the degree to which you provide a vision, use appropriate symbols and images to help others focus on their work, and try to make others feel their work is significant.

Factor 3 – INTELLECTUAL STIMULATION shows the degree to which you encourage others to be creative in looking at old problems in new ways, create an environment that is tolerant of seemingly extreme positions, and nurture people to question their own values and beliefs of those of the organization.

Factor 4 – INDIVIDUALIZED CONSIDERATION indicates the degree to which you show interest in others' well-being, assign projects individually, and pay attention to those who seem less involved in the group.

Factor 5 – CONTINGENT REWARD shows the degree to which you tell others what to do in order to be rewarded, emphasize what you expect from them, and recognize their accomplishments.

Factor 6 – MANAGEMENT-BY-EXCEPTION assesses whether you tell others the job requirements, are content with standard performance, and are a believer in "if it ain't broke, don't fix it."

Factor 7 – LAISSEZ-FAIRE measures whether you require little of others, are content to let things ride, and let others do their own thing.

Interview Questions

Thank you for agreeing to participate in this second stage of data collection in this research study. Before starting the interview, I will let you know some main points. Firstly, the interview will be recorded, and it will be then transcribed carefully and send to you to review it. The interview will last about 40 minutes. During the interview, if you do not want to answer any of the questions, please just let me know and we can move on. If you have any information that is needed to be anonymous, please let me know. I can also add some questions if I want to have additional information and again if you don't feel able to answer, I will move on. Thank you for your cooperation.

I. Basic information

1. What is the name of your social enterprise?
2. What is the main sector your organisaiton operate in?
3. What is your role in the organisation?
4. What is your gender and age?
5. What is your highest level of education?

II. Leadership and organisational effectiveness

1. After doing the leadership questionnaire, what is your leadership style? What factors do you have high score?
2. What is your organisation's objectives and mission? (in terms of relationship with employees, customers; products that the company offer; relationship with community)
3. To what extent do you think your leadership style help the organisation achieve these missions?
4. What sources of fund do your organisation get access to? What did you do in order to raise multiple funds/ financial capital?
5. Did your organisation have difficulties in raising/accessing to multiple sources of funds? What did you do to overcome these constraints?
6. Does your organisation have a reward system? how it works and purpose of the system? Is the reward system important to achieve the missions?

7. In what situations do your employees can make decisions? What do you think the importance of employee empowerment in your enterprise?

8. How do you think your leadership style can help your enterprise overcome difficulties caused by uncertain situations such as Covid-19 pandemic?

9. What influences of your leadership styles do you think on employee performance, satisfaction, and commitment? What are the advantages and disadvantages?

III.   Social capital and organisational effectiveness

Social capital is measured from three indicators, including trust, networks and norms of reciprocity. Social capital includes bonding (strong ties, for instance family relationship) and bridging social networks (weak ties, memberships, business partners, for example). It can also be divided into two types, including internal and external social capital. While internal social capital refers to social networks within an organisations, external social capital can be understood as networks built from out-group ties.

1. What supports have you receive from your networks to run your enterprise? How do these supports influence the effectiveness of your enterprise?

2. In terms of trust, what activities you use to build trust with your key stakeholders (your employees, your business partners, your funders, social enterprise incubator, etc..)?

3. What are the advantages/ disadvantages of the trust on organisational effectiveness? (for example, productivity, smoothly running the business, more chances to raise funds, etc.)

4. How do you build your networks as a Board of the social enterprise? (internal networks are relationship within your organisation, external networks are ones outside the organisation)

5. What do you think about the advantages of building internal social capital within your enterprise? Does it have any drawbacks? If yes, what are they?

6. Do you provide opportunities for your employees to build external networks outside your enterprise? What are the benefits of this activity? for instance, society and local community, social enterprise supporters, incubators, other social enterprises) contribute to your enterprise's organisational effectiveness?

7. Have your enterprise experienced difficulties of raising funds? How does your company overcome these barriers?

8. What benefits of social networks do you think influence your enterprise's organisational effectiveness?

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