

**TOWARDS A HOLISTIC MANAGEMENT FRAMEWORK
FOR
SOCIAL ENTERPRISES IN HONG KONG**

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ABSTRACT

This research aims to explore the application of holistic management practices in Hong Kong's social enterprise (SE) sector. Utilising the 3H (Heart, Head & Hand) holistic management framework as lens to examine the efficacy of leadership, strategy and core competence on the SE's performance. Through 30 in-depth interviews, the respondents are SE founders, senior management, and operators; the study provides insights into the sector's performance between 2019 and 2021. The research also assesses revenue generation and captures leaders' self-assessments of the significant challenges faced by these organisations.

The research methodology utilised rigorous qualitative methods, including a comprehensive literature review, pilot testing, and ethical considerations. The data analysis was conducted through phenomenological analysis and descriptive statistics. Out of the 12 organisations interviewed, the study revealed that two SEs, "LB" and "DiD", could successfully leverage holistic management practices during economic downturns. Despite some severe operational challenges, both organisations maintained sustainable growth and achieved their social impact goals. This was attributed to the leader's ability to motivate employees through high levels of engagement and promote organisational citizenship behaviour, effectively mitigating the negative impact of resource limitations.

Furthermore, the study's findings suggest a correlation between the three domains of the 3H framework. The "LB" and "DiD" cases demonstrate how effective leadership, strategic planning, and operational management can work together to achieve organisational success. The study also identified the challenges that a SE faces with a "mother agency", where the bureaucratic organisational structure limits the organisation's autonomy. This resulted in issues with leader-member exchange and hindered the organisation's overall performance.

The findings of this research offer valuable insights and practical guidance for SE leaders, policymakers, and stakeholders. By understanding how SEs integrate strategy, leadership, and operational skills, SEs can enhance their overall performance, achieve sustainable growth, and maximise their social impact. Identifying prominent themes and patterns in successful SE management practices provides a foundation for replicable models and best practices in the sector. By emphasising the importance of holistic management and providing practical guidance, this research contributes to advancing the SE sector.

Keywords: Social Enterprises; Social Entrepreneurship; Holistic Management
Framework; Strategic Management

DECLARATION

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

Signed: YEUNG SUET YEE

Date: JAN 2024

STATEMENT 1

This thesis is the result of my own investigations, except where otherwise stated. Where correction services have been used, the extent and nature of the correction is clearly marked in a footnote(s). Other sources are acknowledged by giving explicit references. A list of references is appended.

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STATEMENT 2

I hereby give consent for my thesis, if accepted, to be available for deposit in the University's digital repository.

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Date JAN 2024

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List of Abbreviations

3E	Enhancing Employment of People with Disabilities through Small Enterprises
BSC	Balanced Scorecard
CIC	Community Interest Company
ESR	Enhancing Self-Reliance Through District Partnership Programme
F2F	Face-to-face
GDP	Gross domestic product
HAB	the Home Affairs Bureau
HAD	The Home Affairs Department
HKCSS	Hong Kong Council of Social Service
HKGCSE	Hong Kong General Chamber of Social Enterprises
HKJCCT	The Hong Kong Jockey Club Charities Trust
HKMA	Hong Kong Management Association
HKSAR	Hong Kong Special Administrative Region
HR	Human Resources
HRM	Human Resources Management
IC	Individualised Consideration
ICA	International Cooperative Alliance
II	Idealised Influence
IM	Inspirational Motivation
IS	Intellectual Stimulation
KM	Knowledge Management
KPI	Key Performance Indicator
LMX	leaders-members exchange
LSGS	Lump Sum Grant Subvention
New Life	New Life Psychiatric Rehabilitation Association
NGO	Non-Government Organisation
OCB	Organisational Citizenship Behaviour
OP	Organisational Performance
PESTEL	Political, Economic, Social, Technological, Legal, and Environment.
PDI	Power Distance Index
PIRs	People in recovery from mental illness

PoD	Person with Difference
POS	Point of Sale
RBV	Resources-Based View
ROI	Return on investment
SAA	Social Accounting and Audit
SE	Social Enterprise
SEBC List	Social Enterprise Business Center
SEE mark	Social Enterprise Endorsement Mark
SIEF	Social Innovation and Entrepreneurship Development Fund
SME	Small and medium-sized enterprises
SROI	Social Return on Investment
SWD	Social Welfare department
SWOT	Strength, Weakness, Opportunities and Threats
UK	The United Kingdom
VI	Visually impaired
WISE	Work-Integrated Social Enterprise

Chapter 1: Introduction

1.1 Background of social enterprise development in Hong Kong

The economic downturn, political uncertainty, and increasing demand for social security services have driven SE development in Hong Kong (Leung et al., 2019). The Asian Financial Crisis of 1997 intensified these challenges, leading to rising inequality and poverty rates. As a result, there was a growing need for innovative solutions to address these issues and reduce the stress on government welfare expenditure (Leung et al., 2019).

The Social Welfare Department (SWD) implemented the Lump Sum Grant Subvention (LSGS) system in 2001 to meet this demand (SWD, 2021). This system gave non-governmental organisations (NGOs) greater autonomy to allocate resources and achieve the most effective use of government funding. Unlike the traditional subvented system, which focused on input control, the LSGS system shifted the focus to outcomes. NGOs were encouraged to seek additional income sources to cover expenses not covered by the subvention. This led to the rise of Work-Integrated Social Enterprises (WISEs), providing work opportunities for disadvantaged groups (HYAB, 2021).

The Asian Financial Crisis sped up the public sector reform, emphasising the importance of the economy, efficiency, and effectiveness (Chan et al., 2019). Government departments enacted market-based concepts, encouraging the utilisation of public expenditure. The introduction of the Service Performance Monitoring System pushed the Social Welfare Department (SWD) to increase the effectiveness and efficiency of social welfare services in Hong Kong (Chan et al., 2019). With the approval of the subvention amount, NGOs must strictly follow the approved budget plan and the output agreed upon in the proposal. The introduction of the LSGS allowed NGOs to carry out their own planning and utilise resources, shifting the paradigm to focus on outcomes (Nip, 2010).

WISEs reduce government expenditure on welfare, and the government is continuing to support SE development (Ho, Chan, 2010). The government invested HKD450 million as seed money for establishing SEs covering various industries for 15 years (Yu, 2016). Currently, three funding schemes support SEs: the Enhancing Self-Reliance Through District Partnership Programme (ESR), Enhancing Employment of People with Disabilities through Small Enterprise (3E), and the Social Innovation and

Entrepreneurship Development Fund (SIE Fund). These programmes aim to foster self-reliance, increase community inclusion, and address unmet needs (HYAB, 2021).

As of June 2022, there were approximately 700 SEs in Hong Kong with various legal registration forms (HKCSS, 2021). The government's lack of a formal definition of SE has confused the public about the distinction between NGOs and for-profit businesses. Further research is needed to explore effective management frameworks that can contribute to the growth and success of the SE industry to reduce the burden of social issues without heavily increasing the government's expenditure.

1.2 Current situation of social enterprises in Hong Kong

In 2015, a study by the Legislative Council revealed four key challenges faced by SEs in Hong Kong: insufficient funding sources, lack of mentorship, limited business knowledge, and difficulties in obtaining government tenders (Yu, 2016). Surprisingly, 20% of SEs funded by the Home Affairs Bureau (HAB) eventually closed, highlighting the need for better business expertise to thrive in the competitive market. Local funding sources, such as the Hong Kong Jockey Club Charitable Trust and the Community Chest, are only available to SEs with charitable tax exemption status. Unfortunately, SEs registered as companies limited by shares are ineligible for such funding opportunities (Yu, 2016).

Inexperienced leaders often require assistance with funding applications, lack information on available funds, and receive limited government guidance during the seed money stage. Between 2008 and 2013, only 41 voluntary mentorship opportunities were available for government-funded SEs. In 2014, the Audit Commission recommended expanding the mentorship scheme to cover all SEs in Hong Kong, addressing the need for more mentorship. Additionally, from 2008 to 2012, the government introduced a scheme to support SEs to obtain government contracts, giving them higher bidding priority. With the support of this scheme, SEs secured 75 contracts worth HKD30.1 million. However, the scheme's termination in 2012 weakened the competitiveness of SEs in government bidding (Yu, 2016).

In comparison, SEs in the UK employ 3% of the labour force and contribute 1% (£24 billion) to GDP. From the UK's experience, systematic government support is crucial. SEs in the UK receive financial aid from the government, non-government intermediaries, and private investments. Grants and mentorship are provided during incubation, and the Investment and Contract Readiness Fund offers start-up grants. Government-approved consultants assist in securing public service and government

contracts. SEs seeking growth can access investments from Big Society Capital through Social Investment Finance Intermediaries (Yu, 2016).

In the UK, government policies prioritise SEs in public service procurements. Moreover, the UK has a legal identity called Community Interest Company (CIC) for SEs. CICs offer flexibility for commercial operations and grant eligibility without purely charitable status. They can also access affordable loans. The CIC legal form enhances the competitiveness of SEs in the UK (Yu, 2016).

According to a survey conducted by a local institute, the average lifespan of SEs in Hong Kong is 3.7 years, compared to 6.3 years in Korea and 7.2 years in the UK (Chi Hing Kee et al, 2016). In 2020, government expenditure on social welfare in Hong Kong amounted to HKD90 billion, accounting for 19.3% of the total recurrent government expenditure and ranking second highest among various policy areas that year (SWD, 2021). Although there was only a 0.6% increase in social welfare expenditure from 2019 to 2020, it is important to note that the total government revenue decreased from 598,755 (financial year 2019-2020) to 583,534 (financial year 2020-2021) (CSD, 2021). This decrease in government revenue amplifies the pressure on welfare expenditure. With the impact of social unrest and COVID-19 from late 2019 to 2022, the global economic downturn has heavily affected government revenue. Sustainable SEs can help reduce government expenditure on welfare and build a more resilient society. Despite limited support from the HKSAR government, SEs in Hong Kong can achieve longer lifespans and scale up by fully utilising internal and external resources. This research aims to develop a holistic business management framework that enables SEs in Hong Kong to become sustainable and capable of scaling up.

As an active participant in the SE sector in Hong Kong, I have observed valuable phenomena that can be investigated and discussed to sustain the ecosystem of SEs. Based on my working experience, I am eager to evaluate these phenomena through qualitative research, providing a snapshot and in-depth view of the current situation from the sector's perspective.

1.3 Research Problem

SEs in Hong Kong face challenges in attracting funding and investment, hindering their ability to effectively allocate resources to their social mission. The lack of a clear legal status and framework for SEs also contributes to their struggles in attracting social investors and securing adequate funding. SEs may be at a disadvantage in the

competitive market. To ensure their sustainability and growth, SEs must have access to resources and strategies that can help them overcome these funding barriers and effectively balance their social mission with market competitiveness. Therefore, there is a pressing need to explore and identify solutions that address the funding limitations that SEs face and equip them with the necessary tools and support for sustainable growth and impact.

1.4 Research Goal

This study aims to develop a comprehensive management framework for SEs in Hong Kong, integrating contemporary business theories. It explores leadership, strategy, and competence to identify effective practices for competitiveness and scaling. It generates insights on challenges and success factors through interviews, case studies, and analysis. The study contributes to SE management knowledge, offering actionable recommendations. The framework empowers SEs to sustain competitiveness, navigate challenges, and achieve scalable growth, benefiting the organisations and society. By equipping SEs with the necessary tools and strategies, the research aims to enhance their long-term viability and impact. The findings will guide social entrepreneurs, operators, and stakeholders in making informed decisions and adopting best practices. Ultimately, the study seeks to foster a vibrant and sustainable SE ecosystem in Hong Kong, driving positive social change and economic development.

1.5 Research Objective

This research endeavours to apply contemporary business management theories and concepts to create a practical and adaptable holistic management framework for SEs in Hong Kong. The framework empowers SEs to sustain their competitiveness and achieve scalable growth. By examining the interplay of leadership, strategy, and competence, the research will identify effective practices and strategies that enable SEs to navigate challenges and thrive in a competitive business landscape.

The research will focus on the following objectives:

- i. Explore the challenges that SEs face in Hong Kong and identify the key factors contributing to their competitiveness and scalability.
- ii. Review pertinent business management theories and concepts that apply to SEs in Hong Kong.
- iii. Analyse successful SEs in Hong Kong through case studies and interviews to

uncover the crucial management practices for sustaining competitiveness and achieving growth.

- iv. Develop a comprehensive management framework that integrates relevant theories, concepts, and best practices to address the needs of SEs in Hong Kong.

By accomplishing these objectives, this study will contribute to the knowledge base of SE management, provide practical guidance for social entrepreneurs in Hong Kong, and foster the growth of a sustainable and impactful SE sector. The decision not to conduct a comparison with overseas entities in this research was made for several reasons. Firstly, significant differences in power distance and policy backgrounds between countries can result in variations in leadership styles, employee engagement, and communication practices. These differences make it challenging to compare SEs in Hong Kong and other countries directly. Focusing solely on SEs in Hong Kong also allowed for a more comprehensive and nuanced understanding of the local context and its unique challenges and opportunities. For example, according to The Culture Factor Group, Hong Kong has a PDI of 68, while Germany and the United Kingdom have a PDI of 35 (The Culture Factor, 2023). These differences in PDI can lead to variations in organisational practices and may impact the interpretation of findings if a direct comparison is made. Therefore, focusing solely on SEs in Hong Kong was deemed more suitable for this research.

1.6 Key Contribution:

The key contribution of this study lies in its qualitative research design. It provides comprehensive insights into the implementation of holistic management practices within SEs in Hong Kong. The design encompassed in-depth case studies with a diverse sample of 12 SEs, interviews with 30 individual interviewees, and a thorough literature review.

The research captured the unique contexts, challenges, and strategies associated with integrating the Head, Heart, and Hand domains in SEs through in-depth case studies. The rich data collected from these studies offer nuanced insights into holistic management practices across different sectors, sizes, and stages of development.

The interviews with SE leaders and their subordinates provide first-hand perspectives and experiences, shedding light on the decision-making processes, approaches, and strategies employed to integrate the domains effectively. These interviews deepen the

understanding of the practical aspects of implementing holistic management practices.

Thematic analysis of the data from the case studies and interviews identified common themes and patterns, contributing to a comprehensive understanding of the challenges, strategies, and impacts linked to holistic management practices in SEs.

1.7 Research Questions

1. What are the main challenges that SEs face in Hong Kong that hinder their sustainability and growth? What are the underlying factors contributing to these challenges?
2. Which specific business management theories and concepts are most relevant and applicable to SEs operating in Hong Kong's unique context?
3. Through case studies and interviews, what are the key management practices employed by successful SEs in Hong Kong that contribute to their sustained competitiveness and growth?
4. How can a comprehensive management framework integrating relevant theories, concepts, and best practices be developed to address the specific needs and challenges that SEs face in Hong Kong?
5. To what extent does adopting a holistic management framework impact the effectiveness of SE leaders in Hong Kong? What specific leadership practices and strategies are associated with successful implementation?
6. What are the potential benefits and limitations of implementing a holistic management framework for SEs in Hong Kong? How does it contribute to social impact, financial sustainability, stakeholder engagement, and overall organisational performance?

1.8 The Thesis Structure

Chapter 1: Introduction

- Background and context of social enterprises in Hong Kong
- Significance of holistic management practices
- Research objectives and questions

Chapter 2: Literature Review

- Overview of social enterprise management theories and frameworks.
- Review of relevant studies and research on social enterprises in Hong Kong.

Chapter 3: Theoretical framework for the 3H

- Examination of holistic management practices and the 3H framework.
- Literature related to the domain of the holistic management framework.

Chapter 4 Methodology

- Research purpose and philosophy
- Research method
- Sampling
- Ethical considerations
- Data collection and analysis procedures

Chapter 5: Findings and Analysis

- Phenomenological Analysis
- Descriptive statistics
- The common challenges that SEs with a mother agency face.
- The common challenges that privately owned SEs face.

Chapter 6: SEs practice a holistic management framework.

- A case study of a scaled-up SE by applying the holistic management framework.
- A case study of a surviving SE by applying the holistic management framework.

Chapter 7: Discussion and Conclusion

- Discussion on the research questions
- Conclusion
- Recommendation
- Limitation
- Future Study

Chapter 2: Literature Review – Literature Related to SEs

This chapter serves as a comprehensive literature review, laying the groundwork for developing a management framework to support the sustainable development of SEs in Hong Kong. It aims to provide a deep understanding of the unique characteristics and context of SEs in Hong Kong.

The chapter begins by examining the typology of SEs, showcasing their diverse social missions and organisational structures. The discussion encompasses various classifications, including cooperatives, fair trade initiatives, community development corporations, social firms, and microenterprises. It highlights the evolution of SEs from their origins to their current focus on addressing social and environmental issues.

Including illustrative figures, such as the hybrid spectrum of SEs, provides a visual representation and aids in understanding the complex interplay between for-profit and non-profit elements within these organisations. Furthermore, the chapter delves into the strategic behaviours and business manners contributing to SEs' sustainable social impact and financial stability. By emphasising the importance of a clear social mission, innovative business approaches, and a focus on public goods, the chapter sets the foundation for the subsequent development of the management framework.

2.1 Typology of SEs

To understand the diverse landscape of SEs in Hong Kong and develop an effective management framework, it is essential to explore the typology of these organisations and their unique approaches to achieving social missions while operating sustainable businesses.

SEs aim to achieve a social mission while operating revenue-generating or trade businesses. Instead of distributing profits to shareholders, these enterprises utilise the income generated to support their social goals. SEs emerged in the mid-1800s in the UK as cooperative community organisations and were later introduced in the US in the early 1960s. Originally, SEs primarily focused on creating job opportunities for disadvantaged populations. However, their focus has expanded to address various social and environmental issues, including poverty, unemployment, education, healthcare, and environmental sustainability (Alter, 2007; Defourny & Nyssens, 2017).

In Hong Kong, there is currently no official or legally prescribed definition of a social

enterprise. However, it is widely acknowledged by leading players in the field that a social enterprise can be characterised as a profit-generating organisation with a specific social mission/objective. This definition applies particularly if the entity reinvests its profits to further its social mission (The British Council, 2021). While there may be no specific legal or tax requirements governing the definition of social enterprises in Hong Kong, it is important to recognise the consensus among key stakeholders regarding the nature and purpose of such organisations.

SEs can be classified into four main types. First, cooperatives are organisations or associations under the control or monitoring of a group of people with a high degree of autonomy to achieve a shared mission that benefits the community, economy, or cultural needs. According to the International Cooperative Alliance (ICA) definition, a cooperative enterprise values self-help, self-responsibility, and equity. Its leaders exhibit ethical behaviour, openness, and social responsibility (Alter, 2007).

Second, fair trade organisations aim to improve the quality of life in developing countries by advocating for better product prices and terms (Dragusanu et al., 2014). Community development corporations invest in the community through job creation, affordable housing, and business expansion to promote economic growth (Alter, 2007).

Third, social firms or affirmative businesses provide employment opportunities to people with disabilities, both physical and psychiatric, at fair-market salaries (Alter, 2007). WISEs represent this type of social firm in the UK and Hong Kong. WISEs create job vacancies for disabled or disadvantaged individuals and reinvest the profits from their businesses to extend their social mission. By offering market-rate wages, WISEs recognise the talent and productivity of these individuals, thereby reducing their reliance on social welfare and supporting their daily expenses (Battilana et al., 2015).

Finally, is microenterprises, small businesses with fewer than ten employees. Their simple organisational structure allows for flexibility, favouring leaders who can make risky decisions and effectively manage change (Munoz, 2010). Microenterprises thrive in the incubation of social entrepreneurship.

Understanding the typology of SEs is crucial in this study as it provides a framework for categorising and analysing different types of organisations operating within the sector. By examining each type's specific characteristics and missions, this study can gain insights into the diverse approaches and strategies employed by SEs in Hong

Kong. Furthermore, it enables the development of a comprehensive management framework that considers each typology's unique needs and challenges, ultimately supporting the sustainable growth of SEs in Hong Kong.

2.1.1 Hybrid Organisation

It is essential to consider the organisational structure of SEs in understanding their typology. SEs are characterised by an integrated structure combining elements from different institutional contexts, creating a hybrid organisation with for-profit and non-profit elements (Pache, 2013). This hybrid nature allows SEs to generate business and social revenue, placing them on a transition spectrum between purely non-profit and strictly for-profit organisations. This spectrum can be divided into four categories: non-profits with revenue-generating activities, SEs, socially responsible businesses, and corporations practising social responsibility. The categorisation of an organisation into these categories depends on factors such as the degree of business activities, motives, accountability, and the use of revenue (Alter, 2007). By examining the organisational structure of SEs within this framework, we can gain insights into how these entities balance their social mission with sustainable business operations. The following figure demonstrates the hybrid spectrum of SEs.

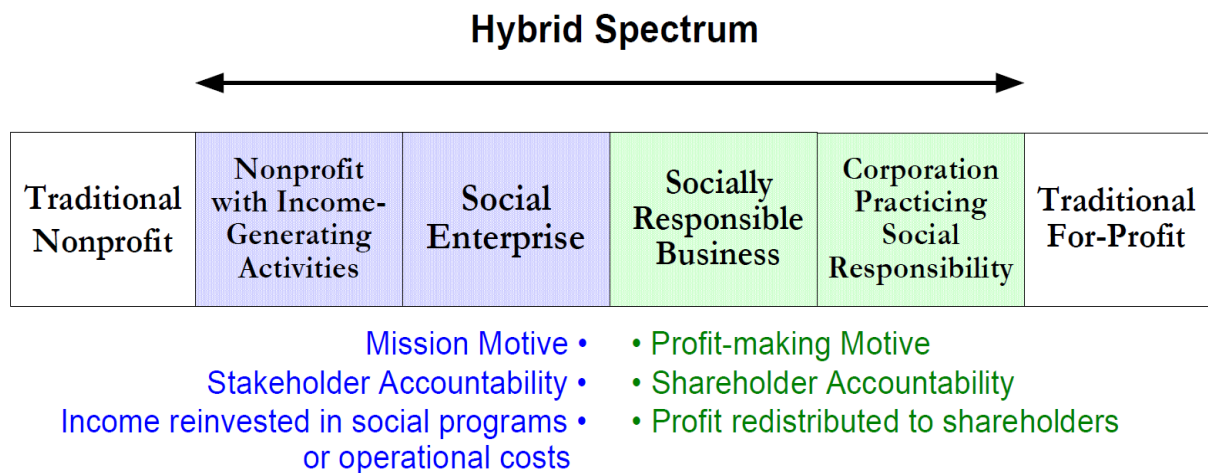


Fig. 1: The hybrid spectrum of SEs (Alter, 2007)

Distinguishing between a SE and a socially responsible business can be challenging due to the hybrid nature of SEs. However, Alter (2007) outlines several key characteristics differentiating SEs from other organisations. These include:

- Utilising business tools to achieve a social mission.
- Combining social and business values
- Generating social and business value

- Being both market-driven and social mission-led
- Measuring return on investment financially and socially
- Reinvesting business revenue into social mission-driven programmes and the public good
- Possessing a high degree of autonomy in finance and operation
- Aligning organisational strategy with the social mission

In addition, SE leaders should demonstrate strategic behaviour and adopt business practices to ensure sustainable social impact and financial stability. This includes having a clear social mission, using a business approach to generate revenue, and focusing on creating public goods (Alter, 2007).

Within the realm of SEs, there are three types: mission-centric, mission-related, and unrelated to the mission. Mission-centric SEs are centred around their social mission and aim to advance it through self-financing (New Life, 2021). An example is a WISE in Hong Kong, where Café 330 provides training and job opportunities for individuals recovering from mental illness, generating income to support the organisation's mission of promoting mental wellness and social inclusion.

Mission-related SEs have a business directly related to the organisation's core social service or mission, with the generated income subsidising the organisation's operations (Natural Bathing, 2021). For instance, Natural Bathing promotes harmony between humans and the environment through eco-tours while aligning with its social mission. Income from these tours supports the organisation's activities, although measuring the social impact of individual tours may be challenging.

In the case of SEs unrelated to the mission, the business generates revenue to support the social mission, even if the business itself is not directly aligned with the mission (YMCA, 2021). For example, the YMCA of Hong Kong operates a hotel as a SE, generating income and contributing to its social programmes to promote Christian values.

Recent research by The British Council indicates that co-operatives represent the majority typology of SEs in Hong Kong, accounting for 46.24%, followed by charitable institutes at 13.25% and SMEs at 1% (The British Council, 2021). The legal structure of a SE is closely linked to its typology.

Understanding SEs' hybrid nature and distinguishing characteristics is crucial for effectively managing and supporting their growth and impact within the social

entrepreneurship sector.

2.2 Entrepreneurship and Social Entrepreneurship

In regard to business and social impact, two distinct types of individuals emerge: entrepreneurs and social entrepreneurs. While both are passionate about innovation and value creation, their primary objectives and approaches differ. Distinguishing between entrepreneurship and social entrepreneurship is crucial for this study to understand these individuals' unique characteristics and strategies in their pursuit of business success and social impact. By examining the nuances between the two, we can explore the specific challenges, motivations, and outcomes associated with each, contributing to the overall knowledge and advancement in entrepreneurship and social entrepreneurship.

Entrepreneurship involves creating or extracting value to sustain a business, encompassing risks and offering greater benefits than traditional business operations (Alvarez & Busenitz, 2001). Entrepreneurs are change-makers who take risks for better returns on investment and can adapt to changes (Alvarez & Busenitz, 2001; Johnson, D., Newby, and Watson, 2005). Entrepreneurs exhibit characteristics such as eagerness for achievement, demand for autonomy, demand for self-efficacy, and locus of control. They are comfortable with uncertainty and perform better in ambiguous business environments, exploring more opportunities and considering alternative solutions for valuable returns (Vecchio, 2003).

Social entrepreneurship creates social value and addresses social problems through innovative business models (Fayolle, 2010). Social entrepreneurs aim to generate revenue while creating positive social impact and improving society (Fayolle, 2010; Abu-Saifan, 2012). Social entrepreneurs prioritise the benefit and welfare of the public over their interests, adopting an altruistic approach (Alvord et al., 2004). They work within the institutional framework of SEs, which prioritise social missions over profit maximisation (Abu-Saifan, 2012).

Social entrepreneurs must balance the conflicts between revenue and social value creation and develop balanced judgement skills to make informed decisions (Sullivan et al., 2003). They prioritise knowledge acquisition and establish learning organisations to create core competencies and generate greater social value (Sullivan et al., 2003).

While entrepreneurs and social entrepreneurs possess unique traits and characteristics,

they face challenges. These include burnout, isolation, financial uncertainty, decision fatigue, and the risk of failure (Alstete, 2008). However, awareness of these challenges and proactive management can contribute to long-term success. SEs require individuals with superior entrepreneurship and leadership qualities (Johnson et al., 2005). Entrepreneurship in SEs goes beyond traditional business ventures, focusing on driving social impact and addressing complex societal challenges (Johnson et al., 2005). In business and social impact, entrepreneurs and social entrepreneurs are two distinct individuals who share a passion for innovation and value creation. However, their primary objectives and approaches differ significantly.

Social entrepreneurship will be the best description for leaders who lead a SE. They focus on creating social value and addressing social problems through innovative business models. Social entrepreneurs aim to generate revenue while creating a positive social impact and improving society. They prioritise the benefit and welfare of the public over their interests, adopting an altruistic approach. Social entrepreneurs work within the institutional framework of SEs, which prioritises social missions over profit maximisation.

Social entrepreneurs face the challenge of balancing revenue generation and social value creation, requiring them to develop balanced judgement skills for informed decision-making. They prioritise knowledge acquisition and establish learning organisations to generate greater social value. In this study, we will explore whether the SE leader carries the characteristics of social entrepreneurs and how these contribute to the holistic management framework.

2.3 Policy Related to Social Entrepreneurship in Hong Kong

The policies related to social entrepreneurship in Hong Kong exemplify the government's recognition of the sector's potential for addressing social challenges and fostering economic growth. The HKSAR government has recognised the potential of social entrepreneurship for addressing the growing social welfare demands, particularly during economic recession. In response, they have implemented policies to promote sustainable social businesses to alleviate the burden of social welfare expenditure (Man & Terence, 2011). Several funding schemes have been launched to support social entrepreneurship in Hong Kong, including the ESR Programme initiated in 2006 and the "3E" scheme in the same year (HYAB, 2021).

The government's support has significantly impacted the growth of SEs in Hong

Kong. The number of SEs increased from approximately 200 to over 610 between 2007 and 2017, reflecting the positive outcomes of the government's initiatives (HKSAR Government, 2019). Moreover, SEs have become more diverse, expanding beyond catering services to encompass elderly care, tourism, environment protection, and creative industries. One notable success of the government's efforts is the ESR programme, which has facilitated the creation of over 5,000 jobs, with approximately 80% of these positions being filled by socially disadvantaged individuals (HKSAR Government, 2019). By generating income for these individuals, SEs not only contribute to GDP but also reduce the reliance on social welfare, highlighting their potential impact on both the social and economic aspects of Hong Kong.

To further support the development of the SE sector, the government can focus on several policy areas. Firstly, it can promote social entrepreneurship through awareness campaigns and capacity-building programmes. Secondly, establishing a robust legal structure and regulatory framework that fosters a competitive environment for SEs can provide stability and confidence for entrepreneurs in the sector. Thirdly, the government can implement sustainable finance policies tailored to the needs of SEs, ensuring access to funding and capital for their operations. Additionally, providing training and research opportunities can equip social entrepreneurs with the necessary skills and knowledge to thrive in their ventures (Noya, 2014).

These policy initiatives in Hong Kong endeavour to promote social entrepreneurship and support SE development. Government policy plays a crucial role in shaping the SE sector, making it a critical factor that significantly impacts its growth, sustainability, and overall success.

2.3.1 Policies for Promoting Social Entrepreneurship for non-WISEs

Compared to the previous section, which discussed the limitations of government policies favouring NGOs and excluding non-affiliated social innovators, the subsequent section illustrates a shift in the government's approach by introducing the SIE Fund. This new policy initiative addresses the gap by providing financial support specifically for entrepreneurs without a NGO affiliation and those not targeting employment for disabled people like sustainable development and fair trade, thereby fostering the growth of social entrepreneurship in Hong Kong (Chan et al., 2019). In the late 1990s, Hong Kong's public sector reform focused on managerialism and performance pledges. This approach prioritised providing grants to NGOs registered as non-government charitable entities with tax exemption status under Section 88, which limited financial support to NGOs and excluded potential social innovators and

entrepreneurs without a NGO affiliation (Chan et al., 2019). As a result, the potential for social entrepreneurship in Hong Kong needs to be improved.

To address this limitation and foster the growth of social entrepreneurship, the Hong Kong Special Administrative Region (HKSAR) government introduced the Social Innovation and Entrepreneurship Fund (SIE Fund) in 2013. The SIE Fund was designed to provide financial support specifically for entrepreneurs without a NGO affiliation, helping at various stages of social business development. This support encompasses idea generation, prototype pilot runs, start-up social businesses, and scaling up, covering the diverse financial needs of social entrepreneurs (Chan et al., 2019).

Establishing the SIE Fund has significantly contributed to expanding the SE sector in Hong Kong. Over ten years, the number of SEs has tripled, indicating the positive impact of the government's efforts in lowering barriers and providing financial support for social entrepreneurs to establish and grow their businesses (Chan et al., 2019).

These policy initiatives demonstrate the government's recognition of supporting social entrepreneurship and creating an enabling environment for innovative solutions to address social challenges. The SIE Fund is crucial in nurturing and empowering social entrepreneurs in Hong Kong by facilitating access to funding and resources.

2.3.2 Legal Structure and Regulatory Framework of SEs in Hong Kong

In Hong Kong, SEs can establish themselves as for-profit or non-profit entities without a specific legal form designated exclusively for SEs. All businesses in Hong Kong are subject to the same tax rates, except for charitable institutions and trusts of a public character, which are eligible for tax exemption under section 88 of the HKSAR Inland Revenue Ordinance. To qualify for tax exemption, these entities must meet certain criteria, such as having exclusively charitable purposes and operating on a non-profit basis (IRD, 2021). It is important to note that SEs in Hong Kong do not have a hybrid legal structure option, and they must choose either private business entity or NGO status.

SEs in Hong Kong employ a unique business model where revenue generation supports their social mission. This approach allows them to operate independently and develop sustainable solutions to social problems, reducing their reliance on external funding sources and enhancing their effectiveness (Sepulveda, 2015). In contrast, SEs

can adopt the legal form of Community Interest Company (CIC) in the United Kingdom. CICs are limited companies that prioritise benefiting the community over private shareholders. This legal structure fills a crucial gap for SEs, allowing them to align with either for-profit or non-profit categories. Regulated by the government, CICs provide SEs with a recognised legal identity and legitimacy. This enables them to establish themselves as businesses with a social mission while also ensuring transparency and accountability to stakeholders (Gidron et al., 2012).

A clear and recognisable identity for SEs, supported by government regulation, helps consumers differentiate between purely business entities and SEs. This distinction can facilitate the attraction of potential investors or funders who are interested in supporting socially responsible businesses. By providing a legal structure that combines business operations with social impact, the UK's CIC model exemplifies how legal frameworks can promote the growth and recognition of SEs (Gidron et al., 2012).

In Hong Kong, while no specific legal form is dedicated to SEs, the existing framework allows for the establishment of SEs as for-profit or non-profit entities. However, further exploration and consideration of a legal structure designed for SEs could provide these businesses clarity, legitimacy, and distinct recognition, facilitating their growth and impact in the region.

2.3.3 Financial Support for SEs in Hong Kong

As mentioned in the previous section, the SIE Fund stands out among the three government seed funds in Hong Kong as the sole supporter of individual SEs during their development stage. It offers funding for concept incubation and pilot projects, allowing social entrepreneurs to test their ideas before formally establishing a social business. Unlike other funds, business registration is not mandatory during the incubation stage. By supporting social entrepreneurs in the crucial development stage, the SIE Fund plays a pivotal role in fostering the growth of SEs in Hong Kong and cultivating a thriving SE sector (HYAB, 2021). The unique coverage and flexibility of the SIE Fund make it an essential source of financial support for social entrepreneurship in Hong Kong. Its distinction as the only government fund that supports individual social entrepreneurs underscores its significance in promoting social entrepreneurship and the overall expansion of the SE sector. In contrast, other government funds and grants typically require applicants to be affiliated with registered organisations, thereby limiting the accessibility of funding and support for individual social entrepreneurs. Through its support for individual social

entrepreneurs and adaptable funding models, the SIE Fund contributes to creating sustainable solutions to social problems and opens up new opportunities for social entrepreneurs.

Research conducted by the British Council reveals that the SIE Fund is the primary funding source for SEs in Hong Kong, accounting for 32% of their funding. Additional funding sources include the Enhancing Self-Reliance Through District Partnership Programme (ESR) at 18%, the 3E Fund and the Innovation and Technology Fund for Better Living at 9%, and the Community Investment and Inclusion Fund at 5%. SEs also receive grants from philanthropic entities such as The Hong Kong Jockey Club Charities Trust (HKJCCT) and family philanthropy. The findings underscore the significance of diverse funding sources for the sustained operations of SEs in Hong Kong. Among SEs, 36% allocate grants to support operational costs, while 23% allocate funds for organisational scaling (The British Council, 2021). A varied range of funding sources is crucial for the long-term sustainability and growth of the SE sector.

In Hong Kong, philanthropic foundations like the HKJCCT generally prefer funding organisations with a non-profit legal structure, such as those with section 88 status (The Hong Kong Jockey Club Charities Trust, 2020). However, as no specific legal form is dedicated to SEs in Hong Kong, SEs often register as companies limited by shares. The revenue generation model of SEs is less appealing than purely commercial entities, making it more challenging for SEs to secure bank loans. Financial institutions also require assistance in identifying SEs, as the HKSAR government provides no official definition or special legal status. Consequently, SEs need help accessing financial support, which hampers their scalability and restricts capital flow flexibility. The absence of a distinct legal identity also limits public donations, which tend to be directed towards charitable NGOs. Consequently, the development of the SE sector in Hong Kong is impeded by limited financial support and the strain of inflexible capital flow.

A specific legal form for SEs in Hong Kong is needed to improve their ability to raise funds and attract capital investment. Without a distinct legal identity, SEs face challenges presenting themselves as dedicated SEs to potential investors and funders. This lack of clarity and recognition often deters traditional financial institutions from providing capital investment to SEs, as they need help to fit within established frameworks for investment evaluation. Consequently, the limited availability of capital investment inhibits the growth and scalability of SEs in Hong Kong, hindering their potential to create significant social impact.

2.4 Chapter Summary

This chapter presents a thorough literature review of SEs in the context of Hong Kong by assuming that SEs are organisations that operate revenue-generating or trade businesses to achieve specific social missions. Unlike traditional profit-driven enterprises, SEs reinvest their generated income to support their social goals. The typology of SEs is examined, categorising them into distinct types based on their social missions. These include cooperatives, fair-trade enterprises, community development corporations, social firms/affirmative businesses, and microenterprises. Each type is characterised by its unique contributions and approaches to the SE landscape.

The chapter also delves into the concept of hybrid organisations, which highlights the integration of for-profit and non-profit elements within SEs. It explores the spectrum of hybrid organisations and identifies four categories: non-profit organisations with revenue-generating activities, SEs, socially responsible businesses, and corporations practising social responsibility. This discussion helps clarify SEs' nature and positioning within the broader organisational landscape.

Furthermore, the chapter distinguishes SEs from socially responsible businesses, emphasising key considerations such as the origin of expected social changes and the funding sources. SEs are characterised by their utilisation of business tools to achieve social missions, the integration of social and business value, the measurement of both financial and social return on investment, and the reinvestment of business revenue into social mission-driven initiatives. This chapter provides a comprehensive literature review of SEs in Hong Kong, laying the foundation for developing a robust management framework that will be explored in subsequent chapters.

Chapter 3 Theoretical Framework of 3H

3.1 The 3H Holistic Management Framework

Having discussed the characteristics of the social enterprises and the operating environment within which they operate in Hong Kong, we recognise that they are facing an even more challenging condition as compared with their counterparts of the for-profit sector. Arguably, they require an effective management framework to secure sustainable growth more than anybody else. In exploring a suitable management framework for SEs, the 3H holistic management framework emerges as a promising approach. The researcher inspired by Dr. Eddie Yu's Management Lecture, recognises management as both an art and a science, involving the alignment of people, organisational elements, strategy and competencies to enhance organisational performance. Represented metaphorically by the Heart, Head, and Hand, the 3H framework emphasises the integration of leadership, strategic management and practical skills to achieve organisational goals (Yu, 2022).

The 3H framework's relevance to SEs' purposeful business ventures lies in its emphasis on the people-oriented, win-win, and socially and environmentally responsible culture. It acknowledges that effective management begins with the leader and extends to followers, organisations, industries, communities, and nations. By incorporating elements from seminal works in Chinese and Western management literature, such as Daoism, leadership theories, resource-based theory, organisational culture, value chain, strategic management, and core competence, the framework provides a comprehensive approach to management (Yu, 2021).

Introducing the 3H holistic management framework aims to address SEs' inherent challenges and provide practical insights into effectively managing these organisations. The framework's incorporation of diverse management theories and practices aligns with the multidimensional nature of SEs, allowing for a comprehensive approach to their management and growth. The framework is best to be explained by each H domain.

3.1.1 H1 - Heart Domain

The Heart domain within the 3H framework focuses on the crucial aspects of people management, which are influenced by the leader and management's decisions. This domain encompasses the leader's management assumptions, leadership style, influence strategies, communication capabilities, performance evaluation, reward policies, and organisational culture. These factors significantly shape the minds and

behaviours of employees within the organisation. The effectiveness of the Heart domain is reflected in the motivation, engagement, and commitment of employees toward achieving the organisation's common goals. Relevant literature on the Heart domain includes organisational behaviour, leadership theories, change management, organisational culture, communication strategies, group and team management, and theories and practices of human resource management (Yu, 2021).

3.1.2 H2 - Head Domain

The Head domain of the 3H framework encompasses the strategic management processes within an organisation. This involves the scope of strategic thinking, organisational structuring, operations and control systems design and execution activities. In smaller companies, founders often play a central role in this strategic scope of activities for guiding growth and establishing market positioning. The effectiveness of the Head domain is reflected in the organisation's sustained competitive advantage, such as differentiation in positioning and/or cost-effectiveness in operations. Pertinent literature related to the Head domain includes organisational architecture, strategic management theories (such as macro-industry analysis and the resource-based view), and planning and control frameworks like the balanced scorecard and strategy map (Yu, 2021).

3.1.3 H3 - Hand Domain

The Hand domain in the 3H framework evaluates an organisation's overall competence by focusing on functional indicators such as operations, production efficiency, and innovation in process and/or new product development rates. This domain encompasses literature on competence-related theories and functional strategies that focus on the strategic execution and control scope of organisational activities.

This research will apply the 3H holistic management framework as a comprehensive approach to examine its effectiveness in managing SEs amidst their unique challenges and inherent weaknesses.

3.1.4 The Holistic Approach of the 3H Framework

The 3H framework emphasises the balance among the Heart, Head, and Hand domains since an imbalance can negatively impact the overall organisational performance. This holistic approach helps organisations create synergies through seamless integration among all three H domains for the best effective and efficient

management of the organisational performance (Yu, 2021). We can use an algebraic formula to present the 3H model as follows:

Organisation performance, the dependent variable, is a function of a leader's driving force to integrate among the Heart (H^1), Head (H^2), and Hand (H^3) independent variables of that organisation.

$$OP = f(H^1 \cap H^2 \cap H^3)$$

OP = Organisational Performance

\cap = The intersection of each H domain and the level of synthesis among 3 H domains are hypothesised to positively correlate with organisational performance.

H^1 = The Heart domain emphasises people and value-related constructs such as stewardship, emotional intelligence, moral and ethical appeals, and leading and engaging people. The literature related to this domain includes organisational behaviour theories, leadership and management of change theories, and HRM practices.

H^2 = The Head domain focuses on strategic, organisational, and business-related constructs. This includes vision, pathfinding, strategic appeals, hierarchy of strategies, planning, controlling, and organisational design. The literature related to this domain includes strategic management theories, organisational architecture, business models, and planning and control practices such as the balanced scorecard and strategy map.

H^3 = The Hand domain of the 3H framework is task-oriented and focuses on competence-related issues. This includes providing support, coaching, and training to ensure that employees possess the necessary skills. The literature related to this domain includes studies on all functional strategies and practices.

In managerial decision-making, the importance of each H's domain may vary. Generally, H^1 carries more weight than H^2 and H^3 , while H^2 carries more weight than H^3 . This is because failure to unify and motivate people can cause an organisation's strategy, systems, and competence to be ineffective. The 3H framework aims to improve both the effectiveness and efficiency of an organisation or project's performance. Effectiveness refers to goal-driven activities, while efficiency refers to economical operations.

The Venn diagram below depicts four scenarios, which illustrate the ideal and deficient conditions from the 3H framework perspective on organisational performance.

Yu's 3H Holistic Management Framework

Scenarios resulting from different H domains' interceptions – fulfilling the necessary and sufficient conditions $OP = f(H^1 \cap H^2 \cap H^3)$

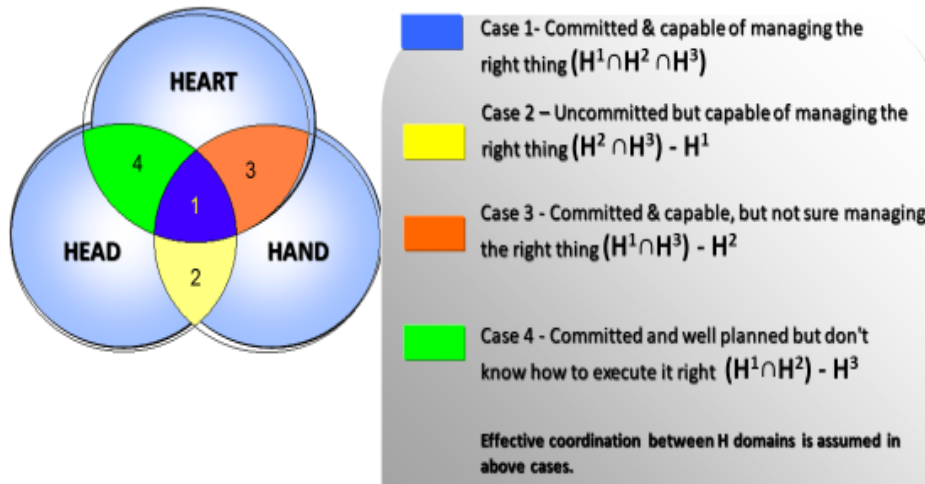


Fig. 2: Venn diagram illustrating the ideal and deficient conditions

Scenario 1 – H1 (Heart), H2 (Head) & H3 (Hand) is at equilibrium.

The ideal scenario is when all H domains are effectively aligned and function. The leaders of organisations with such scenario are able to achieve a balance between each domain, maximising the synergy effect and outcome of each. Leaders can optimise output and achieve optimal performance by motivating employees (H1) towards improvement (Goleman, 2000). A high degree of self-engagement (H1) and good organisational citizenship (H1) will favour innovation (Adame, 2019). An effective strategy and roadmap (H2) enable leaders to allocate resources optimally and provide employees with a clear understanding of organisational direction and goals (Mintzberg, Ahlstrand et al., 2020). Effective operation and knowledge management (H3) allow leaders to achieve maximum output and outcomes with existing resources. The organisation can achieve optimal performance when all domains are in equilibrium, as in scenario 4. The Venn diagram (Case 1) shows that when all the domains are in equilibrium, the intersection area A is the largest among the four scenarios.

Scenario 2 – H1 (Heart) is weak.

This scenario often signifies ineffective leadership and/or an unhealthy organisational culture, which leads to low morale, weak commitment, and poor team spirit in the workforce. Eventually, that would adversely affect the organisation's performance, even though the organisation has a sound strategy and high-calibre workforce (Yu,

2021). This scenario can be visualised by using the Venn diagram (Case 2).

Scenario 3 – H2 (Head) is weak.

This is a scenario in an organisation that lacks effective strategy and/or is unclear about its strategic positioning, even though it has a motivated and competent workforce. The Venn diagram can also visualise the scenario (Case 3). It may be due to the founders of the SEs, unlike their counterparts in for-profit corporations who are used to going through strategic planning and control processes annually and regularly. SEs, especially small local Chinese SEs, tend to rely on gutfeel, reactive responses to situations rather than exercising regular and systematic strategic planning for their businesses (Yau et al., 2023).

Scenario 4 – H3 (Hand) is weak.

This scenario shows that the organisation's core competence is weak, despite its motivated workforce and sound strategic management. This scenario can also be visualised by using a Venn diagram (Case 4). Possibly, it is due to SEs tending to lack rich resources or the attractiveness to recruit and retain high-calibre employees and seldom have sound knowledge management systems to capture employees' experiences and technical knowhow. Employees leave the organisation with their experiences and knowledge, which would weaken the organisation's competence.

Yu (2023) posits that the synthesis created from the effective coordination among the three domains of H1, H2 and H3 should secure the **necessary** and **sufficient** conditions for effective and efficient organisational performance. Case 1 in the Venn diagram above illustrates such ideal conditions. The level of holistic management hinges on the level of synthesis created among the integration of the H1, H2, and H3 domains.ⁱ

While each key element of an individual H domain is important to represent the efficacy of the incumbent domain, by itself it would not be sufficient to ensure the holistic management of the organisational performance as the deficiency in one or more H domains and or weak in integration of all 3H domains would have significant adverse impacts to the organisational performance (Yu, 2022).

The 3H framework draws upon a rich foundation of well-established theories and frameworks, contributing to implanting its strong theoretical roots. Renowned researchers and thinkers of the East and West have developed these theories provided valuable insights into modern management practices.

For the Heart domain, the works of Laozi of Daoism, James Burns' transformational leadership theory, and Abraham Maslow, Gary McGregor, and Frederick Herzberg's motivation theories have shaped our understanding of values, motivation, emotional intelligence, and the importance of employee engagement in effective leadership.

In the Head domain, Sunzi's strategy and leadership principles, Gary Yukl's contingency leadership theory, Michael Porter's industry analysis, value chain, and competitive advantage, Henry Mintzberg's strategy and structure models, and Robert Kaplan and David Norton's strategy map have all contributed to our understanding of strategic planning, decision-making, and critical thinking skills.

Lastly, the Hand domain is influenced by the works of Jay Barney and Birger Wernerfelt's resource-based theory, Edgar Schein's organisational culture framework, John Kotter's management of change theory, and C. K. Prahalad and Gary Hamel's core competence theory. These theories emphasise the importance of efficient resource allocation, process optimisation, organisational culture, and the ability to adapt to change.

Apparently, owing to the nature of management practices, many theories, for instance, Kaplan's strategy map. Barney's resource-based theory, they are applicable across all three domains. Nevertheless, it is important to identify the domain that hosts the element, for instance, Heart domain hosts leadership and Head domain hosts strategy map or strategy articulation.

By accessing relevant literature from these renowned management thinkers, organisations can deepen their understanding, enhance their skills, and effectively apply best practices to implement the 3H holistic management framework. This integration of theories and frameworks aligns with the specific elements required for each H domain, enabling managers to navigate the complexities of social enterprises and drive organisational success.

The 3H framework builds upon the seminal works of influential management thinkers, providing a comprehensive and holistic approach to management in the context of social enterprises. By leveraging these well-established theories and frameworks, managers can tap into a wealth of knowledge and practices to effectively implement the 3H framework and drive organisational performance (Yu, 2023).

Given the inherent nature of SEs of working closely with people, understanding the dynamics of LMX and leadership styles is paramount. By delving into these areas, our

objective is to garner valuable insights into the role of effective leadership, motivation, and communication in fostering employee engagement and driving organisational success within SEs in the Heart domain.

Leadership theory encompasses the dynamic relationship between leaders and followers/subordinates, where leaders empower and shape the perspectives and expectations of their team members. Different leadership styles, such as transformational, transactional, and servant leadership, have been explored in the literature. Transformational leadership inspires and motivates stakeholders, fosters innovation, and aligns social and financial objectives. Transactional leadership emphasises clear goals, monitoring of progress, and accountability. Servant leadership focuses on shared values, collaboration, and long-term sustainability (Gregory et al., 2004; Kuhnert Lewis, 1987; Sendjaya, Sarros et al., 2008).

Motivation and employee engagement play vital roles in organisational success. Motivation theories have been studied to understand what drives individuals to perform optimally. Aspects such as intrinsic and extrinsic motivation, self-actualisation, and the role of leaders in motivating their subordinates are explored in the literature. Employee engagement refers to employees' emotional commitment and involvement in their work and the organisation. It is influenced by leadership style, organisational culture, and job design (Rus et al., 2010).

Effective communication is essential for leaders to convey their vision, expectations, and goals to their team members. It involves verbal and non-verbal communication, active listening, and feedback. Effective communication promotes understanding, collaboration, and a positive work environment (Johnson et al., 2019).

We first investigate the leadership style; the selection of transformational, transactional, and servant leadership styles for investigation in this study is based on their relevance and applicability to the research context. These three leadership styles have been widely studied and recognised in the literature for their impact on employee motivation, engagement, and organisational performance. Transformational leadership inspires and motivates followers, fostering innovation and aligning social and financial objectives. Transactional leadership emphasises clear goal setting, monitoring of progress, and accountability. Servant leadership focuses on shared values, collaboration, and long-term sustainability. By examining these leadership styles, we can gain comprehensive insights into their distinct characteristics and their effects on the Heart domain of the 3H Framework within SEs.

3.2 Literature Related to the Heart Domain

While Heart domain carries several key elements, leadership is often regarded as the most important one among others, such as organisational culture, motivation, mission and purpose. Therefore, we need to discuss different styles of leadership in length with special reference to its role in the 3H framework for its application in managing SEs.

3.2.1 Leadership Theory

Integrating transformational, transactional, and stewardship leadership approaches offers valuable benefits to leaders within SEs. By adopting this multifaceted leadership strategy, leaders can effectively confront the distinctive challenges that SEs face while concurrently achieving a harmonious equilibrium between social and financial objectives. Additionally, this approach enables leaders to optimise the utilisation of limited resources, actively engage stakeholders, enhance their organisational legitimacy, and effectively measure and communicate the impact generated by their initiatives. By leveraging the synergistic effects of these leadership styles, leaders in SEs can navigate the complexities of their unique operating environment and drive sustainable success.

3.2.2 Transformation Leadership

As conceptualised by Burns and further developed by Bass, transformational leadership has been widely acknowledged for its positive impact on subordinates' motivation, performance, and the overall organisational climate. Transformational leaders are crucial in empowering subordinates to enhance their standards and self-esteem, ultimately driving them towards improved organisational goals and fostering innovation and creativity (Bass, 1999, 2009).

Bass identifies four key dimensions characterising transformational leadership (Johnson et al., 2019). First, Idealised Influence entails leaders acting as role models for their subordinates, exemplifying the qualities and behaviours that they expect from their teams, such as self-discipline and high-quality work. Second, Inspirational Motivation involves leaders inspiring their subordinates to achieve goals through clear guidance and encouragement, fostering a sense of creativity and initiative. Third, Individualised Consideration emphasises the transformational leaders' focus on optimising the self-actualisation of their subordinates. These leaders demonstrate empathy and genuine concern for their subordinates' well-being and provide tailored training to enhance efficiency and skills development. Lastly, Intellectual Stimulation

entails transformational leaders challenging and stimulating subordinates to reach higher levels of creativity and innovation (Johnson et al., 2019).

Summarising Bass's dimensions, transformational leaders exhibit seven key characteristics: prioritising subordinates' intrinsic motivation and personal development, emphasising task prioritisation, fostering high moral standards, promoting trust and harmony among employees, employing consistent instruction and management styles, providing tailored training opportunities, and stimulating innovation and creativity (Odumeru & Ogbonna, 2013). In entrepreneurial behaviour, which involves stimulating new ideas, identifying opportunities, and assessing risks, transformational leaders play a vital role. They foster organisational innovation, facilitate change, and promote individual transformation, resulting in high employee engagement and motivation. Transformational leaders actively support entrepreneurial growth by motivating and optimising their subordinates' capabilities to achieve organisational goals, missions, and visions (Eyal & Kark, 2004).

Transformational leadership aligns well with the values and goals of SEs, as it emphasises inspiring and motivating stakeholders, fostering innovation, and promoting a sense of purpose and social impact. This leadership style is conducive to driving positive change, mobilising resources, and cultivating a collective vision among individuals involved in social entrepreneurship. Transformational leadership is one of the most suitable to describe social entrepreneurial behaviour. Moreover, the inherent weaknesses of SEs in recruiting and retaining high calibre talents, the essence of transformational leadership in developing and empowering employees is particularly relevant to SEs.

3.2.3 Transactional Leadership

In contrast to transformational leadership, transactional leadership emphasises subordinates' compliance, rewarding or punishing them based on their performance, without a primary focus on driving change (Bass & Stogdill, 1990). Introduced by Bernard Bass in the early 1980s, transactional leadership is characterised by a more passive relationship between leaders and subordinates, where recognition and rewards are contingent upon meeting predetermined expectations outlined in employment contracts (Bono & Judge, 2004).

Including the transactional leadership style provides insights into an alternative leadership approach that may be prevalent among social workers who hold leadership positions within SEs. As social workers often possess a strong sense of adherence to

rules, procedures, and organisational performance, transactional leadership may resonate with their professional background and alignment with social work values. Understanding the characteristics and implications of transactional leadership can offer valuable perspectives on how social workers in leadership roles can effectively manage and motivate their teams within the social entrepreneurship context.

Transactional leaders are less actively engaged than transformational leaders, with varying levels of involvement ranging from being highly engaged to less engaged. Highly engaged transactional leaders participate in various aspects, such as campaign preparation and voting, while less engaged leaders exhibit lower employee engagement and commitment levels. Unlike transformational leaders, transactional leaders rely on employees' existing skills and knowledge to complete tasks without empowering them through training opportunities (Kuhnert & Lewis, 1987).

Transactional leadership strongly emphasises supervisory control and organisational performance, utilising a rewards and punishment system to promote conformity rather than providing psychological rewards. Leaders with this style often exhibit high risk-avoidance tendencies and resistance to change. However, they excel in crises, emergencies, and project management, closely monitoring procedures and workflows to allocate resources and manage potential risks efficiently (Odumeru & Ogbonna, 2013).

While transactional leadership prioritises processes and goal efficiency, it may limit creativity as it needs to foster innovation actively. Effective leadership involves adapting to the team and situation (Pieterse et al., 2010). Transactional leaders typically focus on completing pre-defined tasks within expected timeframes and may prioritise something other than forward-thinking. They often rely on positive reinforcement to motivate subordinates to meet deadlines (Odumeru & Ogbonna, 2013). Communication between transactional leaders and subordinates is often based on an economic exchange model involving a cost-benefit analysis (Sarros & Santora, 2001).

Transactional leaders primarily utilise extrinsic motivation to improve work efficiency, which may discourage innovation without intrinsic motivation. Creativity can be stifled by incentivising subordinates to achieve predetermined targets without rewarding additional achievements. The strictly structured environment fostered by transactional leadership may not be conducive to entrepreneurial behaviour (Afsar et al., 2017).

Although transactional leadership may not be the preferable leadership for all, some employees who prefer clear expectation of input and outcome, quick feedback on performance, well defined of dos and don'ts in operations, may like working with transactional leaders.

3.2.4 Servant Leadership

Besides transformational and transactional leadership, servant leadership is an alternative leadership style that emphasises serving others and the organisation's long-term well-being. While transformational leaders inspire and motivate through vision and change, and transactional leaders focus on rewards and compliance, servant leaders prioritise their subordinates' growth, development, and service, fostering a culture of trust, empathy, and innovation (Van Dierendonck, 2011). By incorporating servant leadership into leadership practices, organisations can cultivate a work environment that promotes individual and collective success while nurturing future leaders and achieving sustainable, long-term impact.

In contrast to leaders who utilise power and influence to achieve organisational goals, servant leaders adopt a distinct approach by prioritising the service provided to others and the organisation itself. Greenleaf's concept of servant leadership, introduced in 1977, highlights the importance of meeting the team's needs and fostering future leaders' development while emphasising the organisation's long-term improvement and sustainability (Van Dierendonck, 2011). According to Spears, servant leadership encompasses ten key characteristics, including active listening, empathy, healing abilities, self-awareness, persuasion and inspiration, future orientation, visionary thinking, stewardship, commitment to subordinates' growth, and emphasis on team building (Spears, 2010).

Servant leaders prioritise the growth and development of their subordinates by valuing their beliefs and values, which fosters trust and respect while promoting employee development. Their perceptive abilities and visionary nature enable them to guide subordinates towards desired outcomes within designated timeframes, positively impacting innovation and entrepreneurship within the organisation (Van Dierendonck, 2011).

Servant leaders build trust with their subordinates through consistent thoughts, work ethics, and performance. Their commitment to keeping promises and promoting organisational transparency cultivates integrity and loyalty to moral practices. By demonstrating empathy towards their subordinates, servant leaders create an

environment of interpersonal acceptance and tolerance, encouraging creativity and fostering high levels of trust among employees. This environment reduces the fear of blame or negative repercussions for mistakes, leading to a positive and innovative work culture (Van Dierendonck, 2011).

Stewardship, another key characteristic of servant leadership, refers to leaders' willingness to prioritise serving the organisation over personal interests. This mindset positions them as role models for working towards common goals and promoting teamwork and social responsibility. Leaders who emphasise stewardship effectively establish rules, regulations, and expected outcomes, providing a clear direction and procedures for subordinates to understand the accountability mechanism and work towards achieving their goals efficiently. An effective accountability system promotes good organisational governance (Van Dierendonck, 2011).

While many entrepreneurs focus primarily on maximising profits and exploring business opportunities, social entrepreneurs prioritise achieving their organisation's mission and resolving social problems. They place higher importance on creating social value and impact than focusing solely on financial gains. The values of empathy and stewardship in servant leadership align with those of social entrepreneurship, contributing to the fulfilment of social missions and the creation of positive social impact. Social entrepreneurs prioritise serving the community, which requires strong empathy and stewardship (Doğru, 2019).

By making service the core of their management practice and prioritising the common interest over individual interests, servant leaders create an environment where subordinates are encouraged to propose creative solutions that improve overall efficiency, fostering flexibility and innovation within the organisation. Enhancing innovation is a key characteristic of entrepreneurs (Williams et al., 2017).

Servant leadership is relevant to social entrepreneurship leadership since it aligns with the values and objectives of SEs. Social entrepreneurs prioritise serving the community and creating positive social impact, making servant leadership's emphasis on empathy, stewardship, and long-term sustainability a natural fit for their leadership approach. By adopting servant leadership principles, social entrepreneurs can effectively lead their teams to pursue the organisation's social mission, foster innovation, and drive meaningful change within their communities.

Here is a brief comparison of the leadership styles mentioned above:

Transactional (Bass & Stogdill 1990)	Transformational (Odumeru & Ogbonna, 2013)	Servant (Odumeru & Ogbonna, 2013)
Responsive leadership	Proactive leadership	Both responsive and proactive leadership depends on the situation.
Eager to keep the existing organisational culture.	Eager to explore any possibility of the organisational culture.	Eager to explore any possibility of the organisational culture.
Not keen to change.	Keen to change.	Keen to change.
Transactional leadership values dynamic employee achievements based on their abilities, with performance as the basis for recognition. Leaders empower employees through proper training and development, avoiding punishment and encouraging moral value and ability empowerment.	In transformational leadership, employee achievements are dynamic and dependent on their abilities, with performance as the basis for recognition. Leaders empower employees and enhance their morale and skills through training rather than relying on a fixed reward or punishment system.	Servant leadership focuses on creating an environment that fosters personal and professional growth, encourages self-improvement, and promotes the overall welfare of individuals. It prioritises the growth, development, and well-being of team members.
Followers can be motivated by self-interests such as performance bonuses and personal promotion.	Followers can be motivated by the potential of the organization and its future growth and development.	Followers can be motivated by recognition, appreciation and personal growth.

Transactional (Bass & Stogdill 1990)	Transformational (Odumeru & Ogbonna, 2013)	Servant (Odumeru & Ogbonna, 2013)
Management by exception.	Management by employees' ability.	Management by employees' well-being.
Highly risk avoidant	Risk taker. Encourages innovations and changes.	Risk taker to a certain extent as it will seriously consider employees' benefit.

Table 1: Comparison table - transactional and transformational leadership styles

3.2.5 Motivation Theory

Building upon the discussion of leadership and its impact on motivation, it is important to explore how various theories provide insights into understanding and effectively fostering employee motivation within an organisational context.

Motivation encompasses the eagerness for action, commitment, and ambition within individuals. It can be driven by intrinsic factors, originating from an individual's internal desire to perform or achieve a goal, or by extrinsic factors, influenced by external rewards or incentives. Various factors, such as culture, lifestyle, and character, can shape an individual's motivation levels (Ryan & Deci, 2000). Research suggests that individuals driven by intrinsic motivation exhibit more positive outcomes than those motivated by extrinsic factors (Radel et al., 2016).

Effective leadership plays a crucial role in inspiring and sustaining high levels of employee motivation within an organisation, ultimately leading to favourable outcomes and achieving the organisational mission. Intrinsic motivation can also encourage voluntary engagement in additional activities within the organisational context (Vroom, 1964).

The impact of motivation on organisational performance is well-documented, as higher levels of motivation among employees contribute to increased efficacy and overall improved outcomes (Dobre, 2013). This study aims to explore McGregor's

Theory X and Y, Maslow's hierarchy of needs, and Herzberg's Motivation-Hygiene theory. By examining these motivational theories, we can gain valuable insights into how leaders can effectively inspire and foster employee motivation, enhancing organisational performance and success. With a clear understanding of the significance of motivation and its connection to effective leadership, the next section will delve into McGregor's Theory X and Y, Maslow's hierarchy of needs, and Herzberg's Motivation-Hygiene theory to explore the underlying factors that drive employee motivation and how leaders can leverage these theories to create a motivating work environment.

3.2.6 McGregor's Theory X and Theory Y

Douglas McGregor's Theory X and Theory Y offer contrasting perspectives on human work motivation (Kopelman, Prottas, & Davis, 2008). Theory X assumes that employees are inherently lazy and require strict control and direction, while Theory Y posits that employees are motivated and capable of taking on responsibility. Leaders adopting a Theory X approach may stifle creativity and initiative, whereas Theory Y leaders embrace a participative and empowering style, fostering greater employee engagement and job satisfaction. The leader's attitude and management approach significantly influence an organisation's direction and success (Hassan, 2005).

Theory X contends that extrinsic factors primarily motivate employees, and rewards and punishments can effectively increase their performance (Kopelman, Prottas, & Davis, 2008). Theory X leaders emphasise traceable individual actions to ensure accountability and effective organisational management (Fisher, 2009). Such leadership styles often lead to more bureaucratic and less innovative organisations.

In contrast, Theory Y leaders trust their subordinates, assuming they are self-motivated and can exercise initiative. They provide employees autonomy and freedom to work independently rather than micromanaging them with detailed instructions. This approach fosters self-motivated employees who are eager to contribute to the organisation's success (Hassan, 2005). Theory Y leaders believe that employees are intrinsically motivated and find job satisfaction and self-empowerment more rewarding than direct incentives or rewards (Fisher, 2009). Employees assume responsibility and produce their best work when given autonomy instead of being constrained by predefined output targets. Theory Y leaders prioritise communication with their subordinates, emphasising a positive and effective leader-member relationship while minimising excessive rules and regulations (Morse & Lorsch, 1970). Organisations led by Theory Y-style leaders are often more organic and

innovative, fostering interactive and feedback-rich relationships between management and employees. McGregor's Theory X and Theory Y provide valuable insights into how leaders can influence employee motivation and create a motivating work environment.

McGregor's Theory X and Y within the framework of servant leadership provide a comprehensive understanding of contrasting leadership approaches and their effects on employee motivation. While Theory X highlights the risks of a directive and controlling leadership style, Theory Y emphasises the importance of trust, empowerment, and intrinsic motivation. By integrating these theories, servant leaders can cultivate a work environment that fosters autonomy, creativity, and employee engagement, ultimately leading to enhanced organisational performance and employee satisfaction.

3.2.7 Herzberg's Motivation – Hygienic Theory

Connecting Herzberg's Two-Factor Theory with McGregor's Theory X and Theory Y provides a comprehensive understanding of employee motivation and job satisfaction. Theory Y aligns with Herzberg's emphasis on intrinsic motivators, highlighting the importance of autonomy, recognition, and opportunities for growth. In contrast, Theory X corresponds to the hygiene factors in Herzberg's theory, underscoring the significance of external factors such as pay, supervision, and working conditions in preventing job dissatisfaction.

Herzberg's Two-Factor Theory suggests that job satisfaction is not merely the absence of dissatisfaction but a distinct construct influenced by motivators and hygiene factors. Motivators, such as recognition, achievement, and responsibility, are intrinsic to the nature of the work itself. At the same time, hygiene factors, including pay, supervision, and working conditions, pertain to the external work environment (Tietjen & Myers, 1998). The theory highlights the importance of fulfilling individuals' needs for self-actualisation and self-realisation to maximise job satisfaction (House & Wigdor, 1967).

According to Herzberg, hygiene factors primarily impact the external work context, while motivators influence an individual's internal thought processes. For example, an employee may experience improved motivation if assigned more challenging work without a salary increase. However, job satisfaction involves addressing hygiene factors, such as fair compensation and positive supervisor relationships (Smerek & Peterson, 2007). These factors are not mutually exclusive, and both directly impact an

individual's emotional sense of job satisfaction.

Herzberg's Two-Factor Theory provides leaders with a strategic framework for understanding and motivating employees, particularly in SEs. SEs aiming to generate revenue and social impact may offer relatively less competitive rewards or incentives than purely profit-driven organisations (Vecchio, 2003). Applying Herzberg's theory, leaders in SEs can recognise that monetary rewards alone are not the sole determinant of employee motivation. Understanding and addressing motivators and hygiene factors can help social entrepreneurs and leaders of SEs inspire and engage their employees to pursue the organisation's mission and goals, even without high financial incentives.

Organisations can effectively enhance employee job satisfaction and motivation by recognising the interplay between motivators, hygiene factors, and leadership approaches. Adopting Theory Y principles and addressing both intrinsic and extrinsic factors outlined by Herzberg's theory can create a fulfilling work environment that promotes engagement, productivity, and organisational success. Understanding these theories is particularly valuable for SEs, where factors beyond monetary rewards play a pivotal role in motivating employees to achieve financial and social objectives. This understanding contributes to the body of knowledge on motivating employees within the unique context of SEs.

3.2.8 Maslow's Hierarchy of Needs

SEs prioritising their social mission over profit often need help to motivate their employees despite offering relatively lower wages and benefits. To address this, leaders can leverage Maslow's Hierarchy of Needs, which explains how intrinsic needs impact motivation (Maslow, 1981). According to the hierarchy, individuals first fulfil their physiological needs, followed by safety, esteem, and finally, self-actualisation needs, with each stage driving intrinsic motivation to progress further (Maslow, 1981). Maslow's Hierarchy of Needs is visualised by the following figure:

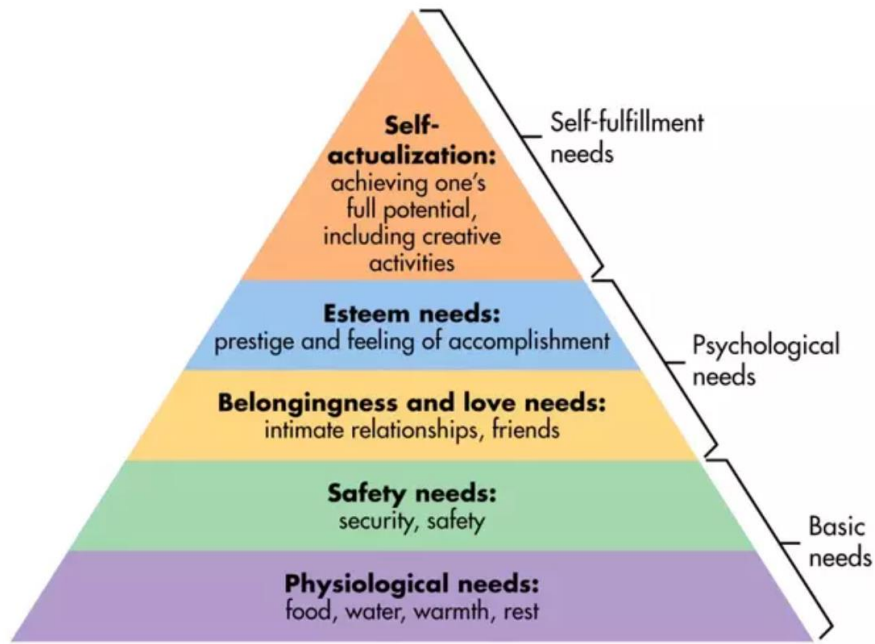


Fig. 3: Maslow's Hierarchy of Needs

Source: (Dr Saul, 2020) <https://www.simplypsychology.org/maslow.html#gsc.tab=0>

Physiological needs encompass the basic requirements for human survival, such as food, shelter, and clothing. In Hong Kong, where an extensive welfare system exists, fulfilling these needs is crucial, particularly for the working class (HKSAR Government, 2019).

Once physiological needs are met, individuals seek safety needs, including emotional security, financial stability, and healthy relationships (Maslow, 1981). While job security is important, it is unlikely to be the primary factor driving employees to choose or remain in SEs, as it is a concern shared by both the commercial and SE sectors.

Following safety needs, individuals pursue esteem needs, which involve recognition, respect, self-respect, autonomy, and self-confidence (Maslow, 1981). Leaders can motivate individuals by providing recognition for their performance, empowering them, and fostering an environment that nurtures self-confidence and autonomy. The extent to which individuals are motivated by these factors is influenced by organisational leadership.

Once esteem needs are fulfilled, individuals aspire to self-actualisation, where they utilise their full potential, gain mastery in their professional areas, and prioritise making a positive social impact (Maslow, 1981). In this stage, individuals prioritise

applying their professional expertise to benefit the community, placing social impact above monetary gains.

Motivation can arise from both intrinsic and extrinsic factors. Intrinsic motivation stems from the desire to fulfil the need for self-actualisation. In contrast, extrinsic motivation is driven by achieving specific goals, such as attaining higher social status, effecting systematic change, or addressing societal issues (Maslow, 1981).

Entrepreneurs in social enterprises are often motivated by the desire to maximise their potential and make significant contributions through their social/environmental ventures (Alvarez & Busenitz, 2001). Some individuals willingly work in SEs despite the lower financial rewards, and leaders can tap into their employees' intrinsic motivation by fulfilling their self-actualisation needs without incurring additional costs. The employees of these SEs will have to have a strong sense of purpose in doing their work.

Understanding and leveraging Maslow's Hierarchy of Needs, leaders in SEs can develop strategies to motivate their employees effectively, aligning their organisational goals with the intrinsic motivations of their workforce.

With the recent social and economic developments in Hong Kong, when applying the two-factor theory, which was developed almost five decades ago, and Maslow's hierarchy of needs, which was developed seven decades ago, SE management should be mindful about their employees are now more motivated by purposeful jobs and socialisation rather than job security. The basic needs such as physiological needs and safety issues, stressed by Maslow, are no longer worried by employees and they are more motivated with recognition of their contributions, personal development opportunities and collegiality. Moreover, 3H framework posits that leaders should adopt a theory Y based management policy yet they should be mindful about the possibilities of the policy being abused by some employees. Leaders thus should facilitate employees to single-mindedly contribute their best to the organisation and in turn the SE shall reward them accordingly. They should also discourage them to find loopholes of the systems by effective control measures and severe punishments.

3.2.9 Leaders–Members Exchange (LMX) and Organisational Citizenship

Behaviour (OCB)

Effective communication plays a crucial role in motivating employees, and the LMX theory provides insights into how communication between leaders and subordinates influences motivation and engagement. LMX emphasises the relationship between

supervisors and subordinates, with higher-quality exchanges fostering trust, prioritisation of collective interests, and increased OCB.

Effective communication plays a pivotal role in motivating employees, and the LMX theory offers insights into how communication between leaders and subordinates influences motivation and engagement. LMX focuses on the mutual relationship between supervisors and subordinates, with relationship quality determined by the quality of exchanges. Higher-quality LMX relationships foster trust, encourage subordinates to prioritise collective interests, and promote OCB, ultimately contributing to organisational success (Wang, 2016).

LMX is rooted in the Social Exchange Theory, which underscores the importance of two-way communication and mutual respect in exchanges between supervisors and subordinates (Zhong, Lam, & Chen, 2011). It is a branch of the broader Social Exchange Theory framework, encompassing management, social psychology, and anthropology. This framework views social life as involving exchanges between parties, influenced by the relationship dynamics between performer and target. Key concepts in Social Exchange Theory include exchange rules/norms, resources, and relationships (Cropanzano & Mitchell, 2005). Social Exchange Theory recognises various exchange resources, such as love, status, information, money, goods, and services. These resources can be categorised as particularism (undivided adherence) or concreteness (tangible resources) (Cropanzano & Mitchell, 2005). Resource exchange encompasses quantifiable items like money and intangible goods like psychological needs, emotions, and relationships.

Within Social Exchange Theory, two-way communication is emphasised, giving subordinates bargaining power. Both parties consider negotiated rights essential, covering particularism and the concreteness of resources (Cropanzano & Mitchell, 2005). While negotiations in the public sector may be more limited due to fixed salary packages, the process can still foster relationship-building and trust—high-quality social exchange yields economic and socioemotional benefits for organisations. Improved interaction between supervisors and subordinates builds trust, enhances work efficiency, and leads to better products, services, customer loyalty, and increased income. Additionally, positive relationships reduce turnover rates, saving costs on overheads and training. Socioemotional benefits encompass a favourable reputation, enhanced customer satisfaction, and a stable workforce, enabling consistent operations. A strong social exchange platform facilitates policy implementation and improves the efficiency of strategic plans.

Social exchange benefits organisations and individuals, increasing job satisfaction, performance, promotions, and salary increments. Supervisors gain from a stable workforce and increase organisational income, while individuals experience heightened job satisfaction and self-esteem (Cropanzano & Mitchell, 2005). High-quality LMX relationships foster organisational citizenship behaviour, establishing trust and respect between supervisors and subordinates. This enables leaders to garner support and power while subordinates receive recognition, forming the foundation for OCB. Decentralising power in the public sector promotes communication, flexibility, and a healthier work atmosphere, ultimately enhancing the achievement of organisational goals. Establishing shared goals further facilitates the development of OCB in public sector workplaces (Vigoda-Gadot, 2012).

The LMX theory is highly relevant to the study of SEs. It helps social entrepreneurs understand how communication and relationship quality with employees can drive motivation and foster a sense of collective purpose. By establishing high-quality LMX relationships, SE leaders can cultivate trust, encourage employees to go beyond job requirements, and promote OCB, ultimately contributing to the success of the organisation's social mission.

The extensive literature on communication, leadership styles (transactional, transformational, and servant leadership), motivation theories, LMX, and OCB collectively underscores the critical role of effective communication, supportive leadership, and employee motivation in driving organisational success. By cultivating high-quality LMX relationships, leaders can inspire and engage their subordinates, leading to increased organisational citizenship behaviour and overall performance. Next, we will delve deeper into the significance of decision-making processes in shaping organisational dynamics, planning, and development.

3.3 Literature Related to the Head Domain

The Head domain encompasses theories on organisational planning, external environment analysis, and decision-making for the best strategic management across different levels of strategies.

3.3.1 Strategy

The Head domain encompasses theories and concepts related to organisational planning, external environment analysis, and decision-making for developing the most effective strategic management strategies. Strategy, derived from the Greek words "Stratos" and "ago", refers to the art of the general, and originally pertained to military

contexts of achieving goals with limited resources. It involves forward-looking plans, decision-making, and weighing potential risks and rewards (Bogdan, 2014; Simeone, 2020).

Henry Mintzberg's 5Ps concept systematically explains the strategy, encompassing Plan, Ploy, Pattern, Position, and Perspectives (Mintzberg, 1987). Strategy as a plan involves purposeful actions and forward-looking plans with intended actions. Strategy as a ploy refers to plans to achieve specific goals, such as capturing high profit margins in a niche market. Strategy as a pattern involves an organisation's collective behaviour and knowledge, guiding future actions. Strategy as position emphasises the impact of strategy on an organisation's market position and core competencies. Strategy as perspective recognises the influence of organisational culture on strategic decision-making (Mintzberg, 1987).

Strategy is crucial in helping organisations explore and develop competitive advantages, cope with competition, and maximise return on investment (Porter, 1985). It enables organisations to establish distinctive and profitable market positions while navigating competitive forces. Strategy formulation involves assessing the external environment, identifying gaps and opportunities, understanding internal dynamics, evaluating existing strategies, and aligning resources, culture, and the external environment. The selection of the most suitable strategy depends on potential benefits, available resources, and a deep understanding of the relationship between the external environment and the organisation's strategic goals (Mintzberg, 1978; Porter, 2015).

Positioning and market audits are essential to strategy formation, aiding leaders in understanding the market and industrial environment. Strategic tools assist leaders in making informed decisions and selecting strategies that best fit the organisation's current situation (Porter, 2015).

Strategy shapes an organisation's mission, vision, and future development. It enables organisations to compete effectively, achieve sustainable growth, and maximise performance by leveraging competitive advantages in dynamic environments (Grant & Jordan, 2015). By strategically aligning resources, capabilities, and market positioning, organisations can optimise their chances of success and maintain a competitive edge. Some strategic tools provide valuable insights into industry dynamics, competitive forces, and internal strengths and weaknesses, enabling organisations to make informed strategic decisions and formulate effective strategies to thrive in the ever-changing business landscape.

3.3.2 Porter's Five Forces Framework

Porter's Five Forces framework is widely used because it provides a systematic approach to analysing and understanding the competitive forces within an industry. It helps organisations assess the attractiveness of their industry, identify potential threats and opportunities, and make strategic decisions accordingly. Porter's Five Forces Framework is an influential tool for analysing the competition within an industry, encompassing industry rivalry, bargaining power of suppliers, bargaining power of customers, threat of new entrants, and threat of substitutes. This framework provides a comprehensive assessment of the competitive landscape, helping organisations estimate the level of competition that they face (Casadesus-Masanell & Ricart, 2010).

Industry rivalry, a key element of Porter's Five Forces, is determined by the number of competitors and their capabilities. Organisations operating in highly competitive markets may need to adopt strategies focused on product differentiation rather than cost leadership (Casadesus-Masanell & Ricart, 2010).

The bargaining power of suppliers, another component of Porter's framework, is influenced by factors such as price adjustments, switching costs, and product/service uniqueness. Suppliers with unique offerings can exert greater bargaining power, impacting an organisation's cost control. Leaders must devise strategies to reduce supplier bargaining power and enhance organisational flexibility (Porter, 2015).

Similarly, the bargaining power of customers is influenced by the uniqueness of the product or service. If a product possesses unique attributes or is protected by patents, customers have limited bargaining power, enabling organisations to maintain profitable prices (Porter, 2015).

The threat of substitute products or services is another important factor to consider. Porter's framework highlights the ease with which alternatives can replace a product or service. Increased availability of substitutes necessitates strategic planning to preserve competitive advantages (Porter, 2015).

Lastly, the threat of new entrants examines the ease with which new competitors can enter the market. Low barriers to entry may attract numerous new entrants, leading to price competition and decreased profit margins. Conversely, high entry barriers can discourage new players, allowing existing organisations to maintain their market position (Porter, 2015).

By employing Porter's Five Forces Framework, organisations gain valuable insights into the competitive dynamics of their industry, enabling them to make informed strategic decisions and formulate effective strategies to navigate market challenges and maintain a sustainable competitive advantage.

Utilising Porter's Five Forces framework, organisations can better understand the competitive landscape, empowering them to develop robust strategies that leverage their strengths, mitigate risks, and capitalise on market opportunities. This analytical tool is valuable for strategic decision-making and enhancing long-term organisational performance.

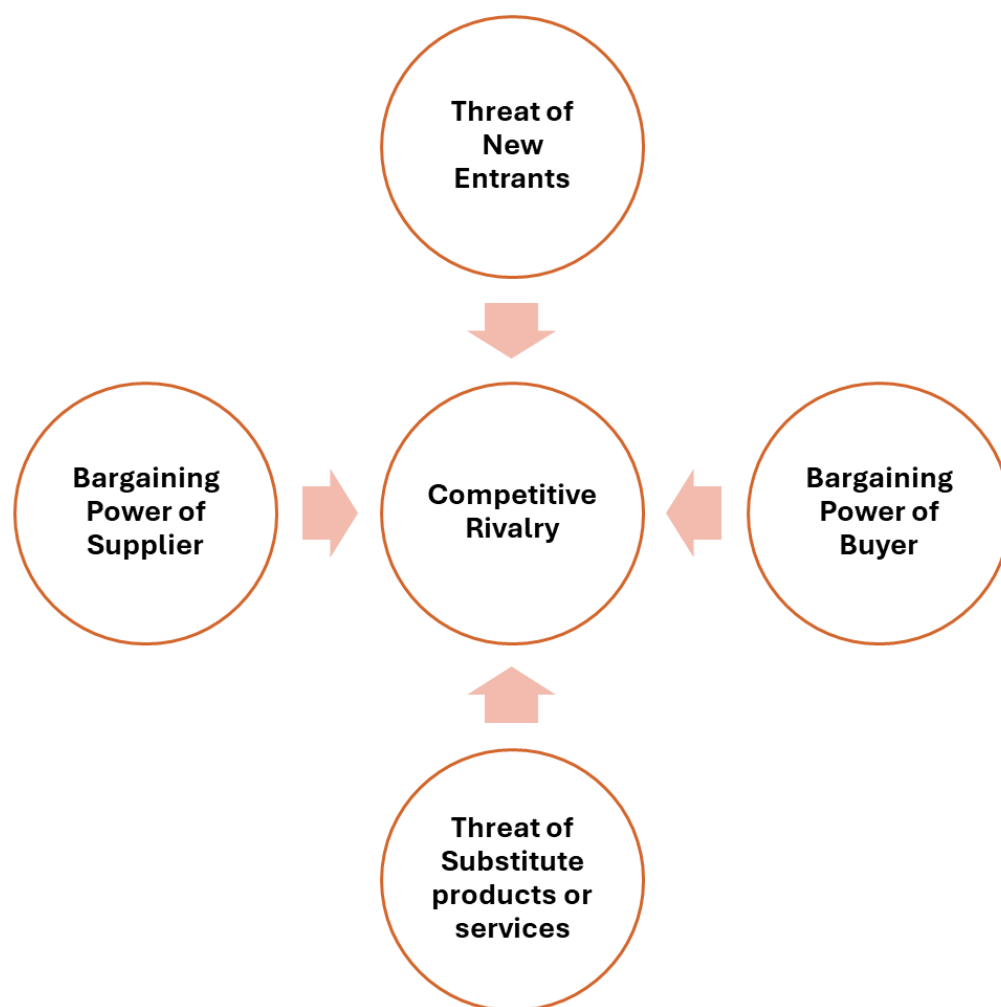


Fig. 4: Porter's Five Forces Framework (Porter, 2015)

3.3.3 PESTEL as a Macro-Environment Analysis Tool

Leaders used to have a broader perspective and explore the macro-environmental factors through PESTEL analysis. This strategic tool allows leaders to assess the

political, economic, social, technological, environmental, and legal aspects that can significantly impact an organisation's strategy and operations. PESTEL can be applied singly or combined to exert different magnitudes of impacts on a firm.

PESTEL analysis is a strategic framework that comprehensively assesses the macro-environmental factors impacting an organisation (Yüksel, 2012). It examines Political, Economic, Social, Technological, Environmental, and Legal elements to gain insights into potential risks and opportunities in the external environment.

Political factors, represented by the "P" in PESTEL, include government regulations and ordinances that affect an organisation's operations and expansion plans. For example, tax incentives for charitable donations in Hong Kong can influence organisations operating in the region (HKSAR government, 2020). Understanding political factors is crucial for adapting to regulatory changes and maintaining competitiveness.

The "E" in PESTEL signifies economic factors such as economic growth, unemployment rates, and inflation. These factors directly shape an organisation's strategy and direction. Economic downturns, for instance, can impact consumer demand, necessitating strategic review and adjustment.

Social factors, denoted by the "S" in PESTEL, encompass demographics, education, income levels, culture, and social values. They provide insights into resource allocation and demand within an economy (Yüksel, 2012). An ageing population, for instance, may drive increased demand for healthcare products and services.

Technological factors, represented by the "T" in PESTEL, include automation, research and development capabilities, and technology readiness. These factors influence investment in technological infrastructure and the availability of skilled professionals (Yüksel, 2012). Assessing technological factors helps organisations determine their technological needs and potential competitive advantages.

Environmental factors, indicated by the second "E" in PESTEL, reflect the ecological environment. Organisations need to consider the impact of environmental conditions on their operations (Yüksel, 2012). For example, a city with high pollution levels may not be suitable for developing a new tourism industry. Additionally, organisations must consider sustainability and corporate social responsibility in areas where environmental protection is highly valued.

The final element of PESTEL is the "L", which stands for legal factors. These include labour laws, health and safety regulations, antitrust laws, and minimum wage requirements. Compliance with local laws and regulations directly affects an organisation's operational costs and efficiency (Yüksel, 2012). Leaders must consider legal factors when formulating their strategic plans.

Overall, PESTEL analysis provides a comprehensive understanding of the external environment and helps organisations identify potential risks and opportunities to make informed strategic decisions. By examining the Political, Economic, Social, Technological, Environmental, and Legal factors, leaders can navigate the complexities of the external environment effectively (Yüksel, 2012).

3.3.4 SWOT Analysis

By integrating the insights from PESTEL analysis and the findings of SWOT analysis, leaders can gain a comprehensive understanding of their organisation's internal and external environment, facilitating informed strategic decision-making to seize opportunities and mitigate risks in a dynamic business landscape. The Five Forces Framework serves as a valuable tool for leaders to assess the competitive position of their products and services. To complement this analysis, leaders can also utilise SWOT analysis, which examines the internal strengths and weaknesses of the organisation and identifies external opportunities and threats. SWOT analysis provides a quick overview of the organisation's environment and aids in strategy formulation by identifying key areas for improvement and leveraging competitive advantages (Helms & Nixon, 2010). Usually, we will present this in a matrix as follows:

SWOT Matrix

Strengths	Weaknesses
Opportunities	Threats

Fig. 5: SWOT Matrix

Source: <http://www.swotmatrix.com/>

However, conducting a comprehensive SWOT analysis in the context of SEs can be challenging due to limited resources. Resource constraints, such as budgetary

limitations, staff shortages, and time constraints, can hinder the ability to gather sufficient data, conduct extensive research, and employ sophisticated analysis techniques. SEs often prioritise allocating their limited resources to direct service delivery and social impact initiatives, leaving minimal capacity for in-depth analysis.

Moreover, the expertise required to conduct a thorough SWOT analysis may be lacking within the organisation. SEs may need more dedicated staff for such assessments to attract or afford professionals with strategic analysis expertise. As a result, the organisation may need help performing a comprehensive SWOT analysis, potentially leading to superficial or incomplete assessments.

Despite these challenges, SEs can adopt a focused and pragmatic approach to SWOT analysis. By prioritising key areas of analysis, leveraging existing data sources, engaging stakeholders for insights, and tapping into internal expertise, SEs can mitigate resource limitations and generate meaningful findings for informed decision-making.

Both SWOT and PESTEL tools play crucial roles in helping leaders understand and navigate the internal and external environment, enabling them to develop effective strategies, sustain core competencies, and maintain competitive advantages. These strategic analysis methods serve as essential components of the strategy formulation process, aiding leaders in analysing, managing, and planning for organisational success. By employing strategic frameworks such as Porter's Five Forces, SWOT analysis, and PESTEL analysis, leaders can gain insights into industry dynamics, internal capabilities, and macro-environmental factors, empowering them to formulate effective strategies that drive organisational success and adapt to changing market conditions.

Strategic analysis is a crucial component of the holistic management framework for SEs. It allows leaders to assess the internal and external factors that impact their organisation's social mission, financial sustainability, and overall impact. By conducting strategic analysis, SEs can identify their unique strengths, weaknesses, opportunities, and threats, enabling them to develop tailored strategies that align with their social objectives while addressing operational challenges. This holistic approach ensures that SEs can effectively navigate the complexities of the social and business environment, optimise their impact, and achieve long-term sustainability.

3.4 Literature Related to the Hand Domain

In the strategy implementation and review stages, organisations concentrate on effectively executing their strategies while managing resources and identifying core competencies. The Resource-Based View (RBV), performance measurement, and organisational culture theories play a crucial role in this process, as they complement the strategic analysis conducted earlier by aiding in identifying core competencies. By aligning resource allocation with identified core competencies, organisations can develop a competitive advantage and achieve long-term success per their strategic objectives. Apparently, theories applied in the Hand domain are often relevant and also applicable in Head domain activities. For instance, at the strategy development stage, managers conduct strategic planning, which is essentially a Head domain's activity. They may have to apply the RBV to acquire and allocate resources to support strategy implementation. Strategic management, especially in the early stages, requires strategy mapping concepts; thus, the theory is also applicable to the Head domain of planning and organising activities.

3.4.1 Resources-Based View (RBV)

Social entrepreneurship integrates social impact with sustainable business practices to generate revenue. Like their commercial sector counterparts, entrepreneurs in this field require valuable human resources and capabilities to achieve sustainable growth (Bacq & Eddleston, 2018). The RBV is a prominent management theory that elucidates how a firm's internal resources contribute to its competitive advantage (Kraaijenbrink et al., 2010). Organisational resources can be categorised as tangible, such as physical assets like capital and machinery, or intangible, such as intangible assets like processes and knowledge management systems (Barney et al., 2001).

The RBV framework empowers leaders in SEs to comprehend their organisation's resources and capabilities, facilitating improved allocation of competencies and heightened organisational efficiency. By leveraging these resources, SEs can achieve their social mission sustainably and practically. Moreover, the RBV framework aids leaders in identifying the competitive advantages of their SE based on its resources, core competencies, and management capabilities (Bacq & Eddleston, 2018).

The VIRO framework, which is a tool derived from the RBV, explicates how internal resources sustain an organisation's competitive advantages. It enables leaders to analyse internal resources and capabilities based on four elements represented by VIRO: Value, Rarity, Imitability, and Organisation. The "Value" element assesses whether resources enable the organisation to seize opportunities, mitigate threats, or

enhance customer value. "Rarity" pertains to resources that only a few organisations possess, thus providing a higher capacity to sustain competitive advantages. "Imitability" examines how other organisations can easily replicate resources, impacting competitive advantage. Finally, "Organisation" refers to the ability to capture, fully utilise, sustain, and transform resources into a competitive advantage (Alvarez & Busenitz, 2001).

The RBV assists leaders in identifying critical organisational resources and optimising their allocation to maximise output and outcomes. Understanding internal resources is pivotal in formulating strategies, allocating competencies, and cultivating competitive advantages, thereby highlighting areas for enhancing competitiveness and addressing weaknesses. It serves as a foundational element for developing training plans and operational management.

It is crucial for social entrepreneurship leaders to understand and apply the RBV and VIRO frameworks because these frameworks provide valuable insights into an organisation's internal resources, capabilities, and competitive advantages. By leveraging these frameworks, leaders can make informed decisions about resource allocation, identify areas for improvement, and strategically position their SEs for long-term sustainability and impact. Understanding the organisation's unique resources and contribution to competitive advantages enables leaders to effectively drive social change while maintaining a financially viable and sustainable business model. Social entrepreneurship leaders must understand and apply the RBV and VIRO frameworks because these frameworks provide valuable insights into the organisation's internal resources, capabilities, and competitive advantages. By leveraging these frameworks, leaders can make informed decisions about resource allocation, identify areas for improvement, and strategically position their SEs for long-term sustainability and impact. Understanding the organisation's unique resources and contribution to competitive advantages enables leaders to effectively drive social change while maintaining a financially viable and sustainable business model.

Closely related to the RBV is the core competency theory developed by CK Prahalad and Gary Hamel (2009). Core competencies are created by the synthesis of corporate resources and capabilities, which can spin off a set of firm-specific competitive advantages. If organisations can capitalise on their core competencies and are able to sustain them, they will be more likely to achieve their business goals and secure sustainable growth.

3.4.2 Organisational Performance

Measuring organisational performance is crucial for social entrepreneurship leaders as it allows them to assess the effectiveness of their resource allocation, evaluate the achievement of their social mission, and make data-driven decisions to drive sustainable growth and social impact. It comprehensively explains the organisation's financial health, market positioning, and social outcomes. It enables leaders to align their strategies, optimise their operations, and effectively communicate their impact to stakeholders.

Organisational performance review is paramount for social entrepreneurship leaders as it enables them to evaluate resource utilisation efficiency. This measurement focuses on three key outcomes: financial outcomes, market performance, and shareholders' returns. Financial outcomes encompass ROI, asset investment, and revenue generation. Market performance is assessed through indicators like market share and sales turnover. Shareholders' returns encompass aspects such as stock interest and dividends. By tracking these outcomes, leaders gain valuable insights in order to evaluate performance, allocate resources wisely, and make informed decisions (Richard et al., 2009).

It is essential to recognise that organisational activities across various functions, including marketing, human resource management, and operations, significantly impact performance. The organisational strategy guides the mission and vision, and measuring performance provides valuable data for strategy reviews. While financial performance tends to be emphasised in traditional for-profit organisations, SEs have a social mission beyond financial considerations. Evaluating SEs requires a holistic approach that considers their social impact and mission, not solely focusing on financial metrics (Richard et al., 2009).

In the past two decades, there has been a growing emphasis on long-term value creation alongside financial performance in for-profit organisations. To measure performance comprehensively, Kaplan and Norton introduced the Balanced Scorecard approach. This framework considers financial metrics, customer satisfaction, internal process efficiency, and learning capabilities. It goes beyond immediate return on investment to assess long-term growth potential (Richard et al., 2009). Similarly, SEs prioritise their social mission while striving for a sustainable income rather than solely focusing on profit maximisation (Alter, 2007).

The unique hybrid structure of SEs presents challenges for leaders when measuring

organisational performance. They must navigate the complexities of evaluating ROI, social mission achievement, and social impact. Quantifying the intangible and subjective nature of the social mission further adds to the difficulty. The Balanced Scorecard offers a multi-perspective approach that accommodates these challenges. In the subsequent subsection, we will explore the application of the Balanced Scorecard in SEs and its role as a framework for measuring organisational performance, including social impact.

3.4.3 Balanced Scorecard and Strategy Map

The Balanced Scorecard (BSC), developed by Robert S. Kaplan and David Norton in 1992, is a robust and comprehensive approach to measuring organisational performance. It recognises the importance of tangible and intangible assets in creating long-term value. By providing a holistic framework that considers multiple perspectives, the BSC enables organisations to assess their performance in various dimensions (Kaplan, 2009).

Comprising eight perspectives, the BSC encompasses different aspects of an organisation's operations and objectives. These perspectives include profit, market share, productivity, product leadership, corporate public and social responsibility, employee development, employee engagement, and the equilibrium between short-term and long-term goals. While the first four perspectives focus on tangible assets that can be quantitatively measured, the remaining four perspectives involve intangible factors that are crucial for organisational success but are more challenging to quantify (Kaplan, 2009).

The underlying assumption of the Balanced Scorecard is that employee training leads to better service quality, directly impacting customer satisfaction. Higher customer satisfaction, in turn, results in increased customer loyalty and ultimately drives higher revenue with improved profit margins. This assumption highlights the interconnectedness of various organisational factors and underscores the importance of considering both tangible and intangible elements in driving performance and value creation (Kaplan, 2009).

Implementing the Balanced Scorecard (BSC) offers several benefits for organisations. Firstly, it provides a comprehensive view of performance by considering multiple dimensions, including financial, customer, internal processes, and learning and growth. This holistic perspective enables leaders to assess the organisation's overall health and identify improvement areas. Additionally, the BSC promotes alignment and

clarity of strategic goals throughout the organisation. Defining objectives and metrics across different perspectives ensures that everyone in the organisation works towards a common purpose and fosters effective strategy communication across various levels and departments (Kaplan et al., 2010).

The BSC also establishes accountability through key performance indicators (KPIs). Setting clear metrics and targets for each perspective enables monitoring and tracking progress towards strategic goals. This accountability fosters a results-driven culture and helps identify areas that require attention or improvement. Moreover, the BSC supports continuous learning and improvement by encouraging regular review and adjustment of strategies and initiatives. It establishes a feedback loop that allows organisations to learn from past experiences, adapt to changing circumstances, and drive innovation (Kaplan et al., 2010).

While the Balanced Scorecard offers numerous benefits, it is important to acknowledge its potential limitations. Implementing and maintaining the BSC can be resource-intensive and time-consuming. Developing relevant metrics, collecting and analysing data, and communicating results throughout the organisation require significant effort. Furthermore, when applied to SEs, the Balanced Scorecard may need customisation to fully capture their impacts on unique social and environmental aspects. SEs often have a broader mission beyond financial performance, necessitating the incorporation of relevant social impact metrics for a comprehensive performance evaluation.

Organisations often utilise strategy maps with the Balanced Scorecard to further enhance performance measurement and strategic alignment. Strategy maps visually represent an organisation's strategic framework, illustrating the cause-and-effect relationships between different objectives and perspectives. They enhance communication, alignment, and stakeholder understanding of the organisation's strategy. Strategy maps promote a holistic view of value creation, support identifying and aligning strategic objectives, and facilitate ongoing learning and improvement (Lueg, 2015).

Strategy maps offer several benefits to organisations. They improve the clarity and transparency of the performance measurement system, such as the Balanced Scorecard, by visually illustrating the links between different objectives and measures and their collective contribution to organisational success. This clarity enables better decision-making and more effective resource allocation. Strategy maps also foster a shared understanding of the organisation's strategy among stakeholders, promoting

meaningful conversations about progress, challenges, and necessary adjustments. They encourage a culture of continuous learning, adaptation, and innovation.

It is important to note that strategy maps are not a one-size-fits-all solution. Each organisation's strategy map should be unique and customised to reflect its specific goals, objectives, and priorities. Regular review and updates are necessary to reflect changes in organisational strategy or the external environment. When used with the Balanced Scorecard, strategy maps provide a powerful tool for strategic management and performance measurement.

In summary, the BSC and strategy maps are valuable tools for measuring organisational performance, aligning strategy with execution, and fostering a culture of continuous improvement. The BSC provides a comprehensive framework that considers multiple performance dimensions, promotes strategic alignment, establishes accountability, and supports organisational learning and innovation. Customisation is crucial, particularly in SEs, to ensure the inclusion of relevant social and environmental metrics for comprehensive evaluation and effective performance management.

3.4.4 Revenue and Social Impact created

Measuring the performance of SEs involves considering both revenue generation and the social impact that they create. While revenue generation is crucial for their survival and operational capabilities, SEs have a unique mission of creating social value for the community while providing returns to shareholders (Costa & Pesci, 2016). Therefore, assessing the social impact is equally important in evaluating the overall performance of SEs. Several approaches and practices are employed to measure social impact, including Logic Models and Social Return on Investment (SROI) (Zappalà & Lyons, 2009).

SEs recognise the significance of financial sustainability and revenue generation. They must generate sufficient income to support their daily operations and future development. However, more than traditional financial indicators are needed to fully capture the social value and impact that SEs strive to create. Hence, social impact measurement is essential to reflect the work of social entrepreneurs and provide a comprehensive evaluation of organisational performance (Costa & Pesci, 2016).

Two common approaches or practices are used for measuring social impact in SEs. The first is Logic Models, representing how an SE's activities contribute to desired

social outcomes. Logic Models help identify an organisation's initiatives' inputs, activities, outputs, and outcomes, providing a logical framework for understanding and measuring social impact. They help establish a clear link between an SE's actions and the social change that it seeks to achieve (Zappalà & Lyons, 2009).

The other approach is SROI, which quantifies the social value generated by a SE by assessing the financial equivalent of its social outcomes. SROI combines financial analysis with qualitative and quantitative data to determine the social return on investment, enabling SEs to demonstrate the value that they create in monetary terms. This approach helps stakeholders compare the social impact of different SEs and make informed decisions (Zappalà & Lyons, 2009).

These approaches for measuring social impact in SEs provide a more holistic perspective of organisational performance beyond traditional financial indicators. By considering revenue generation and social impact, SEs can effectively demonstrate their commitment to creating positive change while ensuring long-term financial sustainability.

3.4.5 Logic Model

The logic model is a valuable tool for illustrating the causal relationships within a programme or activity, showcasing how interventions lead to desired outcomes. It encompasses inputs, activities, outputs, outcomes, and long-term impact, representing the theory of change pathway (Zappalà & Lyons, 2009).

Organisations can systematically allocate resources and execute activities using a logic model while visualising the expected outputs and outcomes. It provides a structured framework comprising inputs, activities, outputs, outcomes, and impact, guiding organisations in the accomplishment of their tasks and fulfilling their social mission. Compared to the Theory of Change, the logic model offers a simpler and more accessible approach to defining and understanding the social impact (Kamaludin et al., 2021).

The logic model comprises four key elements: inputs, activities, outputs, and outcomes. Inputs refer to the resources available to the organisation, such as human capital and knowledge. Activities represent the programmatic actions undertaken, such as courses or workshops. Outputs are the measurable deliverables from these activities, such as the number of beneficiaries reached, or workshops conducted. Outcomes encompass short-term to long-term achievements, reflecting the attainment

of goals and desired behavioural changes (Kamaludin et al., 2021).

For instance, in a public seminar on the impact of plastic straws on marine ecology, the output could be the number of participants attending the seminar. The outcome would be the behavioural change observed in participants, as they reduce their straw usage and influence others to do the same. Ultimately, the long-term goal would be to decrease the dependency on straws or promote the adoption of straw-free beverage designs. The logic model inspires systematic activities that align with the organisation's mission and clarify the goals for all members involved (Kamaludin et al., 2021).

However, it is important to acknowledge that while the logic model provides a valuable framework, its simplicity and linear causality may overlook external factors and the complexities of real-world situations. Real-life scenarios are dynamic and multidirectional, posing challenges to the model's ability to capture the full spectrum of influences (Zappalà & Lyons, 2009).

3.4.6 Social Return on Investment (SROI)

ROI is commonly used in business to measure surplus gain relative to the initial investment. In the social sector, where organisations receive donations or grants from donors, philanthropists, or governments, outcomes are often expressed in monetary terms (Zappalà & Lyons, 2009). For example, if a philanthropist grants \$1 million to a SE for vocational training, and the programme successfully helps 50 young people, with 40 of them re-entering the labour market, resulting in savings of around \$2 million for the welfare department and contributing to GDP growth, the ROI calculation would consider the initial investment and the savings and revenue generated from the programme.

SROI calculates the monetary value of social outcomes, providing investors and the public with a means to compare the benefits of different interventions. However, SEs often tackle complex social issues, making accurate and generalised social impact estimation challenging. Subjectivity and contextual variations, such as job creation for different age groups, further complicate the assessment process. Developing a comprehensive and applicable social impact index remains a complex task across industries.

While profit maximisation is a straightforward indicator of performance and effectiveness in profit-making organisations, SEs need to consider more than just

financial returns. The social impact created becomes a crucial measure of organisational performance. Establishing a standardised measurement of social impact is necessary to ensure clarity and transparency among leaders and the public. A reputable benchmark or standard would encourage SE leaders to invest in measuring their organisation's performance in this area, enabling a better understanding and comparison of their social impact.

$$SROI = \frac{SIV - IIA}{IIA \times 100\%}$$

where:

SIV = social impact value

IIA = initial investment amount

Fig. 6: Visualisation of the SROI formula

(Yates, Marra 2017)

Measuring social impact and revenue generation are crucial indicators for the performance of SEs. Logic Models and SROI are effective methods for evaluating and communicating the social impact of SEs, which complements traditional financial performance measures. However, SEs may face difficulties in implementing these approaches due to the complex and diverse nature of social impact and limited resources for data collection and analysis.

3.4.7 Employee Performance Management

In the BSC framework, employee engagement and work performance drive overall organisational performance (Richard et al., 2009). Employee performance is crucial for achieving organisational goals and assessing training effectiveness. It reflects the utilisation of employees' knowledge and skills, job completion, and assigned tasks. Performance management reviews employee performance, identifies training needs, and evaluates organisational competencies. It audits progress, expectations, and goals, aiding human resources management, strategy review, and training (Osmani & Maliqi, 2012).

Regular performance evaluations are crucial for assessing employee strengths, providing feedback, and identifying growth opportunities. These evaluations also

contribute to talent management strategies by identifying high-potential employees and supporting succession planning. Organisations, including SEs, should establish clear performance criteria and evaluation guidelines and train managers and evaluators to ensure fairness and objectivity. However, SEs face unique challenges in performance evaluations due to their focus on social impact and individual performance. To address these challenges, SEs can integrate social impact metrics and stakeholder feedback into evaluations, prioritise employee development, and continuously review and refine their processes. This creates a positive work environment that recognises employees' contributions to social impact and fosters engagement and talent development, ultimately driving the success of the SE's mission.

3.4.8 Knowledge Management

Tom Davenport defines knowledge management (KM) as capturing, distributing, and applying knowledge within an organisation. It involves capturing knowledge from the workforce and transferring it to others within the organisation. KM aims to optimise knowledge utilisation and make it transferable. The key mechanisms of KM include creating, sharing, structuring, and auditing knowledge through learning and training. This enhances organisational effectiveness and maximises collective expertise. Knowledge can be captured from formal procedures, meetings, case handling, and brainstorming sessions, forming the basis for best practices within the organisation. Effective KM empowers organisations to sustain competitive advantages (Hislop, 2016).

Knowledge can be seen as a skill set enabling individuals to apply theory to achieve goals. It comprises implicit and explicit knowledge. Tacit knowledge, such as interpersonal and communication skills, takes much work to describe and quantify. Explicit knowledge, on the other hand, can be systematically recorded in words. Understanding these distinctions is crucial for effective knowledge management in organisations.

A good KM system improves organisational efficiency, especially in manufacturing. Recording and learning best practices and problem-solving methods ensure product consistency and quality. Training in problem-solving enhances decision-making. Knowledge transfer skills improve customer service as salespersons learn handling techniques and risk management—regular training and documentation support effective KM (Argote, 2000). The mechanism and measurement of knowledge transfer within an organisation indicate the quality of knowledge management.

3.4.9 Knowledge Transfer

Knowledge transfer is vital in KM. It involves the application of knowledge gained in one situation to benefit others. Knowledge transfer can occur at the individual, divisional, or departmental level within an organisation (Argote, 2000). An effective knowledge transfer system entails a well-established reservoir of knowledge that can be readily applied in the organisation's daily operations (Krishnaveni & Sujatha, 2012).

Effective knowledge transfer enhances organisational understanding and reduces stakeholder uncertainty. It involves transferring knowledge from one unit to another within the organisation, such as an individual, departmental, or divisional. Various mechanisms facilitate knowledge transfer, such as personnel movement, training, communication, observation, technology transfer, patents, publication, and interactive communication. Effective knowledge transfer in an organisation is reflected in knowledge changes, individual/departmental performance, and overall organisational progress. Five knowledge repositories exist: employees, organisational structures/functions, culture, and workplace infrastructure. As a repository, employees provide valuable knowledge to enhance technology infrastructure and benefit the organisation (Argote, 2000).

Organisational structure and functions serve as repositories of knowledge, evident in work procedures and routines that reflect knowledge application. For instance, in a café, effective standard procedures enable employees to perform well, increasing overall efficiency. This demonstrates how knowledge can be embedded in daily work procedures. Tools and infrastructure also embody knowledge. Investing in infrastructure and learning how to utilise tools accumulates knowledge within the organisation. Organisational learning is vital as employees gain experience, improve operational know-how, and enhance work procedures to achieve goals. An organisational culture that encourages knowledge sharing empowers employees to acquire more knowledge. An innovative culture fosters knowledge empowerment, motivating employees to modify work procedures or tools to increase efficiency (Argote, 2000).

Competitive advantages are valuable organisational resources that are difficult for competitors to imitate. Transferring knowledge among repositories strengthens the sustainability of these advantages as valuable resources are learned and fully utilised within the organisation. To provide leaders with a clear understanding of knowledge transfer effectiveness, training and human resources, managers can measure it through

questionnaires and employee performance evaluations (Argote, 2000). A well-implemented KM system sustains the organisation and preserves its competitive advantages. Regularly measuring knowledge transfer effectiveness is recommended for leaders to ensure that valuable knowledge is shared and applied within the organisation. This maximises the benefits of KM and maintains a competitive edge.

3.4.10 Training

Training facilitates knowledge transfer, collaboration, creativity, and problem-solving. It equips employees with essential skills like operating machinery or using software for efficient calculations. Additionally, training enhances job satisfaction.

Organisations train employees to enhance job efficiency and align with organisational values. This contributes to achieving the mission and vision. Commercial entities prioritise profit maximisation, while SEs aim to sustain the organisation and fulfil their social mission (Jehanzeb & Bashir, 2013).

Training programmes can be outsourced or conducted in-house. Outsourcing offers fresh insights but at a higher cost and potential organisational needs mismatches. In-house training is cost-effective and aligns with work procedures and culture. Training should focus on knowledge, career development, and goal setting, benefiting the organisation and employees. For example, implementing a new HR system allows efficient leave management, saving time and increasing flexibility. Leaders must ensure suitable training, empowering employees and improving efficiency (Jehanzeb & Bashir, 2013).

Training is a valuable investment for organisations as it helps employees acquire technical or soft skills, contributing to their career growth. It improves engagement, loyalty, and job performance, increasing productivity and adaptability. This investment demonstrates the organisation's commitment to its employees, leading to higher morale and motivation. A skilled workforce can also improve organisational efficiency, customer satisfaction, and competitiveness. (Jehanzeb & Bashir, 2013).

Training is crucial for organisational and employee efficiency and engagement. Evaluation of training is essential to ensure its effectiveness. There are two types of evaluation - formative and summative. The formative evaluation aims to improve the current training programme by gathering trainee feedback on aspects such as training material, duration, and trainer quality. Summative evaluation measures the training outcome, such as improved work output or organisational efficiency. This evaluation

provides evidence-based insights for leaders and managers to allocate resources for training and decide on future training investment and planning (Wang & Wilcox, 2006). Training improves employee output and organisational efficiency. The proper evaluation identifies areas for improvement, maximises returns on investment, and contributes to achieving goals.

Summative evaluation measures short-term and long-term training outcomes. Short-term outcomes focus on learner responses and learning, covering areas such as training objectives, design, content, manual, environment, and communication quality. Long-term outcomes measure knowledge transfer efficiency and its application to work, resulting in improved performance, for instance, a waiter learning common language symbols used in a café to enhance order-taking and communication efficiency, such as “CT” for “cold tea”.

Like operating a blinding machine, technical training boosts employee effectiveness, safety, and productivity while minimising industrial accidents. Assessing long-term impact involves aligning training with organisational goals. Comparing pre- and post-training ROI in commercial entities helps evaluate programme benefits. SEs can gauge SROI or create social impact (Wang & Wilcox, 2006). Training evaluation informs leaders about the need for continued investment. It strengthens organisational strengths, addresses weaknesses, and enhances competitiveness.

3.4.11 Edgar Schein’s Organisational Culture and its Impacts on SE Performance

3.4.11.1 Organisational Culture

Organisational culture encompasses the collective behaviour patterns among the members within an organisation. It develops over time through members' management of internal and external issues. Organisational culture comprises values, beliefs, and norms that shape the organisation's vision, language, habits, leadership, and environment. It influences member behaviour, organisational image, and overall effectiveness (Schein, 1990). This study applies Schein's model of organisational culture to investigate its impact on SE performance. Schein's model includes three levels of culture: artefacts and behaviours, espoused values, and assumptions (Schein, 1990). According to the Collins English Dictionary, artefacts are human-made items of archaeological interest (Collins, 2021). Artefacts encompass visible items, stories, and recognised elements within the organisation. Examples include office gags and special dress codes. Espoused values refer to the embraced values and behavioural guidelines of the organisation.

Espoused values reflect the organisation's values to internal and external stakeholders. They can be communicated through identity statements and serve as future expectations. Assumptions are deeply entrenched behaviours among members, evident in daily organisational dynamics. They shape the culture and guide decision-making and interactions (Schein,1990). Schein suggests that changing organisational artefacts, such as dress codes, mission statements, and images, is the most challenging part of change. Values and assumptions, which are "invisible", shape daily operations and member interactions. Firm values and assumptions can hinder strategic change as members may be resistant to cultural shifts (Schein, 1999).

Schein noted that organisational culture forms through external adaptation and internal incorporation. The dynamic environment shapes culture for competitiveness and sustainability, while internal structure adjusts for operational efficiency (Schein, 1999). Schein's model reveals how organisational culture forms and changes. Leaders have a significant impact on shaping culture.

Organisational culture is exhibited in typical characteristics and beliefs that have worked in the past. It influences problem-solving, workflow, and the structure of meaning. Cultural dimensions include mission, vision, external environment, goal achievement, image, process and employee management, leadership, and member relationships. Culture can impact these dimensions positively or negatively (Martins & Terblanche, 2003). Organisational culture directly impacts organisational outcomes and productivity (Lok & Crawford, 1999).

The sociocultural system includes organisational structures, policies, strategies, and practices that form the framework for achieving goals. Leaders play a vital role in shaping culture through decision-making and identifying organisational values. Culture comprises shared beliefs, values, and myths, guiding the mission and vision (Lok & Crawford, 1999).

Employees are vital in organisational culture. Their attitudes influence behaviour, beliefs, work attitude, and the interpretation of values. When employees adopt the culture, they propagate it, exhibit a unified image, execute strategies, and work towards goals. Culture affects employee engagement, which impacts performance. This demonstrates the dynamics between culture, leaders, and employees (Lok & Crawford, 1999).

3.5 Chapter Summary

SEs operate in a distinct environment where they aim to create both social and financial value. Balancing social mission with financial sustainability, managing diverse stakeholder expectations, navigating complex and dynamics environment with competition with purely profit driven entities. There is a need for a holistic management framework that considers the specific characteristics, objectives, and challenges of SEs. The literature review demonstrated that existing studies have explored various aspects of social enterprises, such as social entrepreneurship, impact measurement, and stakeholder engagement, there is a notable lack of research on a comprehensive management framework specifically tailored to the unique needs of SEs.

The research gap identified from the literature review calls for the development and validation of a comprehensive management framework specifically designed for SEs. This framework should consider the unique characteristics and challenges of the operators that assist them to assess its effectiveness in achieving social impact and financial sustainability.

This chapter focuses on introducing the relevant literature that contribute to the holistic management framework – 3H. Each H of the three H domains, which explain the respective H domains' purposes and effects in managing an organisation. It has emphasised the importance of leadership style, strategy formulation process, and organisational competence in shaping the organisation's culture, employee engagement, and overall performance. The interrelationship among these elements is explored to understand how they collectively contribute to efficiency and effectiveness in managing the organisation's performance.

Chapter 4: Methodology

4.1 Research Purpose

In light of a research study conducted by the British Council in late 2020, it is estimated that there are between 2,936 and 5,760 SEs in Hong Kong. Furthermore, the Social Enterprises Business Centre database, operated by HKCSS, indicates that approximately 650 SEs are active in the region (HKCSS, 2021). The development of SEs in Hong Kong can be traced back to the 1980s, primarily through initiatives such as WISEs, which were established by NGOs (Ho & Chan, 2010). Despite having a history of over 20 years, it is noteworthy that 49% of SEs in Hong Kong have been operating for less than four years (The British Council, 2021).

This study seeks to thoroughly explore and understand the potential management framework that can facilitate sustainable business practices in SEs in Hong Kong. By examining the complexities and challenges that SEs face in Hong Kong and identifying key factors contributing to effective and sustainable management, the study aims to contribute to social entrepreneurship. It seeks to uncover and analyse the experiences, perspectives, and motivations of individuals involved in SEs to identify the essential elements and best practices for their long-term sustainability and success. Ultimately, the research findings will inform the development of a holistic management framework to support the growth of SEs.

The researcher conducted qualitative phenomenological research to thoroughly explore and understand the potential management framework to facilitate sustainable business practices in SEs (Mack, 2005), utilising snapshot interviews to obtain valuable insights into the current context and identify the essential elements for developing such a framework.

Adopting a qualitative research method allows for a comprehensive exploration of the experiences, perspectives, and challenges that SEs face in Hong Kong. Through this approach, the study aims to uncover rich and nuanced insights that would not be captured through quantitative methods alone. By employing individual interviews, which provide a brief yet focused glimpse into the participants' experiences, the research seeks to gain an in-depth understanding and identify key factors that can contribute to developing an effective and sustainable management framework for SEs (Mack, 2005).

Qualitative research provides a valuable opportunity for in-depth exploration and

understanding of complex phenomena such as management practices within SEs in Hong Kong. It allows for a thorough examination of the lived experiences, perspectives, and motivations of individuals involved in SEs, capturing rich and nuanced data that quantitative methods may not fully capture. It is particularly suitable for exploring emerging or relatively uncharted fields, such as the management framework for sustainable business practices in SEs. As the SE sector in Hong Kong is dynamic and constantly evolving, qualitative research enabled the researcher to comprehensively understand the current context, challenges, and potential solutions. It also allowed for flexibility and adaptability in capturing a wide range of insights and experiences from diverse stakeholders.

This is treasured when generating new theories or hypotheses is needed. By employing methods such as interviews, the researcher can uncover fresh perspectives, identify crucial elements, and explore potential frameworks that may not have been previously considered or captured in existing quantitative data (Yilmaz, 2013). In addition, quantitative research methods, such as surveys or statistical analysis, may not be suitable at this stage. Since the objective is to explore and understand the potential management framework for sustainable business practices in SEs, quantitative methods may not provide the depth of insights required. Quantitative research tends to focus on numerical data and generalisable patterns, which may not capture the intricacies and nuances of management practices within SEs.

4.2 Research Philosophy

Research philosophy encompasses ontology, epistemology, axiology, and methodology, collectively shaping the researcher's beliefs and guiding the study's design and development (Crewell & Poth, 2018). Ontology pertains to the researcher's understanding of reality, epistemology focuses on knowledge acquisition and verification, and axiology addresses the value aspects of the research. Research methodology refers to the specific procedures and techniques employed to understand and validate the studied reality, forming the research paradigm (Holden & Lynch 2004). The findings are correlated with existing literature to identify essential elements and develop an effective management framework for SEs in Hong Kong (Crewell & Poth, 2018).

In evaluating a research study's ontology, epistemology, and axiology, it is important to critically analyse how these perspectives shape the overall research design and approach. For this study, the researcher's perspective of ontology may be influenced by her experience and background, particularly her role as an executive manager in

the HKGCSE. This insider view can provide a deeper understanding of the reality of the SE sector in Hong Kong and guide the selection and categorisation of SEs in the study. This, in turn, shapes the epistemology of the study, as the researcher's approach to knowledge acquisition and verification may be influenced by their previous experiences in the sector. Conducting individual interviews as a research methodology can also be attributed to the researcher's epistemological perspective, as it allows for a more in-depth and personal exploration of the subject matter.

Additionally, the axiology of the researcher, including their values and considerations, may shape the direction and implications of the study. For instance, their daily communication and reflection with stakeholders in the SE sector may reveal the study's potential impact on the applicability of a holistic management framework for SEs in Hong Kong. Overall, critically evaluating these elements can provide a deeper understanding of the validity and reliability of the research (Yulianto, 2021).

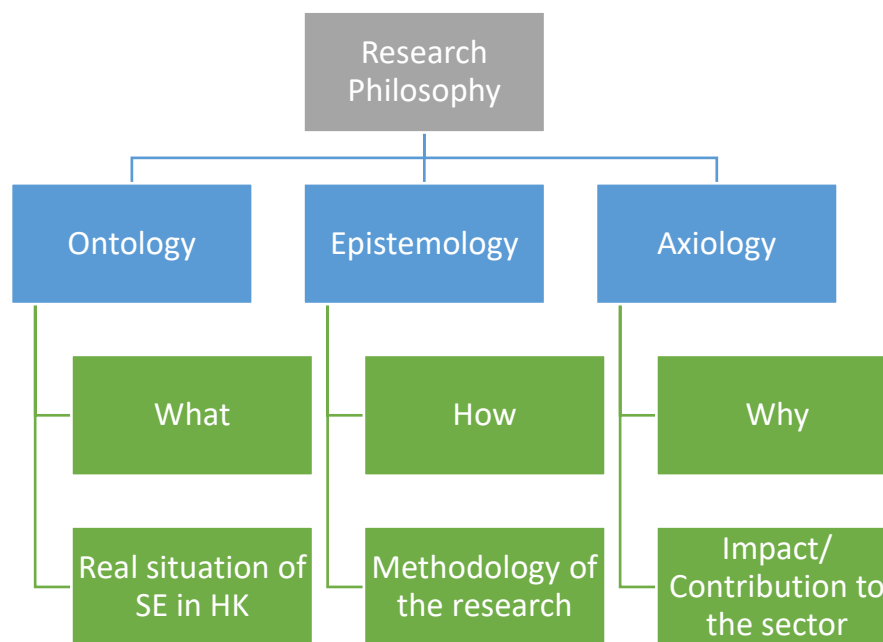


Fig. 7: The research philosophy of this study

The chosen research method for this study is phenomenology, a qualitative approach that seeks to explore how activities or phenomena manifest in diverse ways. Phenomenology, derived from Greek origins, combines "phainomenon" (what is observable or appears) and "logos" (the study or discourse surrounding a subject matter). It entails deeply exploring lived experiences to uncover essential structures and meanings of phenomena (Vagle, 2018). Two main streams of phenomenology exist: the Husserlian (descriptive) approach and the Heideggerian (interpretive) approach.

Phenomenology allows deep exploration of the lived experiences of the individuals involved in SEs and uncovers the essential structures and meanings of these experiences (Leavy, 2014). This aligns with the research objectives of this study as it enables us to understand the management framework for sustainable business practices in SEs. By delving into individuals' experiences, perspectives, and motivations, we can uncover the underlying factors contributing to SEs' success or challenges in Hong Kong. This aligns to develop an effective management framework tailored to the region's specific context of SEs.

Phenomenology emphasises bracketing preconceived notions and entering the research process with an open mind (Leavy, 2014). It allows the suspension of judgements and biases, enabling the exploration of the phenomenon as it is experienced and described by the participants. This philosophical stance facilitates a holistic and nuanced exploration of the industry's management practices, challenges, and potential solutions.

Through the lens of phenomenology, the essential structures and meanings attributed to the operational ecology of SEs are uncovered. This approach enables us to capture the complexities, subtleties, and context-specific factors that influence the management practices and sustainable business efforts within SEs. By understanding the subjective experiences and perspectives of the individuals involved, we can gain insights into the underlying motivations, values, and decision-making processes that shape the operational realities of SEs.

The study embraces the Heideggerian interpretive approach while acknowledging the importance of the Husserlian approach, combining their insights to gain a comprehensive understanding of the research topic (Sanjari et al., 2014). The researcher selects the Heideggerian interpretive approach, aligning with the ideology of phenomenology (Sanjari et al., 2014). This approach emphasises understanding human experiences within the broader context of being in the world, considering cultural, historical, and linguistic factors that shape our understanding of phenomena (Reiners, 2012). By adopting the Heideggerian approach, the researcher aims to delve into the fundamental existential structures and explore how individuals engage with the world, considering the reciprocal influences between individuals and their environments.

However, it is important to acknowledge the relevance of the Husserlian approach developed by Edmund Husserl. The Husserlian approach focuses on describing and

analysing lived experiences, aiming to uncover phenomena' essential structures and meanings as directly experienced (Sanjari et al., 2014). It emphasises the reduction of assumptions and biases to reveal the pure nature of consciousness and understand the intentional acts through which individuals perceive and make sense of the world.

The Heideggerian interpretive approach is primarily employed; the researcher also considers the insights and principles derived from the Husserlian approach. By incorporating elements of the Husserlian approach, such as capturing and analysing individual experiences, the researcher aims to deepen the understanding of the phenomenon under investigation. This integration allows for a comprehensive exploration of the participants' lived experiences within the broader context of being in the world, providing a more holistic perspective on the research topic (Sanjari et al., 2014).

4.3 Research Method

Qualitative research can explore variation, capture unique characteristics, and provide insights into causal relationships. It allows for an in-depth exploration of the phenomenon under investigation, facilitating a comprehensive understanding of the subject matter (Mack, 2005). Individual interviews were conducted to delve deeply into the research topic (Crewell & Poth, 2018). Individual interviews offer several advantages, including capturing verbal and nonverbal information like facial expressions and gestures. They facilitate in-depth interactions, resulting in a deeper understanding, detailed insights, and comprehensive information (Knox & Burkard, 2009).

Moreover, individual interviews provide a more objective environment with less emotional involvement than focus groups. Participants feel less stressed as only the researcher knows their responses, without the presence of their leaders or peers. Researchers can closely observe dynamics and emotional changes, capturing crucial moments (Kamberelis & Dimitriadis, 2013). Furthermore, individual interviews were advantageous regarding participant safety during the COVID-19 pandemic and compliance with necessary preventive measures.

On-site interviews were also conducted to explore and understand the organisational culture through direct observation (Crewell & Poth, 2018). However, considering the ongoing COVID-19 situation, the researcher offered the option for interviewees to choose between face-to-face or online interviews, such as through Zoom, to ensure their safety and adhere to necessary preventive measures.

Zoom has been identified as a convenient and cost-effective alternative for respondents who prefer online interviews. It allows for visual interaction, observation of gestures, and sharing of presentation materials, ensuring effective communication between researchers and respondents (Archibald et al., 2019). The researcher provided the Zoom meeting link to respondents via email and WhatsApp. To accommodate the expected interview duration of over 40 minutes, a licensed Zoom account with unlimited interview time was opened. It was recommended that the respondents had access to a reliable Wi-Fi connection during the interview, as Zoom is an online video meeting application that consumes considerable data. A Wi-Fi connection ensures uninterrupted communication and avoids additional expenses for the respondents.

4.3.1 Literature Review Searching Strategy

The literature review for this study primarily utilised scholarly academic journals as the main source of information. To ensure comprehensive coverage of relevant management theories, the researcher followed the guidance of Dr. Eddie Yu and focused on management-related literature, particularly leadership theories. The literature search was conducted using Google Scholar, which provides access to many scholarly articles.

Drawing insights from the literature review, the researcher developed semi-structured interview questions that explored and delved deeper into the key concepts, theories, and findings identified in the literature. By incorporating these insights, the researcher aimed to gather rich, relevant data that align with the study's objectives.

The selection of journal articles followed specific criteria, prioritising articles directly related to the research topic and objectives. Additionally, the researcher considered the journal's impact factor, giving preference to those with a rating of 2.5 or above, as they typically possess greater influence and credibility within the academic community.

Furthermore, the publication year was considered in the selection process, focusing on articles published within the last 15 years. This timeframe encompasses recent research developments and insights, ensuring that the study incorporates up-to-date knowledge.

4.3.2 Preparation of the Semi-Structured Questions

This qualitative research employed a semi-structured interview approach to facilitate

effective information exchange between the researchers and respondents. Before developing the interview questions, a comprehensive literature review was conducted in the relevant field. This review was a foundation for crafting the carefully designed semi-structured questions, ensuring their relevance and credibility. Incorporating insights from the literature review enhanced the credibility of the interview questions used in this research (Kallio et al., 2016).

To ensure the credibility and depth of empirical knowledge, the researcher conducted an extensive review of numerous journal articles. The literature review encompassed a wide range of sources, covering various areas such as leadership, employee engagement, organisational citizenship, motivation, strategy, core competence, resource-based view, performance-related aspects, social entrepreneurship, social impact measurement, and the development of SEs in Hong Kong.

To manage the substantial volume of sources, the researcher employed various software and tools designed for academic research. These tools facilitated the systematic organisation, categorisation, and analysis of the articles. RefWorks citation manager is applied to manage citations and references, ensuring accurate tracking of the extensive literature reviewed.

The researcher applied rigorous selection criteria to identify relevant articles from a wide range of reputable academic databases, peer-reviewed journals, and scholarly publications. Additionally, keywords and search filters were utilized to narrow down the search results and focus on articles specifically related to the research objectives.

For this study, two sets of semi-structured questions were prepared—one for leaders and top management and another for employees at the operational level. These open-ended questions provided a framework for in-depth discussions, allowing the respondents to express their unique perspectives and extend the conversation based on the literature (Lingard & Kennedy, 2010). The researcher could ask follow-up questions to understand the reasoning behind the respondents' answers and explore any deviations from existing literature or other participants. This approach facilitates a deeper understanding of the collected data. Semi-structured questions are considered relatively objective and reliable compared to structured questions (Kallio et al., 2016).

The specific semi-structured questions used in this research can be found in Annex 2. They are divided into four parts based on the literature review:

- i. Leadership, motivation, and organisational culture.

- ii. Strategies, mission, and vision of the organisation.
- iii. Organisational performance, employee performance, and core competence.
- iv. Integration of the previous three parts into a holistic framework.

The semi-structured interviews consist of main theme questions and follow-up questions. The main theme questions align with the primary research content and are consistent across all the respondents, ensuring comparability and a comprehensive understanding of the research topic. Specific areas or issues requiring further exploration or understanding were identified based on the respondents' answers to the main theme questions. These areas of interest were addressed through follow-up questions, which varied among the respondents depending on their interactions and responses to the main theme. This approach allowed the researcher to delve deeper into specific aspects and gather more detailed and nuanced insights from each participant (Kallio et al., 2016).

The researcher collaborated with a reviewer with over 15 years of commercial experience as a personal assistant to a trading firm director to enhance the quality of the interview questions. The reviewer provided feedback on language usage, interview logistics, and the researcher's skills. Suggestions were made to reduce academic terminology and ensure comprehensibility for a layperson. The duration of the interviews is discussed during the review process, and it is essential to balance gathering comprehensive data with avoiding overly long interviews. The reviewer also recommended considering breaks during the session and encouraging open communication and understanding of the questions. These recommendations contributed to a more effective and participant-centred interview process.

The first review of the questions aimed to ensure appropriate and easily understandable language. Through feedback received during this review, the researcher refined the questions, eliminating any academic or technical terms that may hinder respondents' understanding. The goal was to use clear, concise language accessible to a wider audience, accurately capturing the intended information from participants (Kallio et al., 2016). After the initial review, the question set underwent two additional rounds of refinements based on feedback. Incorporating feedback from the reviewer, the interview questions were carefully refined to ensure clarity and accessibility for the participants. These improvements contributed to an effective and participant-centred interview process, facilitating in-depth discussions and the collection of valuable insights for the study.

4.3.3 Epidemic Prevention Measure for COVID-19

To prioritise the safety and well-being of the researcher and interviewees during the ongoing epidemic, comprehensive measures were implemented for the interview arrangements. The participants were given a choice between a Zoom interview or a physical session, allowing them to choose the format that best suits their comfort level. In the case of a physical session, it is important to note that the researcher had received both doses of the Biotech vaccine at least two weeks prior, adhering to the recommended vaccination guidelines. Furthermore, strict adherence to standard sanitising procedures was maintained, including body temperature checks upon entering the interview room, hand sanitisation, and the consistent use of face masks throughout the session. To ensure compliance with social distancing guidelines, the researcher and the interviewee maintained a minimum distance of 1.5 metres. These meticulous measures were put in place to ensure the utmost safety and create a secure environment for the research process.

4.4 Sampling

This research employed convenience and purposive sampling methods to select interview participants. Convenience sampling facilitated the selection of individuals who were easily accessible and likely to accept the invitation, while purposive sampling focused on participants with expertise, knowledge, or experience relevant to the study.

To capture the diverse landscape of SEs in Hong Kong, the study aimed to include a comprehensive sample that encompassed SEs supported by mother agencies and privately-owned SEs of various organisational sizes. Participants included founders, senior management personnel, and front-line staff from both supported and independent SEs. The SEs with active business status and the organisation needs to be operated over 3 years. Contacts were sourced from The Hong Kong General Chamber of Social Enterprises (HKGCSSE) and through referrals from interviewees.

By employing a combination of convenience and purposive sampling methods, the research sought to provide a holistic understanding of management styles in SEs. This approach ensured that the study incorporated perspectives and experiences from a wide range of SE stakeholders, contributing to a comprehensive examination of the management practices within the SE sector in Hong Kong.

The phenomenological approach was adopted for this research, and the recommended sample size for such an approach range from 5 to 25 participants (Creswell & Poth,

2016; Bertaux, 1981). Additionally, qualitative research typically involves sample sizes of 20 to 30 participants to yield significant findings during analysis (Mason, 2010). In this study, 30 individual interviews were conducted to gather comprehensive information, and the specific details of the participants can be found in the accompanying table.

The organisational size in this research aligned with the definition provided by the Social Enterprise Endorsement (SEE) mark accreditation from the HKGCSE. According to the SEE mark, small-sized organisations have less than ten full-time employees, medium-sized organisations have 10 to 30 full-time employees or the equivalent, and large organisations have 30 or more full-time equivalents (HKGCSE, 2021). Among the 30 interviewees, nine represented small organisations, 11 came from medium-sized organisations, and 10 belonged to large organisations. The interview participants encompassed founders, senior management (leaders), and middle management to front-line staff (employees) of SEs. This diverse range of participants contributed to comprehensively exploring the research topic.

In this research, 30 individual interviews were conducted, and the specific details of the information gathered are presented in the following table.

Case number	Organisation	Interviewee	Interview Mode	Nature	Size
1	PoD	Founder	Zoom	private	Small
2	PoD	Operation staff	Zoom	private	small
3	HR	Founder	F2F	private	Small
4	HR	Operation staff	F2F	private	Small
5	ML	Senior Management	F2F	NGO	Medium
6	ML	Operation staff	Zoom	NGO	Medium
7	ML	Operation staff	Zoom	NGO	Medium
8	SCP	Senior Management	Zoom	NGO	Large
9	SCP	Operation staff	Zoom	NGO	Large
10	LB	Founder	F2F	private	Medium
11	LB	Operation staff	F2F	private	Medium
12	DiD	Senior Management	F2F	private	Medium
13	DiD	Operation staff	F2F	private	Medium
14	DiD	Operation staff	F2F	private	Medium
15	CF	Senior Management	F2F	NGO	Large
16	CF	Operation Staff	F2F	NGO	Large
17	TW	Senior Management	F2F	NGO	Large

Case number	Organisation	Interviewee	Interview Mode	Nature	Size
18	TW	Operation staff	F2F	NGO	Large
19	TW	Operation staff	F2F	NGO	Large
20	RH	Senior Management	Zoom	private	Small
21	RH	Founder	Zoom	private	Small
22	RH	Operation staff	Zoom	private	Small
23	NL	Senior Management	F2F	NGO	Large
24	NL	Operation staff	F2F	NGO	Large
25	NL	Operation staff	F2F	NGO	Large
26	FL	Senior Management	Zoom	NGO	Medium
27	FL	Operation staff	Zoom	NGO	Medium
28	FL	Operation staff	Zoom	NGO	Medium
29	VC	Founder	Zoom	private	Small
30	VC	Operation staff	Zoom	private	Small

Table 2: Summary of the interviewees

Remarks:

F2F = Face-to-Face

NGO = the capital of the SE, which comes from non-government organisations. The SE is one of the charity projects or branches of the NGO.

Private = the capital of the SE comes from private sources.

4.4.1 Pilot test

Conducting a pilot test is crucial to validate the coverage and relevance of the draft interview questions, ensuring their effectiveness in gathering valuable insights. A pilot test serves as an opportunity to identify any necessary adjustments or reformulations of the questions and evaluates the overall efficiency of the interview session (Kallio et al., 2016). Feedback obtained from participants during the pilot test plays a vital role in refining the questions and enhancing the overall interview process.

A pilot test serves multiple purposes, including confirming the relevance and clarity of semi-structured questions for the respondents. Additionally, it allows for practice and refinement of the research purpose, interview guidelines, and procedural aspects. Before the pilot test, the main theme questions undergo an expert assessment to ensure their quality and alignment with the research objectives (Kallio et al., 2016).

Pilot test sessions were conducted on 25th June 2021 and 16th July 2021 via Zoom,

with one respondent participating in each session. The first respondent was a retired senior management professional affiliated with a local NGO operating two SEs. In contrast, the second respondent was the founder of a SE start-up. Valuable feedback from the pilot test informed the refinement of the main theme questions, improved control over interview timing, and enhanced the researcher's interviewing skills. The revised main theme questions were submitted to Dr. Eddie Yu for final comments and approval before the main study commenced. This rigorous process ensures the validity and reliability of the interview questions and sets the stage for a robust research endeavour.

4.5 Ethical Consequences

Ethical considerations were paramount in this study and guided by the University's Research Data Management Policy and approved EC673 PG2 Ethics Form. Adherence to ethical research practices was strictly upheld throughout the research process, and the research aligned with the University's Research Data Management Policy. Confidentiality, informed consent, data security, and data retention were prioritised to protect the participants and their data. The University Ethics Committee approved the EC673 PG2 Ethics Form, and the researcher regularly reviews ethics guidelines on the University Research Management webpage.

4.5.1 Anonymity

Stringent measures were implemented in this research to ensure strict anonymity for all the participants, safeguarding their identities and personal information from disclosure to anyone other than the researcher (Oliver, 2010). A comprehensive framework was put in place to protect respondent anonymity throughout the research process.

To uphold anonymity, the consent form allowed the respondents to choose anonymity and request the concealment of their identity, even after the interview. The consent form explicitly stated that the study was solely for academic research purposes and assured the respondents that their data would not be shared with their supervisors or organisations. Ample time was provided for the respondents to review the consent form, seek clarification, and raise any concerns before their scheduled interview. The consent form was shared with the respondents one week in advance, allowing them sufficient time to consider the details and make an informed decision.

To ensure the security of personal information, the researcher collected all consent

forms directly, either in person or through secure personal email communication. This approach minimises the exchange of sensitive data and reduces the risk of data loss or unauthorised disclosure to third parties, including the respondents' organisations. The utmost care was taken to maintain the confidentiality and privacy of the collected data throughout the research process (Creswell & Poth, 2018). In face-to-face interviews, the researcher collects a signed hard copy of the consent form on the interview day. For Zoom interviews, an electronic copy of the signed consent form was obtained before the interview.

These stringent measures ensured that respondent identities, including names, organisations, and any information that could potentially identify them, were treated with the utmost confidentiality and accessible only to the researcher. Protecting respondent anonymity and maintaining the privacy of personal information were integral aspects of this research, reinforcing the commitment to ethical research practices.

4.5.2 Confidentiality

Confidentiality was paramount in this research, and strict measures were implemented to protect the participants' privacy. The researcher is committed to maintaining confidentiality and will not disclose any information shared by the respondents to others, including their respective organisations or supervisors. To further safeguard confidentiality, separate time slots and locations/modes were scheduled for leader and subordinate interviews. This approach aimed to maintain privacy and reduce respondent stress. Conducting individual interviews with leaders and employees allowed for a more comfortable and open exchange of thoughts and opinions. Overall, ensuring a secure research environment and respecting the confidentiality of the respondents was integral to the ethical conduct of this study.

4.5.3 Data Collection and Storage

This research demonstrated a conscientious approach to minimising the collection of personal data and obtaining advance approval from the respondents (Creswell & Poth, 2018). To ensure privacy, the respondents can request the destruction and non-disclosure of their data (Creswell & Poth, 2018). The consent form and semi-structured research design were carefully constructed to minimise the collection of unnecessary personal data, focusing primarily on demographic information, professional background, and opinions/perspectives.

Personal data, such as names, organisation details, titles, education levels, contact

emails, and phone numbers, may be collected during the research process. Stringent safeguards were implemented to maintain the confidentiality of this data, encompassing the consent form, the researcher's email account, and phonebook.

During the interview, the researcher clearly explained the personal data that may be collected and its storage and usage. Before proceeding, consent was obtained from potential respondents. The consent form, provided before the interview, clearly outlined the purpose of data collection and required official approval through a signature.

An interactive briefing session was conducted before the interview to ensure transparency and participant understanding. This approximately 10-minute session covered the study's purpose, potential contributions, and respondent rights, including the option to withdraw from participation and request data deletion (Creswell & Poth, 2018). Data storage and destruction procedures were also explained. In face-to-face interviews, the consent form is collected following the briefing session, while in Zoom interviews they are collected via email. The respondents received a duplicate copy of the consent form and the researcher's contact details. It is important to note that no recording occurred during the briefing session; recording commenced only after obtaining consent.

Data collected during the research were stored in softcopy (electronic) and hardcopy (physical paper) formats. The hard copy contains the signed consent form and meeting notes, securely organised in a folder titled "Confidential Data". This folder was sealed in an envelope and securely locked in a cabinet, with access granted only to the researcher. Softcopy data, including voice recordings, Zoom videos, email communications, and transcripts, were encrypted and saved with password protection on the researcher's computer. The researcher is the only individual with the password to access and open these documents or recordings. The respondents retain the right to request the deletion of their records at any time. Once the University of Wales Trinity Saint David accepts the thesis, established protocols will delete the data.

4.5.4 Respondents' Rights

The respondents had complete autonomy and could discontinue or halt the interview session at any point without facing any repercussions or consequences. In such cases, all voice or video recordings associated with the session would be promptly deleted or destroyed. Additionally, the respondents maintain control over their interview details and may request the recall and destruction of any information shared during the

interview process. Respecting the autonomy and preferences of the participants is a fundamental principle of this research, ensuring the complete confidentiality and privacy of the respondents.

4.5.5 Researcher Ethics

Respecting privacy and ensuring accurate representation are paramount considerations for this study's researcher. Throughout the interview process, the researcher prioritised minimising interruptions and allowed respondents a high degree of autonomy to express themselves in their preferred language and manner (Sanjari et al., 2014). In cases where uncertainties arose during notetaking, the researcher promptly sought clarification from the respondents to ensure accurate representation of their responses.

To safeguard the security of personal data, the researcher retains exclusive control over the key to the cupboard housing the data, thereby preventing unauthorised access. During the interviews, voice or video recordings were made using the researcher's mobile phone, which were transferred to a password-protected desktop computer within 12 hours. The recordings would then be deleted from the researcher's phone, ensuring data security and confidentiality. Video recordings took place in a private setting to maintain high levels of privacy. For Zoom interviews, the sessions were recorded on the researcher's laptop and transferred to a password-protected desktop computer within 12 hours. All electronic data were encrypted and securely stored, with access restricted solely to the researcher. Data destruction will be done by the researcher upon the University's endorsement of the thesis, following established protocols. These practices highlight the researcher's commitment to respecting privacy, maintaining data security, and upholding participant confidentiality. The goal is to create a research environment that fosters trust and ensures the utmost care and confidentiality of participants' information.

4.6 Data Collection Process and Data Processing

30 individual interviews were conducted over four months, from 27th August 2021 to 3rd December 2021. Each interview session was thoughtfully designed to last approximately 1 to 1.5 hours, providing ample time for in-depth exploration of the research topic.

As the executive manager of HKGCSE, the researcher has had extensive communication and interaction with various SEs. This ongoing engagement has

allowed the researcher to gain insider insights into their business models and their challenges. Additionally, before the interviews, the researcher conducted thorough desktop research on each interviewee's background and their respective organisations. The purpose of the preparation work is not to bore and lose the attention of the respondent. The solid understanding of the respondents' contexts enabled the researcher to proceed with the interview effectively.

To facilitate clear understanding and ease of expression, the interviews were conducted in Cantonese, the shared mother tongue of the researcher and the respondents. All interview data, including voice or video recordings and observation notes, were transcribed into written text format by the researcher to facilitate analysis and interpretation. These transcripts and observation notes would be the raw data for subsequent coding and categorisation using NVivo 12 software. The researcher also translated the transcripts from Cantonese to English to ensure accessibility and facilitate the inclusion of relevant findings in the final thesis. These rigorous procedures aimed to provide a comprehensive and in-depth data analysis and contribute to a thorough understanding of the research topic.

4.6.1 Analysing and Reporting Data

A total of 30 individual interviews were conducted between 27th August 2021 and 3rd December 2021. Each interview lasted approximately 1 to 1.5 hours. To ensure clear communication and ease of expression, the interviews were conducted in Cantonese, which is the shared mother tongue of both the researcher and the respondents.

All interview data, including voice or video recordings and observation notes, were transcribed into written text format by the researcher. This transcription process was essential for facilitating subsequent analysis and interpretation of the data. The transcripts, along with the observation notes, served as the raw data for coding and categorisation. Thematic analysis was the primary method employed for data analysis in this study. By identifying recurring themes and patterns within the collected data. To reach the goal for a systematic data analysis. The NVivo 12 is applied in data analysis process. The NVivo was utilised to assist in this coding process, organizing and analysing the data, aiding in the identification and interpretation of key themes.

Furthermore, the researcher paid meticulous attention to the wording and presentation of the research findings. Care was taken to ensure that the results were appropriately articulated and accurately reflect the data. If any confusion or doubt arose during the analysis, the researcher sought guidance and consultation from the supervisor team to

ensure the research outcomes' highest accuracy, clarity, and rigour (Creswell & Poth, 2018).

4.7 Chapter Summary

This chapter delves into the research philosophy and methodology employed to identify the binding domain of a holistic management framework that empowers SE operators to achieve sustainable business development. By adopting a phenomenological approach, the aim was to capture the existing ecology and practices, interpret the phenomenon, and formulate a descriptive framework that encapsulates the essence of SE management.

The highest standards of ethics and safety were maintained throughout the research process. The researcher implemented rigorous measures to ensure data protection and hygienic control, prioritising the privacy and well-being of the participants. Individual interviews were chosen as the preferred method over focus groups to mitigate the data inflation risk and provide an authentic and accurate industrial snapshot. Furthermore, the collected data were securely stored with encryption, minimising the potential for breaches of confidentiality.

This chapter underscores the meticulous preparation and planning that preceded the interviews, establishing an environment where the respondents felt encouraged and motivated to openly express their thoughts and engage in meaningful interactions with the researcher. The researcher's commitment to creating a safe and respectful dialogue space enhanced the collected data's quality and richness.

Moving forward, the subsequent chapter will present the comprehensive dataset acquired during the research process, as well as the research outcomes. Through a detailed analysis and interpretation of the collected data, this chapter will provide valuable insights into the binding domain of the holistic management framework for SE operators. It will shed light on this framework's implications and potential contributions to sustainable business development within the SE sector.

Chapter 5 Findings and Analysis

5.1 Phenomenological Analysis

Phenomenological analysis was applied in this study. The researcher aimed to understand and interpret individuals' lived experiences through individual interviews (Lingard & Kennedy, 2010), focusing on capturing and exploring the rich subjective experiences of the participants.

In phenomenological analysis, the researcher delves into the interview transcripts to extract meaningful information about the participants' experiences. The researchers often engage in bracketing, which involves setting aside preconceived assumptions and biases to approach the data with an open mind (Leavy, 2020).

The analysis process involves multiple steps, such as:

- i. Familiarisation: The researcher immerses themselves in the interview data, reading and re-reading the transcripts to deeply understand the participants' experiences (Leavy, 2020).
- ii. Coding: The researcher identifies key phrases, statements, or descriptions that capture the essence of the participants' experiences. These codes are often descriptive and focused on the lived aspects of the phenomenon (Leavy, 2020).
- iii. Clustering and Theme Development: The researcher groups similar codes to form clusters or themes that reflect common patterns or aspects of the phenomenon. These themes capture the essential features of the participants' experiences and provide a structure for analysis (Leavy, 2020).
- iv. Interpretation: The researcher interprets and analyses the themes, aiming to uncover the underlying meanings, structures, and essences of the participants' experiences. This involves exploring the relationships between themes, identifying connections, and considering the broader implications of the findings (Leavy, 2020).

Phenomenological analysis allows researchers to gain deep insights into participants' subjective experiences, providing a valuable understanding of how individuals make sense of and navigate their world. It is a rigorous and systematic approach that prioritises capturing the unique perspectives and meanings attributed to the

phenomenon under investigation.

To capture the current situation of SEs in the region and provide recommendations by engaging in interviews with practitioners, the study sought insights into various aspects of SE management, including organisational structures, operational strategies, stakeholder engagement, impact measurement, and sustainability practices. The interviews served to understand the challenges and opportunities that SEs face and the strategies employed to address them.

A comprehensive analysis of the interview data, key findings, and recommendations was employed to provide a comprehensive and practical guide for sector improvement.

In the interviews with leaders and employees, a crucial decoding process will be undertaken to analyse the gathered information meticulously. The interviews are designed to unearth insights into various facets of the holistic management framework, encompassing leadership styles, motivation factors, organisational communication, and performance management. The decoding process involves meticulously examining the interview transcripts and identifying key themes, patterns, and codes related to the tree diagram provided. This coding process is instrumental in categorising and organising the data, thereby facilitating a comprehensive comparison between the perspectives of leaders and employees. By juxtaposing the information obtained, the researcher will glean valuable insights into the alignment, or potential misalignment, between the leaders' viewpoints and the employees' experiences within the organisation. This analysis will significantly contribute to a deeper understanding of the dynamics and effectiveness of the holistic management framework.

As an integral part of the interview process, the researcher will employ semi-structured questions that comprehensively explore different dimensions of the holistic management framework. These questions are specifically tailored to focus on the Head, Heart, Hand, and holistic view, aiming to elicit a broad range of insights and perspectives from leaders and employees, ensuring a comprehensive understanding of these dimensions. The following tree diagram shows the survey's coding.

Head			Heart					Hand				
Strategy			Leadership	Motivation			Communication within the organisation	Performance management		RBV	Knowledge Management	Organisational Culture
Formation	Implementation	Review	What is the leadership style?	McGregor's Theory X and Y	Herzberg's Two Factors Theory	Maslow Hierarchy of Needs	LMX & OCB	Employee Performance Management	Organisational performance management		Knowledge Transfer	

Table 3: Key Theme and Categories: Master Tree Diagram

5.2 Descriptive Statistics and General Information

The descriptive data for the interviews are as follows:

Case number	Organization	Interviewee position	Nature	Size	Mode	SEE Mark	SEBC	B Corp
1	PoD	Leader	private	Small	Zoom			
2	PoD	Staff level	private	small	Zoom			
3	HR	Leader	private	Small	F2F		x	
4	HR	Staff level	private	Small	F2F		x	
5	ML	Leader	NGO	Medium	F2F	x	x	
6	ML	Staff level	NGO	Medium	Zoom	x	x	
7	ML	Staff level	NGO	Medium	Zoom	x	x	
8	SCP	Leader	NGO	Large	Zoom	x	x	
9	SCP	Staff level	NGO	Large	Zoom	x	x	
10	LB	Leader	private	Medium	F2F		x	
11	LB	Staff level	private	Medium	F2F		x	
12	DiD	Leader	private	Medium	F2F		x	x
13	DiD	Staff level	private	Medium	F2F		x	x
14	DiD	Staff level	private	Medium	F2F		x	x
15	CF	Leader	NGO	Large	F2F	x	x	
16	CF	Staff level	NGO	Large	F2F	x	x	
17	TW	Leader	NGO	Large	F2F	x	x	
18	TW	Staff level	NGO	Large	F2F	x	x	
19	TW	Staff level	NGO	Large	F2F	x	x	
20	RH	Leader	private	Small	Zoom	x		
21	RH	Leader	private	Small	Zoom	x		
22	RH	Staff level	private	Small	Zoom	x		
23	NL	Leader	NGO	Large	F2F	x	x	
24	NL	Staff level	NGO	Large	F2F	x	x	
25	NL	Staff level	NGO	Large	F2F	x	x	
26	FL	Leader	private	Medium	Zoom	x	x	
27	FL	Staff level	private	Medium	Zoom	x	x	
28	FL	Staff level	private	Medium	Zoom	x	x	
29	VC	Leader	private	Small	Zoom	x		
30	VC	Staff level	private	Small	Zoom	x		

Table 4: Descriptive summary of the interviewees

5.2.1 Descriptive Information of the Interviewees:

The selection of interviewees in the study was designed to ensure a diverse representation of roles and perspectives within the SEs under examination. Of the 30 interviews, 43% involved SE leaders, while the remaining 57% involved operational staff. This balanced distribution enabled us to gain a comprehensive understanding of the management practices employed within these organisations. Notably, 43% of the interviewees were affiliated with SEs having a NGO background, while the remaining 57% represented SEs with private capital. This distinction contrasts SE types and potential implications for their management approaches and decision-making processes.

Based on the data obtained from the interviews, a comparative analysis of cash flow and potential income before and after the onset of the COVID-19 pandemic revealed notable variations among the SEs under investigation. Of the 12 SEs targeted in the

study, for only one, namely LB, was an increase in turnover reported from 2019 to 2021, accompanied by a modest expansion. In contrast, the remaining SEs encountered challenges due to inadequate operational funding. SEs affiliated with a mother agency could avail themselves of support from their parent organisation or secure emergency funding from alternative sources. However, privately owned SEs, lacking tax exemption status (S88), were ineligible for COVID-19 emergency relief grants.

Consequently, most of these SEs resorted to cost-cutting measures, such as implementing unpaid leave policies and streamlining their operations. Regrettably, one SE, DiD, experienced a severe cash shortage and is currently confronting the imminent possibility of closure. For this study, the researcher relied on the performance data of the SEs during the period spanning from 2019 to 2021 to derive meaningful insights and draw reliable conclusions.

Among the interviewees, 33% represented large-sized SEs, 37% represented medium-sized SEs, and 30% represented small-sized SEs. This deliberate inclusion of various organisational sizes within the sample allowed for the exploration of potential differences in holistic management practices based on the scale of operations, ensuring a diverse range of interviewees based on roles, perspectives, organisational backgrounds, and sizes to provide a thorough and nuanced analysis of the holistic management practices within SEs. This enabled us to draw meaningful insights and contribute to the existing body of knowledge in the field.

Of the interviews, 53% were face to face, while the remaining 47% were via Zoom. This distribution resulted from necessary adjustments to account for epidemic measures. Both face-to-face and remote interviews were employed as effective methods for gathering valuable insights while simultaneously prioritising the safety and preferences of the participants.

Of the interviewees, 74% had a non-social work background, while the remaining 26% had a social work background. Notably, all SE leaders from SEs affiliated with a mother agency were registered social workers, while SE leaders from SEs with private capital lacked formal social work training. Social work training in leaders can contribute unique perspectives and characteristics to an organisation, influencing their leadership tendencies and approaches. It provides insights and qualities that promote effective management practices. Social work training equips individuals with a deep understanding of social issues, empathy, and a commitment to social justice. This training emphasises empowering individuals and communities, prioritising self-

determination, providing resources and support, and advocating for the rights and well-being of marginalised populations. Leaders with social work backgrounds tend to be more sensitive to addressing social impacts and inequalities, enabling their organisations to have a clear social mission.

Additionally, the person-centred approach highlighted in social work training fosters respect and care for individuals' strengths, needs, and aspirations. This approach prioritises the well-being and empowerment of employees, recognising that a supportive work environment enhances individual and organisational outcomes. Leaders with social work backgrounds may also exhibit a servant leadership style.

A total of 58% were members of the SEE Mark, 75% were members of the SEBC, and 8% were B-Corp members. Furthermore, 8% of the organisations were not affiliated with SEBC or accredited as SEE Mark members. Notably, 50% of the organisations belonged to both SEBC and SEE Mark. Accreditation, such as the SEE Mark, serves multiple purposes for SEs. It provides public recognition, allowing SEs to showcase their commitment to social and environmental impacts. It also helps the public distinguish SEs from commercial entities, enhancing their credibility and reputation in the eyes of stakeholders, including customers, investors, and partners. For the SEs with accreditation providing evidence, they have a commercial sense to promote their SE and have a strategic mindset to distinguish their unique competitive advantages from their commercial competitors.

The implication of half of the interviewed SEs lacking accreditation has two aspects. Firstly, some leaders may prioritise marketing strategies over organisational competence. Secondly, the absence of accreditation suggests potential weakness in measuring organisational performance. Therefore, around 50% of the SEs might be weak in regard to the Head domain, which is related to strategy, and the Hand domain, which is related to the organisation's performance and competencies.

Before the semi-structural questions were posed, the researcher verbally asked the leader about their organisation's performance in the previous three years regarding revenue. The summary is as follows:

<u>Organisation</u>	<u>Revenue 2019*</u> <u>(Estimation)</u>	<u>Revenue 2020**</u>	<u>Revenue 2021***</u>	<u>Any contingency cost cutting method</u>
PoD	~50% drop	~30% drop	~20% drop	- No salary increment - No paid leave, all staff 3 days per months
HR	~30% drop	~50% drop	~30% drop	- No salary increment - No paid leave, all staff 2 days per months
ML	~50% drop	~40% drop	~30% drop	No
SCP	~40% drop	~30% drop	~30% drop	No
LB	~10% increase	break even	~20% increase	No
DiD	~30% drop	~80% drop as over 2/3 operation hour is closed due to the pandemic measure	close to break even	In year 2020, all staff have 3 days no paid leave per month. It last for 3 months then back to normal
CF	~30% drop	~60% drop as over 1/2 due to the pandemic measure (no dine-in after 6pm)	~20% drop	No
TW	~40% drop	~60% drop as over 1/2 due to the pandemic measure (no dine-in after 6pm)	~30% drop	No
RH	~50% drop	~40% drop	~20% drop	No
NL	~40% drop	~60% drop as over 1/2 due to the pandemic measure (no dine-in after 6pm)	~30% drop	No
FL	~20% drop	~50% drop	~20% drop	No
VC	The company shut down in 2019	NA	not yet break even	No

* Compare the revenue generated with the total revenue generated in 2018

** Compare the revenue generated with the total revenue generated in 2019

*** Compare the revenue generated with the total revenue generated in 2020

Table 5: The organisational performance of the interviewees' SEs

It can be observed that most organisations experienced a significant drop in revenue in 2020 compared to the previous year. This can be attributed to the COVID-19 pandemic and the various measures taken to control its spread, such as lockdowns and restaurant dining restrictions. The organisation with the highest drop in revenue was the PoD, with an estimated 50% drop in 2019 and a 30% drop in 2020. This was followed by the RH and TW, both experiencing a 50% drop in 2019 and a 40% drop in 2020. Interestingly, LB saw a 10% increase in revenue in 2019 but only broke even in 2020. This could be due to their ability to adapt and operate effectively during the pandemic. DiD, a notable case, faced revenue decline and a critical moment. Employees had to agree to no paid leave to cut down the operation cost and they

could recover from this critical moment within one year. It shows that they can react to a negative impact and overcome the challenges.

The research intended to analyse the holistic management practices within SEs comprehensively. It included diverse interviewees based on roles, perspectives, organisational backgrounds, and sizes. The interviews included SE leaders and operational staff, representing SEs with NGO and private capital backgrounds. The deliberate inclusion of various organisational sizes, including large, medium, and small-sized SEs, allowed us to explore potential differences in management approaches based on scale.

Representatives of 12 SEs were interviewed; a distinction can be made between SEs with a mother agency and those with private capital. Comparing these two categories is essential for understanding the sector's diverse organisational structures and funding sources and their implications for holistic management practices. A simple comparison table follows:

	SEs with a mother agency	SEs with private capital
Start-up capital	NGO mother agency/ government funding	Private investors/ government funding
Organisational size	Large (over 100 employees)	Small to medium (from 2 to 50 employees)
Nature of Business	Multiple businesses (e.g., Café, bakery)	Single business
Typology (According to Alter's (2007) spectrum)	Mainly non-profit with income-generating activities	Social enterprise/ Socially responsible business
Leader's professional background	Social Work	Business

Table 6: Comparison table - SE with a mother agency and SE with private capital

The organisational structure of SEs is a crucial factor in their operations, as it can influence various domains such as leadership style, LMX quality, strategy implementation and efficiency, and resource allocation and operational efficiency. SEs affiliated with a mother agency typically exhibit a hierarchical structure, benefiting from guidance and clear job descriptions for goal alignment and resource allocation. However, this may limit the autonomy of SEs, potentially hindering their ability to fully implement holistic management practices. On the other hand, SEs relying on private capital operate autonomously but face challenges in securing sustainable funding and maintaining financial stability, which can also affect their leadership style and LMX quality.

A notable similarity among SEs affiliated with a mother agency is the substantial support that they receive from their parent organisation to ensure the continuity of their operations. Additionally, there is no indication of downsizing or reducing the size of these SEs. However, what sets these SEs apart is their affiliation with a WISE mother agency, which highly emphasises the well-being of the underprivileged individuals whom they serve. This alignment demonstrates a shared commitment to creating positive social change and underscores the significance of their mission in serving the community.

Through interviews, it became apparent that SEs affiliated with a mother agency may exhibit relative weaknesses in the "Heart" domain, encompassing employee motivation and recognition. This gap may stem from differences in individual preferences, organisational culture, and the specific context of the SEs. Additionally, the bureaucratic structure commonly found in NGOs may restrict flexibility and autonomy, further contributing to challenges in the Heart domain. Another significant factor contributing to the weak Heart domain appears to be the poor quality of LMX relationships. This suggests that ineffective communication, low trust, and limited engagement between leaders and employees hinder the development of a positive and motivating work environment within these SEs.

5.3 The Situation of SEs Affiliated with a Mother Agency.

The researcher identified a significant communication gap between leaders and subordinates in SEs affiliated with a mother agency. This gap is attributed to the leaders' preference for formal modes of communication, such as meetings and emails. At the same time, employees need more opportunities to voice their opinions during meetings. As the organisational size increased, particularly in the case of the six SEs supported by the mother agency, the quality of LMX further deteriorated.

5.3.1 Heart-Related

5.3.1.1 LMX and OCB

SEs' leaders rely heavily on formal communication channels like meetings, calls, and emails to handle job-related matters. They view meetings as effective for simultaneous interaction and proper documentation. However, this formal communication culture makes employees hesitate to express themselves fully, fearing that their statements may be recorded or upset leaders.

Employees in these SEs are cautious about informal communication, as they are concerned about its impact on their reputation or performance appraisal. They often choose silence in meetings, assuming senior management has thoroughly considered its decisions, and their input may not be necessary. Instead, they prefer to follow designated written communication channels and reporting to supervisors rather than directly engaging with senior management.

“I value informal communication with my subordinates, but it doesn't always impact my decision-making directly. Due to our organisation's size, I prioritise maintaining formal records for work-related matters to prevent disputes. Proper documentation helps me track important details efficiently.”

(NL leader, 2021)

“In meetings, I rarely share comments as decisions are already well-considered by senior management. We should try the proposed approach first and address any implementation issues later.”

(NL employee, 2021)

“Formal communication suffices for work. I avoid informal communication to maintain a positive relationship with my boss. In meetings, I limit my input due to recording. Non-essential contributions may affect my performance appraisal. I stay silent as our leader knows best. Why challenge her?”

(TW employee - operation, 2021)

The prevailing silence and hesitation to contribute during meetings in these SEs indicate a lack of open dialogue and active engagement between leaders and employees. While leaders may encourage participation, employees remain reserved, believing that decisions are best left to their leaders and fearing potential repercussions from expressing dissenting opinions.

“We usually cover management's expectations regarding new projects or services in meetings. Although we encourage questions and seek clarity, silence is the prevailing response.”

(TW leader, 2021)

“Activities involving senior management create a slightly stressful atmosphere, limiting enthusiasm for extensive conversation.”

(NL employee, 2021)

Negative LMX significantly impacts employee OCB. When employees feel undervalued and disconnected from their leaders, they are less likely to engage in discretionary activities beyond their job responsibilities, resulting in decreased OCB (Wang, L, 2016). Poor LMX fosters transactional exchanges rather than relationship-based approaches, reducing employee motivation to go beyond their job requirements and eroding trust and organisational commitment. This decreased commitment leads to higher turnover rates and negatively affects organisational efficiency, productivity, quality of work, and the achievement of strategic objectives. Disengaged employees can influence their colleagues, impacting team morale, collaboration, and operational efficiency (O'Donnell et al., 2012).

5.3.1.2 Motivation

Several leaders from SEs affiliated with a mother agency emphasised the importance of recognition and a meaningful job nature as powerful motivators for their employees. They believe that by recognising their employees' contributions and emphasising the difference that they make in the community, they can foster engagement and a sense of purpose among their workforce. These leaders also recognise the significance of providing tangible rewards, such as salary adjustments and promotions aligned with the remuneration system of the mother agency.

“To motivate them, recognition and respect are key. We follow the HR manual of our mother agency for salary adjustments and promotions, which employees are aware of upon joining. I provide intangible rewards like recognition and encouragement.”

(NL leader, 2021)

However, employee reflections indicate some variation in their perspectives. While they acknowledge the importance of recognition, they express a greater concern for career development benefits, such as promotions and a clear career path. Employees from SEs with a mother agency highlight the need for more incentives for exceptional performance, suggesting that recognition alone may only partially motivate them, particularly due to cultural and bureaucratic constraints. They also perceive the promotion process as being influenced by factors such as years of service and seniority, potentially limiting the opportunities for growth and advancement.

“Recognition from my leader brings enjoyment. Ideally, a point-based system for promotions would be in place. Promotions consider years of service, senior position availability, meeting conditions, and performance as the final factor.”

(NL employee, 2021)

Interestingly, when asked about the possibility of higher salaries or better career prospects in the open market, all the respondents were willing to leave their current organisations. They cited limited opportunities and prospects within their current SEs and frustrations with the bureaucratic structure and lack of flexibility. This highlights the importance of addressing the expectation gap between leaders and employees, as employees desire autonomy, flexibility, and opportunities for growth that may not be readily available within the existing organisational framework.

“I desire autonomy at work, even if more efficiency derived from deviating from pre-set rules is not recognised as good work in my perspective.”

(TW employee – management, 2021)

“I’ll take the opportunity, regardless of competence. Seniority is paramount, even in a rigid rule-based environment. Good work is measured by adherence to regulations.”
“Promotions consider years of service, senior positions’ availability, meeting conditions, and performance as the final factor.”

(NL employee, 2021)

Through the interviews, it has been observed that leaders and employees from SEs align with established motivation theories, such as the two-factor theory and Maslow's hierarchy of needs. However, there is a gap in the "Heart" domain, encompassing employee motivation and recognition, within SEs affiliated with a mother agency. This gap may stem from individual preferences, organisational culture, and the bureaucratic structures in NGOs. The prevalence of transactional management styles and bureaucratic cultures may hinder the development of strong LMX, ultimately affecting employee morale, creativity, job satisfaction, and overall organisational performance.

5.3.2 Head-Related

It is observed that power and decision-making authority are centralised in the mother agency's board and at top management levels. Strategy formation, confirmation, and marketing research activities are predominantly concentrated at the top, with limited employee involvement. This centralisation is attributed to time constraints and a focus on operational matters, reducing employee participation in shaping strategic initiatives.

“Top management, including the governance board, leads strategy and directional

planning.”

(NL leader, 2021)

"Our strategic planning includes top management and board members, occasionally seeking senior management's advice on operations. Middle management and operational personnel are not involved."

(TW leader, 2021)

The research findings indicate a lack of opportunities for employee involvement in strategic formulation and decision-making processes. Middle management and operational personnel are typically excluded from strategy discussions, as leaders believe that certain decisions should remain at the higher management level to ensure efficiency and prompt responses to market changes. Consequently, employees are hesitant to provide suggestions or innovative ideas, perceiving a lack of receptiveness from leaders to consider their input.

"Due to my fear of wasting resources and appearing too aggressive, I am not interested in participating. My silence is also due to my lack of knowledge on how management measures outcomes, and as a junior member, I am hesitant to speak out with suggestions for improvement."

(NL employee, 2021)

"Lacking knowledge and confidence, I am not interested in participating in strategy formulation or implementation plans. Without a clear understanding of the timeline and target goals, it is unfair for me to judge the process."

(TW employee – operation, 2021)

Limited communication channels and bureaucratic structures within SEs contribute to ineffective feedback and communication. Employees feel discouraged from sharing opinions or identifying potential procedural issues or new directions. This lack of employee involvement and feedback fosters a culture of obedience rather than fostering innovation. The bureaucratic structures and conservative decision-making approach result in extended lead times for adjusting newly implemented strategies. When the desired outcomes are not achieved, identifying problems, proposing solutions, and obtaining approval from the board can take several months. This slow response time risks the organisation's sustainability, particularly in rapidly changing environments such as during the COVID-19 pandemic.

"Asking everyone for future directions could generate over 100 goals, leading to

disappointment if not adopted. Employees' opinions have gone unheeded, resulting in a lack of eagerness to make suggestions. Thus, I prefer keeping strategy formulation at the top level."

(FL leader, 2021)

"Changes require board approval, leading to potential delays and missed opportunities. Partial approval may also impact the outcome. Due to COVID regulations, our café's dining capacity has been reduced by 50%. We have been working with our mother agency for nine months to implement a pre-packaged food model and are eagerly awaiting their decision on significant expenditures."

(NL leader, 2021)

Employees need greater clarity regarding how their work aligns with the organisation's mission and vision. There appears to be a communication gap that compromises alignment with the organisation's values and direction. Employees are uncertain about the definition of success or improvement, which negatively impacts their motivation and engagement in strategy implementation.

"After the board confirms strategies and outcomes, senior management creates the implementation plan, which is submitted to and approved by the board. We then announce it to employees and begin its implementation."

(TW leader, 2021)

"We conduct a briefing session for new planning and receive a procedure handbook for reference at any time. If the new plan is complicated, the organisation arranges training for us. I follow my supervisor's instructions and do not comment. I do not judge procedures' efficiency since I don't know management's definition of success. I reflect the exact output."

(TW employee - operation, 2021)

"Board-level decision-making occurs, and once confirmed, we arrange training for front-line staff."

(NL leader, 2021)

"We have a meeting to inform us of what to do and when it will be effective. Typically, we have training to ensure we know how to work with the new direction. I don't ask how KPIs are defined; I follow my supervisor's instructions. Senior management has already thought it through, so they're the final judge."

(NL employee, 2021)

SEs affiliated with a mother agency face challenges securing internal funding, competing with other departments, and aligning with employee expectations. Poor communication and limited employee participation hinder engagement and satisfaction, highlighting the need for a more inclusive and supportive organisational culture. Based on interviews, it was found that most SEs potentially have inefficiencies in the Heart domain, which can be attributed to poor LMX, communication gaps, and bureaucratic structures. These factors may contribute to lower employee engagement and satisfaction in this area.

5.3.2.1 Strategy Planning and Formation

The organisational structure and culture can limit the strategic mindset and thinking within SEs affiliated with a mother agency. These SEs often need more flexibility in strategy planning as they are expected to align with the strategies and decisions of the mother agency. In this context, the mother agency takes the lead in data collection and analysis for strategic planning, which can have pros and cons.

“Our headquarters will have an overall strategic plan so that we can participate in the discussion process, but we need to follow the final decision from the headquarters.”

(TW leader, 2021)

“The strategic analysis, review and planning will be done by our mother agency as we have a department for this purpose.”

(NL leader, 2021)

Relying on the expertise and resources of a professional social service provider, the mother agency brings several advantages to SEs. The mother agency's knowledge and understanding of the social service landscape contribute to informed decision-making and strategic direction. Following the mother agency's strategies can lead to economies of scale, shared resources, and a unified approach, enhancing overall effectiveness and impact.

However, there are drawbacks. SEs may lack industry knowledge, limiting their ability to adapt to market dynamics and challenges. The headquarters conducts internal and external analysis, reducing SEs' involvement and understanding of their operational contexts. This disconnect may lead to strategic decisions not aligning with on-the-ground realities. Relying heavily on headquarters' analysis can hinder SEs'

responsiveness and adaptability, as their strategies may not effectively address market needs.

The mother agency provides valuable insights and resources, while SEs may face limitations in industry expertise and involvement in decision-making, potentially compromising their adaptability to market conditions.

“We provide the requested data for analysis like the demographic data of our customers, turnover, feedback from our customers, etc. The analysis result will be sent to me for vilification.”

(TW leader, 2021)

The centralised approach allows for comprehensive analysis, leveraging the mother agency's expertise and resources. Analysing at the headquarters level provides a broader perspective and holistic understanding. This ensures a unified strategic direction and efficient resource allocation.

However, SEs have little autonomy and decision-making power, limiting their flexibility and agility. While leveraging the mother agency's expertise has advantages, it also brings disadvantages like limited industry-specific knowledge. Balancing alignment with the mother agency's strategies and responsiveness to local needs is crucial for long-term success.

5.3.2.2 Strategy Implementation

In SEs affiliated with a mother agency, strategy implementation is often driven by a top-down approach, where the mother agency provides the strategic plan, and the SEs are responsible for executing it. This setup typically provides employee orientation and training through a handbook or standardised procedures. However, these organisations' bureaucratic culture and hierarchical structure can encourage employees to critically assess the strategy or offer input on potential improvements or risks.

“In the initial implementation stage, we will closely monitor the outcome. We requested to have the status report once per week. If the output and outcome trend becomes steady, based on the observation, we will meet the senior management and confirm the expected KPI and outcome. After the final KPI and outcome are confirmed, we will regularly meet once every half year to review if it is on the right track”.

(FL leader, 2021)

“If we need to involve the operation staff, we must arrange many meetings, which will take a long time as we have too many front-line staff. In addition, the manager should know what kind of data we are looking for. I believe my managers can reflect the reality and collect valuable data to determine the efficiency of the strategy’s implementation.”

(TW leader, 2021)

The findings reveal that leaders initiate discussions with the board to address adjustments or improvements, a process that can be time-consuming due to board meeting schedules. This lengthy process, combined with a culture of risk avoidance, leads leaders to set conservative goals and outcomes, preferring achievable targets rather than maximising potential outcomes. Consequently, this conservative approach hinders strategy implementation efficiency and limits overall organisational performance improvement within SEs affiliated with a mother agency.

“It is a complicated process to adjust or cancel the pre-set procedure and KPIs. We need to initiate the agenda with the board. The regular board meeting will be held once every two months. Therefore, if we miss the board meeting, we must wait at least two months. In addition, we need to write the justification and reason for the discrepancy in the estimation.”

(ML leader, 2021)

The top-down approach and bureaucratic culture in SEs affiliated with a mother agency have pros and cons. They provide a clear strategic direction and operational efficiency through standard procedures. However, limited employee engagement hampers innovation and improvement opportunities. The rigid approach restricts adaptability and critical thinking, and strategies may overlook individual SEs' unique challenges. Balancing is vital, thereby fostering employee engagement, innovation, and implementation flexibility. Employee feedback emphasises the desire for decision-making involvement, expertise understanding, and addressing concerns about resource waste and potential mistakes.

“I am not interested in participating in it as I worry. I have made some wrong suggestions and will waste the resources, or the organisation will lose money.”

(TW employee - operation, 2021)

The limited participation of employees in strategy formulation aligns with the top-

down approach mentioned earlier, where decisions are made at higher management levels without active involvement from non-managerial staff. As a result, employees feel hesitant to provide suggestions or voice their opinions, fearing that they may only have a partial picture and lack the ability to measure outcomes accurately.

“It is high-level work. I believe I am not able to provide some advice.”

(FL employee, 2021)

“Probably, I will keep silent, as I don’t know how management defines and measures the outcome.”

(NL employee, 2021)

Regarding strategy implementation, employees indicate that they receive instructions and information about new or adjusted plans through introductory sessions, briefings, or written procedure handbooks. Training is also provided to ensure that employees understand the procedures and technical aspects related to the new direction.

However, the communication between leaders and employees appears to be one-way, with employees receiving instructions rather than actively engaging in discussions or providing feedback for improvement.

“If the new plan is complicated, the organisation will arrange training for us.”

“We will have some expected figures like the output of the new products. However, this figure is flexible, especially at the beginning stage of the plan.”

(TW employee - management, 2021)

The findings highlight a disconnect between the top-down approach in strategy formulation and the passive role of employees in the process. Limited employee participation and communication channels hinder the organisation's access to valuable insights and innovative ideas. Creating avenues for employee involvement and fostering open communication can improve strategy implementation and enhance employee engagement.

To effectively contribute to the organisation's mission and vision, the strategy should align with them. The mission and vision guide the strategic direction, goals, and actions. Aligning the strategy ensures that efforts are focused on achieving the organisation's long-term purpose and desired future state, providing a clear pathway to support the mission and vision.

5.3.2.3 Mission and Vision

The interviews with the leaders show that they strongly emphasise ensuring that their employees understand the organisation's mission and vision. They employ various methods, including it in the orientation process, providing training, and highlighting it during project initiation. This approach aims to create a shared understanding and alignment with the organisation's long-term goals.

“I am confident my colleague knows our company mission and vision.”

(TW leader, 2021)

“We will state our organisation’s mission and vision in our staff handbook so that our staff can refer to it easily”.

“Our orientation will first mention our organisation's mission and vision. We will ensure our new colleagues know our value.”

(NL leader, 2021)

The leaders also mentioned that they consider the alignment with the mission and vision during the recruitment process, preferring candidates who demonstrate agreement with the organisation's values. This helps in fostering a culture where employees easily adopt common values and contribute to the organisation's mission and vision.

“In the recruitment stage, if the candidate demonstrates they agree with our mission and vision, we will appreciate and prefer their application more.”

(TW leader, 2021)

Employee participation in strategy formulation and planning is limited to managers, potentially leading to overlooked opportunities and blind spots in operational processes. While leaders express confidence in employees' understanding of the mission and vision, the researcher aims to gather employee feedback on their willingness to participate in strategy formulation, implementation, and feedback.

Employee feedback shows agreement with the organisation's mission and vision, fostering a shared culture and effective work. Leaders focus on recruitment and training for alignment. However, employees express uncertainty regarding their work's alignment with the mission and vision, relying on supervisors for task design. Clear communication and guidance from leaders are needed to clarify individual roles' contributions to the broader goals. Employees desire to assess alignment, highlighting

the importance of transparent communication and guidance.

“Of course, I agree with the mission and vision. Otherwise, I won’t work here. If we want to know more about the mission and vision, we can consult our supervisors or call the human resources office.”

(TW employee - management, 2021)

“Yes, I agree with the mission and vision of our organisation. We will have an orientation day to introduce the organisation's background, mission and vision.”

(ML employee, 2021)

Employees' passive reaction and reliance on leaders to review and measure performance reflects a top-down strategy formulation and implementation approach. Employees express hesitation in actively participating in strategy formulation and review processes, perceiving it as the responsibility of their supervisors and leaders. This limited involvement may lead to misinterpretation and a lack of employee engagement and commitment to the organisation.

“I am not sure if my work matches or aligns with the organisation’s mission and vision, but I think our leader will design the work that matches it.”

(TW employee - operation, 2021)

“I am unsure about the degree of alignment with the organisation's mission and vision. I think it is the responsibility of the supervisor and leader, and I am not in the right position to judge.”

(NL employee, 2021)

The analysis highlights leaders' efforts to align recruitment with organisational values and promote a shared mission and vision. However, two key issues arise in SEs affiliated with a mother agency: passive employee involvement in strategy implementation and a bureaucratic structure. These challenges impact employee engagement, communication, and overall effectiveness.

Feedback reveals passive employee involvement, indicating a lack of enthusiasm and active participation in strategy processes. Employees hesitate to provide suggestions or voice opinions, missing opportunities for innovation and practical knowledge. This passivity may stem from confidence issues, knowledge gaps, or limited employee involvement. The bureaucratic structure hampers communication, decision-making, and responsiveness. Complex procedures and layers of management slow down

processes, hindering strategy implementation and adaptability.

The weak Heart domain significantly affects the Head domain in SEs affiliated with a mother agency. Poor LMX relationships and low morale hinder strategy implementation. Positive relationships between leaders and employees are crucial for trust, communication, and decision-making. Low morale diminishes motivation and commitment. Addressing Heart domain weaknesses is vital for optimising the Head domain and successful strategy implementation.

5.3.3 Hand-related

To assess the impact of the Heart and Head domains on the Hand domain, we must consider their interdependencies and collective influence on organisational performance. The Hand domain represents the practical execution of strategy, including tasks, actions, and plan implementation. However, the Hand domain is not independent of the Heart and Head domains, encompassing communication, employee engagement, and alignment with the organisation's mission and vision. These factors significantly affect the successful execution of strategies within the Hand domain.

Our investigation aims to uncover the interdependencies and impacts among these domains, shedding light on their collective influence on organisational performance. Within the Hand domain, we focus on critical aspects such as the knowledge management system, training programmes, performance management, and organisational competence. These factors play a pivotal role in ensuring effective strategy implementation.

The knowledge management system facilitates the sharing and utilising of valuable knowledge and expertise. Training programmes equip employees with the necessary skills for effective task execution. Performance management aligns individual and team performance with strategic goals. Organisational competence encompasses collective capabilities and resources for successful strategy execution. By examining these elements within the Hand domain, we can gain insights into how the Heart and Head domains impact their effectiveness and overall influence on strategy implementation.

5.3.3.1 Knowledge Management and Knowledge Transfer

Discussing KM as the first aspect within the Hand domain is crucial for effective strategy implementation. A robust KM system captures, shares, and utilises valuable knowledge and expertise. This enables informed decision-making, learning from past

experiences, and efficient collaboration.

The analysis highlights the organisation's knowledge management and transfer practices. Leaders prioritise information control and traceability, relying on handbooks and procedures for consistency. However, employees find these documents cumbersome and prefer seeking immediate assistance from colleagues. This suggests a gap between available information and its adoption, indicating underutilised internal resources and the need for more active knowledge management.

“Knowledge management involves organising information flow for consistent employee messaging and facilitating colleague access. Accuracy and source traceability ensure accountability. Knowledge transfer focuses on sharing knowledge within the organisation.”

(ML leader, 2021)

“Initially, I frequently relied on the documentation to find solutions, particularly when operating the machine, as I was concerned about making mistakes that could cause the machine to malfunction. However, as I became more familiar with the machine and received insights from my colleagues, I stopped referring to the documentation as some of the procedures seemed unnecessary.”

(ML employee, 2021)

“Initially, I relied on documentation to find solutions, especially when operating the machine, to avoid potential malfunctions. However, as I gained familiarity with the machine and received insights from colleagues, I stopped referring to documentation as some procedures seemed unnecessary.”

(NL employee, 2021)

Employees perceive knowledge management as recording work procedures and important records. They emphasise the exchange of practical knowledge among colleagues to enhance job efficiency. However, they find documentation less effective in transferring knowledge, particularly at the operational level, where employees prefer to seek help from others. Additionally, employees are hesitant to provide feedback on handbooks and manuals, citing a need for more confidence about the management's interest in thoroughly reading procedures. This highlights a potential problem of underutilised internal resources and a need for improved knowledge management practices.

"I prefer not to tell my supervisor; no one will read the handbook of procedures, so I want to avoid causing extra work for others. I don't think my supervisor will take my advice."

(FL employee, 2021)

"I will not let my supervisor know if I think the manual is useless as she may think I am finding excuses. We are not knowledgeable workers; we are not eager to read too many words. It will take us lots of time to solve a simple problem."

(TW employee - operation, 2021)

The organisation heavily relies on paper-based methods like handbooks and procedures for knowledge transfer. Employees primarily refer to these resources during the initial stages of joining. However, documentation may be less effective in transferring knowledge, especially among operational-level employees less inclined to search for and read documents.

"We will closely follow the lead of our mother agency, including any new technology implementations. This may involve the use of a file server for storage as a means of incorporating technology into our operations."

(ML leader, 2021)

"I prefer to ask my colleague directly for immediate responses. Spending time searching for procedures in the manual frustrates me. Sometimes, the procedures seem ridiculous and following them exactly would be a waste of time."

(NL employee, 2021)

"I prefer to listen rather than read, so I seldom refer to the documentation."

(FL employee, 2021)

"I prefer to ask my colleagues directly for immediate responses instead of spending a lot of time searching for procedures in the manual. It can be frustrating, and sometimes the procedures seem unnecessary and time-consuming."

(TW employee - operation, 2021)

Multiple printed copies of handbooks and procedures indicate potential internal resource wastage. Consolidating and editing information in print format requires significant organisational resources. If employees do not actively utilise these printed resources, it results in unnecessary expenditure.

Leaders prioritise information recording and sharing over actively fostering knowledge transfer. The availability and adoption of information may be hindered by convenience and user-friendliness. Leaders should have a comprehensive understanding of employee profiles and knowledge needs.

The organisation relies on the mother agency for knowledge management guidance, limiting autonomy in implementing changes. Dependency inhibits adaptability and innovation in knowledge management practices.

“We will follow our mother agency; if there are any systematic changes, we will follow them. For example, our mother agency adopted a new information system for documentation, and we will follow the changes.”

(TW leader, 2021)

“Normally, we will follow our mother agency, so any changes mostly come from our mother agency.”

(NL leader, 2021)

The application of technology in knowledge management is passive, primarily serving as a data centre for information sharing and storage. Technology implementation depends on employee readiness and confidence, with hesitations due to costs and training requirements. More online training and assessment are needed to evaluate knowledge transfer effectiveness, indicating limited focus on measuring impact.

“We continue to incorporate technology into our operations, we will be utilising a file server for storage.”

“Based on colleagues' readiness, most operational staff prefer paper filing and manuals over computer usage due to a lack of confidence. Accidental deletion or misplacement of information poses resource challenges regarding time and manpower. Information technology application primarily focuses on senior-level positions.”

(ML leader, 2021)

The analysis identifies areas for improvement in knowledge management and transfer. These include enhancing documentation convenience, fostering knowledge transfer, bridging information adoption gaps, promoting autonomy and risk-taking in system changes, and leveraging technology for better knowledge sharing.

Poor LMX significantly impacts knowledge management and transfer. Improved trust,

communication, and support are necessary for effective knowledge sharing. Strained relationships hinder employee engagement and feedback. Positive LMX motivates knowledge transfer and utilisation. Cultivating a healthy LMX is crucial for effective knowledge management.

5.3.3.2 Training

Analysing training practices provides insights into knowledge cultivation and sharing among employees. Evaluating the training focus, methods, and employee engagement helps understand their contribution to the knowledge management framework.

Training programmes in SEs affiliated with a mother agency prioritise work-related topics and job-specific skills. This focus is important for immediate job performance but may limit exposure to broader knowledge and hinder adaptability to change or career development. Neglecting leadership, communication, and strategic thinking training can hinder long-term growth.

“Most of the training is job-related and self-development. Job-related training ensures product and service quality. All employees have training opportunities based on their job nature and position.

(TW leader, 2021)

Leaders prioritise overall demand and trainee satisfaction, neglecting individual training needs and career development paths. Relying heavily on the mother agency for training outcomes can harm employees and the organisation. Neglecting individual needs hinders growth, limits contributions, and leads to dissatisfaction and disengagement. Addressing individual training needs is crucial for cultivating a diverse, adaptable workforce that drives innovation.

“We offer a simple evaluation form to the trainer, which is anonymous and not mandatory to return. The format is kept brief to prevent adding stress to colleagues who may not want to spend much time on it.”

(FL leader, 2021)

“I choose the middle option during training evaluations as my choices being too extreme can cause trouble. If I select an extreme, my supervisor will ask me to explain in detail, so to reduce trouble, I prefer to keep it in the middle.”

(FL employee, 2021)

“We assess staff training effectiveness and maintain quality by monitoring colleagues' output. The mother agency allocates resources for training aligned with new strategic directions to ensure relevance and keep up with advancements. For instance, typewriter training has been replaced with computer word processing, adapting to technology progresses.”

(TW leader, 2021)

Internal staff members serve as trainers, leveraging their understanding of daily operations and providing real-life examples for better trainee comprehension. This cost-effective approach aligns training closely with organisational needs and eliminates the need for external trainers.

“Senior internal staff mostly serve as trainers, as they understand our daily operations and can use actual examples that make it easier for trainees to understand. Additionally, trainers can strengthen their knowledge and communicate with junior staff.”

(TW leader, 2021)

“I prefer using internal staff as trainers for our organisation's needs. They simplify language, customise training, and leverage their deep organisational knowledge and real-life examples to train colleagues effectively. This approach equips our staff, saves costs, and provides a potential career path for future trainers.”

(FL leader, 2021)

Relying solely on internal trainers may have drawbacks, lacking instructional design expertise and formal teaching training, affecting effectiveness. Balancing training and regular duties can lead to time constraints and compromised quality. Internal trainers need support, instructional training, and dedicated time for effective training.

Employees depend on supervisors for training arrangements, missing out on professional development. Navigating application and approval processes causes delays and frustration. Passivity and limited access to training result in skill gaps, reduced motivation, and limited career advancement.

“Supervisors arrange all my work-related training, including using the coffee machine and food preservation. I trust my supervisor to make the best decisions for my training needs and don't request additional training. I rely on my supervisor for a broader organisational perspective and prefer their involvement in arranging

training. I heard training subsidies involve reimbursement if leaving within a short period, so I prioritise maintaining flexibility over making long-term commitments.”
(NL employee, 2021)

Employees' passive approach to seeking training and reliance on supervisors hinders skill development and adaptability to new technologies and trends, impacting organisational goals. It hampers talent growth and succession planning for leadership roles.

Training application and approval process challenges cause delays, affecting productivity and competitiveness. Bridging gaps between leaders and employees in understanding training needs and aligning them with organisational goals requires effective communication for improved efficiency.

“Training focuses on job-specific skills rather than career development. It benefits machines and inventory management but is limited to our organisation's models and software. Annual training content remains similar, offering limited support for long-term career growth.”

(NL employee, 2021)

“Training is helpful for work procedures, but I desire non-work-related training, like video editing and website building, which aid future career development. However, external training rules limit opportunities.”

(ML employee, 2021)

“The purpose of training is helping our colleagues to adopt the work procedures, ensure the consistent quality of work and maintain the planned efficiency.”

(TW leader, 2021)

The organisation prioritises work-related training and measures effectiveness through satisfaction. An individualised approach is needed, considering career paths and strategic alignment. Enhancing communication channels and supporting access to external training improves engagement and outcomes. LMX quality impacts training outcomes. Poor LMX hampers motivation and engagement. Building strong LMX relationships, fostering trust, and supporting enhanced employee engagement. Improving LMX fosters workforce development.

5.3.3.3 Organisational Performance Management

Employees' passive reactions to organisational performance indicators and limited involvement in decision-making may affect training practices. Lack of engagement and empowerment can hinder motivation for seeking training and taking ownership of professional development, impacting training effectiveness and knowledge management. SE leaders prioritise beneficiary numbers as a key performance indicator, aiming to assist as many people as possible. Financial performance is not a priority due to support from the mother agency to sustain SEs.

"Our business income is limited and cannot sustain the SE. The primary financial support comes from our mother agency. Our organisation's performance is measured by the number of people we help. As a WISE organisation, we aim to assist as many people as possible."

(TW leader, 2021)

"Our performance is reflected in the number of beneficiaries we assist, aligned with our mother agency's goals. Financial support sustains our business, and funding is a performance indicator but not our top priority."

(NL leader, 2021)

Communication channels such as yearly plans and work expectations convey these indicators to employees. However, employee feedback suggests a passive reaction to these indicators, with employees trusting management's design and not actively engaging in discussions or decision-making about organisational performance. Some employees expressed a lack of knowledge or authority to contribute to performance measurement, while others acknowledged the need for more involvement in decision-making processes.

"I lack the authority to comment or change the measurement of performance as it is the responsibility of senior management. Although I learned about organisational performance at our annual meeting, I do not remember the exact figures. I believe my work should align with performance targets, but I require more involvement in decision-making. Currently, it is just my guess."

(NL employee, 2021)

Employees' passive reactions to performance indicators and limited involvement in decision-making indicate a lack of engagement and empowerment. Current training practices may not effectively enable active contribution to decision-making. Training

programmes should promote employee engagement and empowerment.

Employees' disinterest in organisational activities may result from intentional exclusion by leaders and limited involvement in decision-making. Assumed effective communication contradicts employees' recall of performance figures. Passive culture and limited involvement hinder engagement, affecting OCB and performance. Organisational culture and leadership are crucial for employee effectiveness and engagement.

5.3.3.4 Employees' Performance Review

SEs with a mother agency have a systematic performance review process. Leaders conduct regular appraisals and maintain records. The mother agency strictly adheres to direction, format, and performance measurement. LB and DiD focus on personal development and engagement using qualitative and interactive formats. In contrast, SEs prioritise punctuality and task completion, using a quantitative format with assigned marks and proper record-keeping. Records serve as important evidence for promotion and salary adjustments. Limited time frames constrain individual employee review duration.

“For junior staff, I provide direct feedback on assessment marks and areas for improvement. We have brief meetings to discuss their performance and offer guidance.”

“Senior staff complete self-assessment forms submitted to top management. Based on these forms, we discuss leadership, innovation, and future planning.”

“We establish Key Performance Indicators (KPIs) for task-specific performance. Ad-hoc tasks are evaluated based on my judgement and overall performance.”

“The performance review format and benchmarks align with our mother agency. Punctuality is graded by calculating the total late minutes per year. Supervisors record work accuracy and reset annually.”

(TW leader, 2021)

“Appraisals differ based on rank. Junior staff receive direct feedback, indicating satisfaction and areas for improvement. Senior staff engage in in-depth discussions, including future planning and team improvement.”

(ML leader, 2021)

“Our appraisal process has two parts. General items like communication and punctuality apply to all ranks and industries. Specific evaluation areas are tailored to

different SEs, such as tidiness and technical knowledge for car washing SEs, and politeness and fashion sense for salon staff.

Supervisors grade colleagues on a 5-point scale to determine rankings. Colleagues who receive appreciation letters from satisfied customers earn bonus points.”

(FL leader, 2021)

When asked about changing the appraisal format or measurement method based on the nature, all the respondents preferred to stick with the existing system. They mentioned that implementing such changes would require significant effort. Some respondents mentioned that if they had any specific comments, that they believed were worth recording, they would write them down in the remarks section. This indicates a need for more enthusiasm for altering the current appraisal system.

“To revise or adjust the measurement mechanism, we must inform and obtain endorsement from our mother agency before applying it in the performance review. However, this process takes time to complete.”

(NL leader, 2021)

“Amendments or revisions to the evaluation area require approval from our mother agency to ensure performance comparability between units.”

“Over 90% of colleagues achieve or exceed the KPIs, resulting in satisfactory performance.”

“Their supervisor reviews the workload estimation for those who don't meet the KPIs. Adjustments to the KPIs or additional hiring may be considered. If it relates to individual ability, more time or training is provided. If no improvement occurs, alternative solutions, like changing positions, are explored.”

(TW leader, 2021)

“Most colleagues achieve our set KPIs. If someone lags behind, we identify the cause and provide support, such as training or job re-arrangements.”

(NL leader, 2021)

Leaders have reported that over 95% of colleagues consistently meet the KPIs set by individual SE management and endorsed by the mother agency. For instance, in a bakery SE, the daily KPIs could include producing 300 pieces of bread/cakes and 200 cookies. These KPIs are determined by the SE retail head and confirmed by the line manager for the supporting team. To prevent excessive stress and allow flexibility for adjustments, leaders slightly underestimate the KPIs. If the team performs well, the KPIs can be increased while remaining within reasonable expectations. This approach

minimises workload justifications and ensures that resources are efficiently utilised in line with organisational performance.

“Our goals and KPIs are realistic, and we slightly underestimate them to avoid unnecessary stress. This approach helps manage board expectations effectively.”

“For colleagues who perform well, slight adjustments can be made in the following year. Continuous improvement is encouraged, which pleases the board.”

(TW leader, 2021)

“Our KPIs are realistic and achievable for most employees. We slightly underestimate them to allow flexibility for factors like mental retardation or recent discharge from medical care. Consistently high performance for two years may result in a slight KPI increase. KPIs are fair, based on rank, ensuring equality among colleagues. For those significantly below expectations, we may temporarily adjust their individual KPI. The aim is to have all colleagues ranked with the same KPI. Outstanding performers are rewarded with promotions for encouragement.”

(ML leader, 2021)

Leaders stress fairness and transparency in large organisations, setting the same KPI for employees of the same rank and adjusting only for those who are incapable. Different strengths and weaknesses make the same KPI frustrating for some and underutilised by others, affecting overall efficiency.

SEs conduct annual performance appraisals aligned with the mother agency. Special reviews are rare to ensure fairness. Employees are informed in advance of the appraisal schedules. Promotions and salary adjustments strictly follow the mother agency's guidelines without SE-specific considerations.

The survey reveals reliance on the mother agency's system for performance reviews, hindering tailored measurement and understanding of operations. The inflexible structure limits performance management effectiveness. Individual performance reviews are seen as routine with minimal impact on career progression. Employees undervalue supervisor feedback.

“During my performance reviews, my supervisor focuses on standard themes such as punctuality and completing assigned work. Follow-up meetings are reserved for cases of underperformance.”

“My supervisor highlights areas where I need to improve or show expected improvement. Initially, I pay attention and try to enhance my performance. However,

when I receive similar feedback and comments year after year, I no longer attach much importance to them.”

(ML employee, 2021)

“I have a 45-minute review session with my supervisor to review the assessment form together. Our supervisor sets a timer to keep the conversation within an hour. I don't show much reaction as I aim to conclude the discussion quickly. Salary increments follow the guidelines of the mother agency, and within the same rank there are two outcomes: receiving or not receiving an increment. It's uncommon for me not to receive one, but performance doesn't significantly impact the outcome.”

(NL employee, 2021)

“Changing supervisors led to different perceptions. My ex-supervisor was satisfied, but my current one isn't. Adjusting to the new standard doesn't matter much as it won't greatly affect my salary increment.”

“Conversations typically last 30 minutes as I have limited points to discuss. The key point is that it won't significantly impact my salary increment.”

(TW employee - operation, 2021)

“I try to say less and end the meeting quickly. Sharing my ideas hasn't brought about any change, even if the supervisor agrees. So, I prefer silence and a prompt conclusion.”

(FL employee, 2021)

In a fair pay scale system, salaries at the same rank are equal and transparent. However, it may reduce employees' motivation to improve performance as individual performance becomes less important. Employees should actively engage with supervisors to discuss views and work-related issues. Performance reviews facilitate information exchange for assigned work and future planning, including training and organisational development. In SEs with a mother agency, inefficient performance management results from poor LMX quality and low motivation.

The analysis of performance appraisal and management processes in the SEs reveals the need to address challenges like limited employee involvement, bureaucratic structures, and customisation. The research highlights the reliance on quantitative measures and task completion, potentially overlooking other crucial performance dimensions and impeding employee development (Murphy & Cleveland, 1995).

“Appraisals differ based on rank. Junior staff receive direct feedback, indicating satisfaction and areas for improvement. Senior staff engage in in-depth discussions, including future planning and team improvement.”

(ML leader, 2021)

SEs' performance appraisal system has a potential drawback of limited assessment in areas beyond quantitative measures and task completion. This narrow focus may overlook important aspects like creativity, problem-solving, and teamwork, which are crucial for comprehensive employee development and organisational success.

The researcher discovered that SE leaders, under a mother agency, underestimate KPIs to ensure that all subordinates can meet targets. This approach aims to avoid complications and explanations to the mother agency regarding underperformance.

“Our performance appraisal system has yielded positive results, with over 90% of colleagues consistently achieving or exceeding the KPIs, indicating satisfactory performance. To ensure a manageable work environment and avoid unnecessary stress, we adopt a realistic approach when setting KPIs, particularly for newly implemented strategies and plans. We believe that underestimating the KPIs slightly allows us to strike a balance between pushing our colleagues too hard and effectively managing expectations from the board.”

(TW leader, 2021)

“Our colleagues can achieve most of the KPI we set.”

(NL leader, 2021)

“ Our practice will make a slight underestimation as it will provide some flexibility to us. As the performance of employees may fluctuate as some of them are mentally retarded or just discharged from medical care, we need to provide some room for them.”

(ML leader, 2021)

Setting lower KPIs can boost job satisfaction and morale by creating a sense of achievement. It reduces the stress and pressure associated with ambitious targets, promoting well-being and a work-life balance. However, lower KPIs may hinder professional growth, skill development, and innovation. It limits employees' potential and organisational performance, impacting resource allocation and decision-making.

Limited employee involvement and passive reaction to performance indicators align

with low-quality LMX relationships. Employees perceive performance measurement as solely senior management's responsibility, hindering motivation and improvement opportunities.

Involving employees in defining performance goals enhances their commitment to organisational objectives.

“Appraisals differ based on rank. Junior staff receive direct feedback, indicating satisfaction and areas for improvement. Senior staff engage in in-depth discussions, including future planning and team improvement.”

(ML leader, 2021)

“I don't react much as I want to conclude the conversation promptly. Salary increments follow the mother agency's guidelines. It's rare for me not to receive one, but performance doesn't significantly impact the outcome.”

(NL employee, 2021)

“I try to say less and end the meeting quickly. Sharing my ideas hasn't brought about any change, even if the supervisor agrees. So, I prefer silence and a prompt conclusion.”

(FL employee, 2021)

The influence of the mother agency on the performance appraisal system within SEs is evident. The need for approval and adherence to the mother agency's direction, format, and performance measurement indicates a centralised control approach. Bureaucratic structures and rigid systems can limit flexibility and hinder local adaptations, which may be necessary for effective performance management (Zhou & George, 2001). The time-consuming process of obtaining approval also suggests a lack of agility in addressing changing organisational needs and employee development requirements (Pulakos et al., 2015).

“The performance review format and benchmarks align with our mother agency.”

(TW leader, 2021)

The finding reveals several challenges in the performance appraisal and management processes within SEs, including limited employee involvement, bureaucratic structures, and a lack of customisation.

5.3.3.5 Organisational Competencies

The researcher found that SE leaders recognise the importance of understanding core competencies to leverage resources and strengths for long-term sustainability. These competencies are seen as organisational skills rather than individual ones and should align with organisational goals. Examples of such competencies mentioned by leaders include sustainable financial support, a strong reputation, valuable networks, and employee commitment and engagement. In addition, the researcher noted that leaders appeared less familiar with applying strategic tools such as SWOT and PESTEL analysis for identifying potential competencies. These strategic tools can provide valuable insights into the internal and external factors influencing the organisation, helping leaders identify areas of strength, improvement, and potential opportunities for developing or leveraging competencies.

“Our competencies are the resources from our mother agency: finance, brand names, and network. Without their support, we cannot survive or achieve sustainable business in the open market.”

(ML leader, 2021)

However, a communication gap between leaders and employees became evident during the interviews, indicating the need for improved employee motivation and alignment. Competencies are primarily defined by management, the board, and senior staff, with limited employee input. This exclusion of employees from defining competencies may stem from deviations in core competency definitions and a lack of involvement in decision-making processes. Additionally, poor-quality LMX relationships may also contribute to this communication gap.

“Our mother agency has a specialised team for research and analysis across service units. We will depend on them to define the competencies of each SE.” (TW leader)

“In our annual meeting, we’ll highlight our strengths. Media exposure will be shared via internal mail and newsletters to keep colleagues informed.”

(NL leader, 2021)

“I don’t think we, as employees, are considered a competency compared to the more effective business entries.”

(NL employee, 2021)

Leaders express trust in their employees' understanding of the organisation's competencies, but there is a need for greater alignment with employee perspectives.

Surprisingly, employees do not consider the workforce as a competency, perceiving it as a weakness in competitiveness and efficiency. This misalignment between leaders and employees regarding competencies can hinder the organisation's potential and lead to misallocation of resources and reduced efficiency.

"Our core competencies are the resources from our mother agency. The workforce is a weakness, lacking competitiveness and efficiency. I can't think of another competence besides our mother agency's support."

(ML employee, 2021)

The communication gap between leaders and employees negatively affects strategy, efficiency, and competency sustainability. The conservative approach of leaders in adhering to agency guidelines and risk aversion limits leadership style, strategy, operations, training, and performance measurement flexibility. This restricts innovative employee development and accurate reflection of the organisation's situation.

5.3.4 The issues that SEs Affiliated with a Mother Agency Face

The presented tree diagram showcases the decoding process of interviews conducted with respondents affiliated with SEs having a mother agency. It provides a comprehensive visual representation of the key themes and categories derived from the qualitative analysis, unravelling valuable insights into the management practices and dynamics within these SEs.

Head			Heart					Hand				
Strategy			Leadership	Motivation			Communication within the organisation	Performance management		RBV	Knowledge Management	Organisational Culture
Formation	Implementation	Review	What is the leadership style?	McGregor's Theory X and Y	Herzberg's Two Factors Theory	Maslow Hierarchy of Needs	LMX & OCB	Employee Performance Management	Organisational performance management		Knowledge Transfer	
Top down	Top down	Based on KPI	Transformational (Leaders)	Y (both leader and employee)	Leader: hygiene factor	Leader believe it works	LMX : -ve	standard, not tailor made	set by mother agency	Arranged by the mother agency	Standardise by the mother agency	Bureaucratic
Internal & external audits by the mother agency	Plan decided by mother agency	Front line seldom involved	Servants & transactional (Employees)		Employee: Motivator	Employee prefer salary increment and promotion	OCB: -ve	Formal	Less involvement of the front line staff	No idea at work level	inflexible for employee	
SE less involvement in discussion	The KPI/ goal is decided by mother agency	Regular reviewed by mother agency						The performance not to direct affect the promotion or salary adjustment	The social impact created is based on the number of beneficiary they served		Standard procedure training maybe outdated	
									The organisational performance is prepare and review by the mother agency		one direction training	

Table 7: Decoded Themes and Categories: Social Enterprises with Mother Agency

The holistic management framework, represented by the domains of Head, Heart, and Hand, is seen as a beneficial approach by leaders and employees. This framework is believed to assist in the organisation's sustainable development, reduce blind spots, and improve overall management effectiveness. Most leaders agree that an equal-weighted balance among the three domains is ideal for maximum resource utilisation and organisational efficiency.

The researcher invited the leaders to self-assess their performance in applying the holistic management framework positively, with average marks ranging from 7 to 10 (with full marks of 10). However, their self-assessment reveals some areas that they believe they are doing well in and areas requiring improvement. Leaders often consider themselves strong in the Head domain, benefiting from knowledge and support provided by the mother agency. However, they perceive weaknesses in the Heart and Hand domains, such as emotional-driven decision-making and outdated front-line skills. Employees perceive the Head domain as an area that may need improvement, as the strategies designed by the mother agency may not perfectly fit the specific needs of SEs. They consider the Hand domain a well-managed area, with ample training opportunities.

Both leaders and employees in SEs with a mother agency lack alignment regarding competencies and perspectives. Leaders believe that the mother agency's resources support their organisation's competency, while employees perceive it as a weakness. This misalignment hinders the organisation's potential and can lead to misallocation of resources and reduced efficiency. It demonstrates that the weakness of the Heart will directly affect the organisation's performance.

The major issue is a communication gap between leaders and employees that negatively affects strategy, efficiency, and competency sustainability. The rigid culture, risk aversion, and preference for accommodating the mother agency contribute to underestimating output and setting lower targets. This gap hampers employee motivation, engagement, and improvement-seeking. The differing opinions on the areas needing improvement within the holistic management framework highlight the extent of the communication gap between leaders and employees.

The differing viewpoints between leaders and employees regarding the areas that need improvement within the holistic management framework highlight the existing communication gap. Leaders prioritise the Heart domain as an area for improvement, while employees emphasise the Head domain. This discrepancy reflects a significant gap in understanding, values, and direction between leaders and employees.

In SEs affiliated with a mother agency, when the Heart domain exhibits weakness while the other two domains fail to attain equilibrium, the organisation's overall performance is adversely affected, resulting in lower than expected outcomes. This scenario can be effectively visualised through a Venn diagram, emphasising the interplay and impact of the domains on organisational performance.

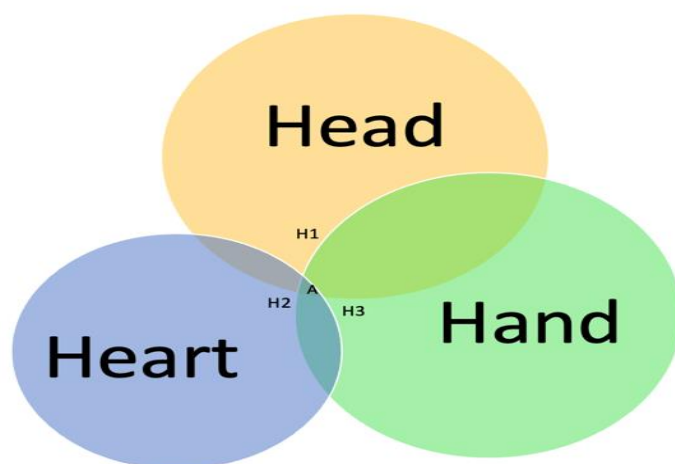


Fig. 8: Venn diagram showing the situation of most of the SEs with a mother agency

The primary finding of this study highlights the detrimental impact of a weak Heart domain on the other domains within the holistic management framework. Insufficient emphasis on the Heart domain leads to adverse consequences in the overall organisational functioning. Poor LMX further exacerbates the situation, hindering effective communication and collaboration between leaders and employees. Consequently, leaders cannot accurately identify and address operational issues, impeding the allocation of resources and hindering problem-solving capabilities. Furthermore, the lack of a strong Heart domain and poor LMX diminishes leaders' ability to make informed and wise judgements during the strategy formulation process. These factors also contribute to a diminished capacity to assess and capture the effectiveness of training initiatives in the case of a SE affiliated with a mother agency.

5.4 The Situation of Privately Owned SEs

The interviews show that privately owned SEs and those affiliated with a mother agency exhibit notable differences. The leaders of privately owned SEs recognise the advantages of having private capital, which allows for better-quality LMX, fostering effective communication and information exchange among employees. These SEs actively involve their employees in strategic decision-making, implementation, and evaluation, reflecting their enthusiasm to contribute and display positive OCB and high LMX quality.

It is apparent that privately owned SEs have a distinct organisational structure and recognise it as a strength. However, their main challenge lies in managing limited resources, which affects their strategic planning, talent acquisition, and long-term sustainability. The limited resources from the Hand domain can impact the Head domain. Information from the interviewed SE representatives shows that they are not eligible to apply for government funding or private philanthropy due to the form of business registration without tax exemption. In addition, they also find it difficult to obtain loans from banks due to the organisational size and their competitiveness. They rely purely on the income from their business.

The reflections from both leaders and employees indicate that challenges primarily arise from the Hand domain. Motivation, commitment, and organisational culture require careful attention to address these issues effectively. We explored the Heart, Head and Hand domains to identify whether leaders correctly allocate their weaknesses.

5.4.1. Heart-Related

5.4.1.1 Leadership

Based on the feedback from leaders and employees, leaders in privately owned small and organic SEs predominantly exhibit a transformational leadership style. They prioritise transforming their subordinates to enhance organisational competitiveness and empower employees through training and encouragement. These leaders promote a flexible work environment, granting employees a high degree of freedom, including autonomy in work hours and decision-making processes. They recognise the benefits of reducing administrative work and fostering employee engagement.

“I choose not to establish strict rules and regulations, allowing my colleagues some freedom.”

(RH leader, 2021)

"I offer flexible work hours from 9 am to 11 am, maintaining an 8-hour workday. Our workplace encourages freedom, allowing flexible work and lunch hours without time tracking. We communicate project deadlines effectively and prioritise uninterrupted work after project delivery."

(HR leader, 2021)

"We are flexible. If you can complete your job on time, no one will care about when you arrive at the office."

(HR employee, 2021)

Some leaders prioritise understanding their employees' character, interests, and personal lives to assign suitable work and tailored training initiatives. Nurturing employees is integral to their approach, fostering skill development through experiential learning and personal growth. They prioritise career development and encourage increased responsibility.

"I am dedicated to supporting and empowering my colleagues, assisting them in achieving financial stability while addressing work and personal challenges. Their growth and successful careers bring me immense joy, and my goal is to equip them with the required skills."

(RH leader, 2021)

"She passionately imparts knowledge and teaches me various aspects, from design to mass production. She values skill development and readiness, without any concern for potential job changes, fostering a supportive learning environment."

(RH employee, 2021)

Empathy is a prominent characteristic of stewardship leadership; some leaders also exhibit characteristics of stewardship leadership, assuming a parental-like role and considering their subordinates as family members rather than mere employees. They prioritise their employees' well-being and stability, even sacrificing profit margins, as leaders demonstrate understanding and support for their employees' emotional and physical well-being.

"During COVID, a colleague mentioned a customer's preference for a face-to-face meeting over Zoom. Understanding the infection risks, I advised her to politely inform the customer about our no physical meetings policy, prioritising staff safety."

(PoD leader, 2021)

"He cares for us, providing masks and sanitising products during COVID. He arranges staggered back-office schedules for our safety. When handling heavy recycled material, he encourages us to take our time and helps us move it together."
(VC employee, 2021)

The interviewed leaders in this study demonstrate a blended leadership style, combining elements of transformational and stewardship leadership. They prioritise employee growth, maintain close relationships with subordinates, and emphasise teamwork, innovation, and individual potential. This transformative approach empowers employees, fosters growth, and enhances organisational cohesion. The leaders' self-assessments indicate that leaders have close relationships with employees, reflecting their transformative and stewardship leadership qualities. In the next session, we will discuss the quality of LMX and the degree of OCB.

5.4.1.2 LMX and OCB

The study observed that among privately owned SEs, there are variations in the quality of LMX. While some organisations demonstrate a strong LMX, characterised by close relationships between leaders and employees, others exhibit a larger power distance. This indicates that the level of closeness and interaction between leaders and employees can vary among privately owned SEs.

"We will hold a daily morning meeting to discuss daily tasks, short-term goals, and any topics requiring compromise."
(HR leader, 2021)

"In our workplace, our discussions primarily revolve around work-related matters. Apart from that, we rarely engage in conversations on other topics. Typically, our discussions involve reporting work status and addressing any related issues."
(HR employee, 2021)

"We can talk about everything, whether work-related or non-work-related. I think we are very, very close to each other."
(RH leader, 2021)

"I love to talk to my boss, even if it is related to my family issue or some leisure activities".

(RH employee, 2021)

The study revealed that among the privately owned SE representatives interviewed, there were notable variations in the quality of LMX. Some organisations demonstrated a strong LMX, characterised by close relationships between leaders and employees, fostering open communication on work-related and non-work-related topics. These organisations exhibited a high level of trust and camaraderie. However, in contrast, other organisations exhibited a larger power distance, where discussions primarily revolved around work-related matters and other topics were rarely touched upon. This indicates that the level of closeness and interaction between leaders and employees can significantly vary among privately owned SEs. A strong LMX promotes employee engagement, satisfaction, and a positive work environment, while a larger power distance may hinder open communication and relationship-building opportunities.

Based on the findings from the interviews, it is evident that there is a deviation in OCB among privately owned SEs. Just as the quality of LMX varies, so does the level of OCB exhibited within these organisations. Some companies demonstrate a higher tendency for employees to engage in discretionary behaviours that benefit the organisation beyond their formal job requirements. On the other hand, other organisations show a lower inclination for such behaviours, with employees primarily focusing on fulfilling their assigned tasks.

“I love it here; I wish to contribute more and grow with the company.”

(RH employee, 2021)

“I do not mind working more than what is stated in my job description.”

(HR employee, 2021)

“I am flexible and do not mind working more, but I am also eager to seek future rewards.”

(PoD employee, 2021)

The interview findings indicate a deviation in OCB among privately owned SEs. Employees' OCB levels vary across the organisations, reflecting their willingness to engage in discretionary behaviours beyond their formal job requirements. Some employees demonstrated a high level of commitment, expressing their desire to contribute more and grow with the company. They were willing to work beyond their

stated job descriptions and showed flexibility in their approach. However, some employees focused on fulfilling their assigned tasks and desired future rewards.

5.4.1.3 Trust

Building employee trust is crucial for fostering OCB. The level of trust within the privately owned SEs was found to vary, influencing employees' willingness to engage in discretionary behaviours. In highly trusted organisations, employees are more committed and willing to exceed their job requirements. Conversely, in organisations with lower levels of trust, employees tend to focus more on fulfilling their assigned tasks. Therefore, cultivating trust within the workplace is essential for promoting a positive and proactive work culture that encourages employees to contribute beyond their formal responsibilities.

“I will let my team suggest ideas. However, the final decision will be made by me, especially for financial decisions.”

(HR leader, 2021)

“There will not only be one best way or one solution for handling all matters, so why not let my staff try? Maybe they can figure out their own best solution.”

(PoD leader, 2021)

“There is group decision-making. I seldom make decisions without asking my team.”

(RH leader, 2021)

The interviews revealed that trust varies among the organisations, influencing employees' willingness to engage in discretionary behaviours. In organisations with high levels of trust, leaders exhibited a more inclusive and participative decision-making approach, empowering their teams to suggest ideas and make decisions collectively. This collaborative environment encouraged employees to go beyond formal roles and contribute proactively. Some leaders are open to discussion, but they will control the final decision-making power. This reflects that the leadership style will directly influence the trust building between them and the employees. The finding found that the better the LMX quality, the higher the organisation's OCB and trust.

5.4.1.4 Motivation

Motivation was seen as crucial for enhancing organisational efficiency and achieving goals. Leaders mentioned using incentives and promotion opportunities to motivate their teams while recognising and appreciating employees' good work.

“Yes, motivated staff will help organisational performance. We are a labour-intensive industry. If my team is eager to work more, we can earn more.”

(RH leader, 2021)

The organisation's social mission was found to be a meaningful aspect of employees' jobs, contributing to their motivation; despite potentially lower average incomes compared to commercial sectors, employees in SEs find purpose and fulfilment in their work.

“I am confident that my staff know it is a meaningful job with a reasonable income.”

(PoD leader, 2021)

While the working environment was considered important, it was not viewed as the most crucial factor in motivating employees. Instead, leaders emphasised the significance of a harmonious and friendly organisational culture. They described their cultures as open, close-knit, and family-like, recognising their role in creating a positive and motivating atmosphere.

“I think a nice working environment with my sincere attitude is a way to motivate my team.”

(RH leader, 2021)

Hiring principles were discussed regarding how they shape organisational culture. Leaders highlighted the importance of selecting candidates who align with the organisation's mission, vision, and values. Interactive communication during interviews and involving existing team members in the selection process were seen as effective ways to ensure a cultural fit.

“Our core values will be communicated during interviews, and understanding and alignment with our mission and vision will be important criteria for selecting new team members.”

(PoD leader, 2021)

From employees' reflections, it was evident that rewards and promotions were the most effective motivators, followed by the recognition of good work.

“She seeks our input before making significant decisions, sometimes incorporating our advice and other times providing explanations for not adopting our suggestions.”

This participatory approach fosters group decision-making, gives us insight into plans, and better understands our boss's thinking."

(RH employee, 2021)

"Salary adjustment will be the most effective motivator for me, as our organisation size is small; there is no room for promotion, so rewards and incentives would be much appreciated".

(HR employee, 2021)

The interview findings highlight the blended leadership style exhibited by leaders in privately owned SEs. These leaders combine transformational and stewardship leadership elements, prioritising employee growth, maintaining close relationships with subordinates, and emphasising teamwork, innovation, and individual potential. This transformative approach empowers employees, fosters growth, and enhances organisational cohesion. The self-assessments of leaders further support their close relationships with employees, reflecting their transformative and stewardship leadership qualities.

Some SEs demonstrate a strong LMX, characterised by close relationships between leaders and employees, fostering open communication on work-related and non-work-related topics. These organisations exhibit a high level of trust and camaraderie. However, other organisations exhibit a larger power distance, where discussions primarily revolve around work-related matters, and other topics are rarely touched upon. This indicates that the closeness and interaction between leaders and employees significantly varies among privately owned SEs. A strong LMX promotes employee engagement, satisfaction, and a positive work environment, while a larger power distance may hinder open communication and relationship-building opportunities. Furthermore, the interviews highlight a deviation in OCB among privately owned SEs. Employees' willingness to engage in discretionary behaviours beyond formal job requirements varied across organisations. Some employees demonstrated high commitment and flexibility, exceeding their job descriptions and wanting to contribute and grow with the company. However, some employees focused on fulfilling their assigned tasks and desired future rewards.

The level of trust within the organisations influenced employees' inclination towards OCB. In organisations with high levels of trust, leaders exhibited an inclusive and participative decision-making approach, empowering employees to contribute proactively. However, some leaders retained the final decision-making power, indicating a controlled environment. The research observations also noted that

privately owned SEs had a more relaxed and flexible working atmosphere than SEs affiliated with a mother agency. Additionally, the close relationships and open communication within privately owned SEs helped employees remain motivated and satisfied with their jobs, even when considering attractive opportunities in the commercial sector.

Applying Herzberg's two-factor theory, it can be concluded that leaders in privately owned SEs effectively fulfil motivator and hygiene factors for their employees, resulting in high job satisfaction and retention. However, the differences observed between privately owned SEs and those affiliated with a mother agency suggest that the leadership style and organisational structure can influence the trust-building process and overall organisational dynamics. Further research is needed to explore these aspects further and assess their impact on organisational performance and employee outcomes.

5.4.2 Head-Related

5.4.2.1 Strategy

Most of the leaders from privately owned SEs expressed that they do not have extra resources for strategic planning. The situation was especially worse during the COVID-19 outbreak. They put all their effort into dealing with the ad-hoc issues under the vigorous external environment.

“We lack audit frameworks and plans, but we prioritise resource utilisation for maximum returns. We address issues as they arise and implement corrective plans accordingly.”

(PoD leader, 2021)

Limited resources, including talent and knowledge, contribute to their reluctance to implement strategies. Instead, they prioritise reacting to immediate challenges and allocating resources based on the current situation.

"We have limited resources and knowledge of strategic tools for strategy formation, but I will gather available information, assess our resources, and explore potential avenues for revenue growth."

(RH leader, 2021)

Privately owned SEs exhibit distinct characteristics compared to SEs with a mother agency. The leaders of privately owned SEs emphasise the advantages of

organisational size, which allows for flexible resource allocation and workflow. This flexibility enables them to respond swiftly to the external environment, reducing the perceived need for long-term strategic planning.

“Our structure is simple, and the decision-making process is simple and direct. We efficiently react with the external environment and implement any procedure changes.”

(HR leader, 2021)

Limited resources, including talent and knowledge, contribute to their reluctance to implement strategies. Instead, they prioritise reacting to immediate challenges and allocating resources based on the current situation. Risk identification in privately owned SEs relies on indicators such as revenue fluctuations, changes in consumer behaviour, and social media news rather than specific tools or procedures. Risks are handled on a case-by-case basis, with irregular reviews conducted. From this perspective, it demonstrated the negative impact of a weak Hand domain on the Head domain.

Leaders in privately owned SEs are more eager to embrace employee involvement during strategy formulation than SEs with a mother agency. However, some respondents still prefer to retain their final decision-making power. In strategy implementation, leaders are more willing to delegate power to subordinates, particularly in goal setting, thereby valuing employees' operational knowledge and insights to enhance implementation efficiency.

“I will gather information on competitors, market prices, and other relevant factors. My boss occasionally involves me in discussions to validate their ideas. The final strategy will incorporate our input and compromise from the discussions.”

(HR leader, 2021)

“Our boss will take the active role in strategy initiation or adjustment.”

(PoD employee, 2021)

Task allocation in privately owned SEs varies, with leaders listing tasks themselves or involving colleagues. However, leaders retain final approval authority and avoid unnecessary rules to promote operational efficiency and employee engagement.

Flexibility is crucial for efficient strategy implementation, with informal communication channels common but formal documentation important. Privately

owned SEs often lack contingency plans, highlighting the need for their development. Adaptation of KPIs allows for customised performance measurement and a prompt response to market needs with systematic reviews and documenting of lessons learned in order to improve future strategies while balancing documentation needs. Survival issues take priority, involving subordinates in planning and implementation. Effective resource mobilisation and trust-building are essential for dynamic strategy planning.

5.4.2.2 Mission and Vision

In privately owned SEs, leaders prioritise aligning strategies with the organisation's mission and vision. They effectively communicate these goals during interviews and briefing sessions, ensuring that employees understand and support them. Despite potentially lower remuneration than in the commercial sector, employees actively engage with the organisation's mission and vision, demonstrating their commitment to the cause. Common values are established within the organisation, fostering employees' shared sense of direction. Leaders recognise the importance of employees' awareness and alignment with these core values to contribute effectively to the organisation's purpose.

“The strategic move aims to achieve our company's mission and vision. Establishing a common value is crucial as it enhances our team's understanding of what truly matters to us.”

(PoD leader, 2021)

Overall, the employees' understanding of the organisation's mission and vision is well-aligned with the leaders' perspectives. Employees clearly understand the organisation's purpose through the interview process and subsequent briefing sessions. Continuous reinforcement of the mission and vision in daily work helps employees stay focused and motivated. These factors contribute to a strong shared belief system within the organisation, where employees actively contribute to its values and work towards achieving its mission and vision.

“Our common value is to demonstrate the potential of women to balance childcare and financial support for the family. This drives us to collaborate and strive towards achieving our goal.”

(RH employee, 2021)

“I know my company's core value and our work matches it. I guess I am doing something to support this core value”.

(PoD employee, 2021)

The Head domain represents the strategic management of privately owned SEs. While leaders acknowledge the importance of strategy for organisational development, they face limitations in conducting extensive strategy analysis. These limitations primarily stem from scarce financial and human resources, forcing them to focus on immediate reactions to the external environment to ensure survival, particularly during the COVID-19 pandemic. Some leaders prioritise survival issues over strategic matters, indicating a lack of awareness regarding the significance of strategy. Consequently, the Head domain receives less attention and resources than the Heart domain, resulting in its relative weakness.

Regarding mindset alignment, leaders and employees share similar perspectives, especially in strategy implementation. High employee involvement contributes to efficiency and enables employees to grasp the organisation's mission and vision. This further supports the positive LMX and OCB observed in privately owned SEs. In addition, it demonstrated a synchronisation effect—the possibility of a positive impact if the Heart domain is doing well.

5.4.3 Hand-Related

Is the Weakness of the Hand domain the major reason?

Most leaders navigate the challenges and opportunities that lie ahead, and it has become evident that many leaders share the perception of limited resources in this area. We investigated how leaders identify this issue and try to figure out their specific challenges.

5.4.3.1 Knowledge Management & Knowledge Transfer

Both leaders and employees in privately owned SEs know the concept of KM. Still, due to limited resources, they lack a formal and systematic approach to handling KM and the knowledge transfer process.

“Due to resource constraints, we prioritise resource allocation and find knowledge management activities time- and cost-consuming. Currently, we choose not to focus on it. However, if we scale up in the future, we may reconsider. While we lack a specific knowledge management system, we informally share our learnings and experiences.”

(PoD leader, 2021)

Despite the absence of a formal and systematic approach to knowledge management, leaders and employees in privately owned SEs acknowledge the importance of capturing and sharing knowledge. Current practices like filing important documents and occasional sharing sessions lack regularity and structure. However, leaders believe in the effectiveness of informal knowledge sharing and encourage it within the organisation.

“We will have irregular sharing sessions; if any of us, including myself, have learned something new, we will casually share.”

(RH leader, 2021)

“Whenever we have anything we want to share, we simply speak up and discuss it in our seats.”

(RH employee, 2021)

The orientation session also commonly acts as a knowledge transfer platform. It ensures that the newly joined member can catch up and provide a consistent service. Unlike the SEs affiliated with a mother agency, privately owned SEs do not have any handbook or standard procedures. The knowledge will be transferred verbally without systematic documentation.

“All newly joined members will have an orientation meeting. It ensures the colleague can adapt to our company and how we work.”

(HR leader, 2021)

“We do not have handbooks; we normally learn from verbal sharing.”

(HR employee, 2021)

In privately owned SEs, leaders and employees recognise the importance of knowledge transfer. Peer sharing and sharing external training within the organisation are common methods. However, no defined criteria exist for determining which knowledge should be shared. While systematic knowledge documentation requires significant investments, leaders know the associated maintenance costs.

Although resource constraints hinder establishing a formal knowledge management system, leaders and employees understand its significance. Informal practices like peer sharing and occasional sessions facilitate knowledge transfer. However, the lack of a structured framework highlights the need for collaboration and strategic planning.

Implementing an effective knowledge management system holds transformative potential for privately owned SEs. It enhances competitiveness, reduces the learning curve for new employees, and fosters continuous improvement. While verbal knowledge transfer is valuable, it may not ensure consistent service quality. Limited resources can affect the effectiveness of informal methods. Establishing a systematic system becomes crucial to mitigate risks and deliver a reliable service.

Investing in a formalised knowledge management infrastructure empowers SEs to overcome challenges, optimise operations, and drive sustainable growth. Despite limitations, leaders' efforts demonstrate their commitment to addressing weaknesses and improving organisational performance.

5.4.3.2 Training

Due to limited resources, practical training for daily work will rely highly on internal training. The leaders emphasise practical skills like operating machinery, interpreting technical drawings, and using software. Employees can request external training if it directly empowers their work by receiving study leave and subsidies. Relevance determines the extent of the subsidy, striking a balance between professional development and cost management.

“For some work-related skill sets like how to operate a sewing machine and read technical drawings, I will teach them directly as it will most likely have cost savings.”
(RH leader, 2021)

“We cannot arrange regular training if a colleague finds some courses that can empower their work efficiency. I am not minded to provide some subsidy to encourage them to learn more.”
(HR leader, 2021)

Formal evaluation processes are generally absent. Leaders rely on observing employees' work to assess training applications. Performance assessment serves as a substitute for formal evaluation. Flexibility and employee empowerment are prioritised, given the resource constraints and small organisational sizes.

“We do not have any regular training activities; the training is by request, so it is unnecessary to add a formal evaluation. I believe I can judge based on their performance.”
(HR leader, 2021)

Half of the interviewed employees participated in company-organized training. Some employees cited unattractive training packages and concerns about future justification for non-participation. Those who participated appreciated the career development support, shared knowledge with colleagues, and contribution to efficiency improvement.

“I am not interested in applying for the training subsidy as I need to justify myself and prove it is related to my work. It will be a bit embarrassing if I decide to leave the organisation one day.”

(HR employee, 2021)

“The package is not too attractive, especially no study leave. I also feel a bit stressed if I cannot complete the course, and then I must explain. I prefer to keep it simple.”

(PoD employee, 2021)

Post-training evaluations are not specific or formal. Leaders casually inquire about employees' training experiences and usefulness. Observing improved performance is used as an informal assessment.

“We will not have an official evaluation. Also, I do not see my boss asking my colleagues about the training. I think my boss will judge from their performance.”

(HR employee, 2021)

Despite limited resources, the leaders in privately owned SEs prioritise practical training for daily work. They emphasise skills such as operating machinery and interpreting technical drawings. While internal training is the focus, leaders encourage employees to pursue external training that directly empowers their work. This approach is cost-effective as employees can share their external learnings with colleagues, empowering the entire team and maximising the impact of training investments.

Encouraging external training has several benefits. It allows employees to gain the latest knowledge and skills from external experts, bringing fresh perspectives and innovative ideas to the organisation. Additionally, employees who receive external training can share their newfound knowledge with their colleagues, fostering a culture of continuous learning and improvement within the organisation.

However, there are potential drawbacks to relying on external training. Limited resources may restrict the number of employees attending external training programmes. Additionally, there may be challenges in justifying the relevance of such training to the organisation, especially if employees decide to leave in the future. Furthermore, the attractiveness of the training package, including factors like study leave and subsidies, can influence employees' decision to participate, potentially limiting access to valuable external learning opportunities. In addition, we should notice that some of the interviewed employees were not too eager to apply for the training or education subsidies as they consider the condition to stay in the organisation for a certain period. It reflected that employee engagement and OCB are relatively weak.

5.4.3.3 Performance Management

Both leaders and employees in the study have provided insights into organisational performance and social impact measurement. The leaders, particularly those from privately owned SEs, emphasised financial indicators, such as revenue generation, as the primary measure of organisational performance. They justified this focus by highlighting the need for sustainability and survival in a competitive market. Social impact measurement, on the other hand, varied among the leaders. Some recognised its importance in differentiating their SEs from purely business enterprises and attracting funders. However, concerns about the absence of standardised measurement methodologies and the allocation of resources hindered the measurement of social impact for some leaders. Since they do not have extra resources, some of the leaders will skip to measure the social impact.

"Our organisation is facing a deficit account, making it a luxury to divert our focus to other areas. Our primary concern is to ensure survival and overcome the financial challenges."

(RH leader, 2021)

"We measure performance by turnover, an objective indicator of organisational success and customer satisfaction. However, measuring social impact is challenging due to resource-intensive and non-standardized methods. Currently, survival and sustainability take priority over social impact measurement."

(HR leader, 2021)

Employees, echoing their leaders' views, predominantly highlighted the revenue generated as the key performance indicator for their organisation. They mentioned

that their bosses regularly informed them about the organisation's financial performance. However, employees exhibited a mixed understanding of social impact measurement. While some recognised the existence of social missions within their organisation, they were unsure of the specific methodologies or measurement practices employed. This lack of clarity suggests a potential gap in communication or information sharing between leaders and employees regarding social impact measurement.

"Income is our organisation's key indicator. Our boss informs us each quarter whether we have made a profit or incurred a deficit."

(PoD employee, 2021)

"Our company promotes social missions, including knowledge transfer from elderly to young people and advocating for hiring young and old employees. However, I have not seen any reports or figures indicating if our boss measures the impact of these initiatives."

(HR employee, 2021)

These findings indicate a convergence between leaders and employees in prioritising financial indicators for organisational performance. However, there is a need to enhance employees' understanding of social impact measurement, as some expressed uncertainty or limited knowledge in this area. We also found that leaders of privately owned SEs prioritise financial indicators as the primary measure of organisational performance. Survival and sustainability are key considerations for these leaders, leading them to prioritise revenue generation. While some leaders recognise the importance of measuring social impact, concerns about resource allocation and the lack of standardised methodologies hinder its measurement. Employees generally align with their leaders' focus on financial indicators, but there is a need to improve their understanding of social impact measurement.

The study suggests that leaders of privately owned SEs exhibit a greater sense of realism than leaders from SEs affiliated with a mother agency. These leaders are more involved in their organisations and have a deeper understanding of the prevailing circumstances. This heightened involvement enables them to allocate resources effectively, considering the organisation's specific needs and challenges. Their realistic perspective allows for a more targeted and efficient resource allocation strategy, contributing to the overall success and sustainability of privately owned SEs.

5.4.3.4 Employee Performance Management

Based on the insights gathered from the leaders and employees of SEs with private capital, most SEs conduct annual performance appraisals. The performance appraisals in these SEs align with the "SMART" framework, which stands for Specific, Measurable, Achievable, Realistic, and Time-bound goals. The expected performance is specific, task-oriented, and easy to understand. The leaders set KPIs for each staff member, which can be adjusted or negotiated based on individual circumstances or external factors like the COVID outbreak. This flexible approach ensures that the KPIs remain achievable and relevant, reflecting the real situation within the organisation.

There is no standardised format across SEs with private capital regarding the record-keeping of performance appraisals. Some leaders maintain brief notes without grading or marking, while others focus on specific areas of improvement or exceptional performance. These records provide employee feedback, identify strengths and weaknesses, and gain insights into talent resources for future strategic planning. However, the emphasis is more on qualitative data rather than quantitative figures. The leaders seek to understand the reasons behind the numbers, enabling them to make informed decisions and drive organisational improvements.

"We conduct annual appraisals with our colleagues, setting clear and negotiable KPIs for each staff member. We adapt the achievable output to alternative measurable indicators during challenging times like the COVID outbreak. We maintain proper records for serious issues, such as critical mistakes or identifying new best practices, serving as reminders for the future. We follow up with colleagues who make critical mistakes to ensure improvement. If no improvement is made, we carefully consider continuing their employment."

(HR leader, 2021)

The employees' perspectives align with the leaders' approach to performance management. The casual and interactive appraisal process allows employees to share their thoughts and concerns freely. While there is no standard format or set questions for the appraisal, employees can discuss their areas of improvement and suggest ways that the company can support their growth through training or resources. The emphasis on open communication fosters a positive LMX and encourages employee engagement and commitment.

"Our annual appraisal is informal, with no set questions. My boss takes the lead, highlighting areas of satisfaction and areas for improvement. However, I can negotiate if I disagree with any feedback and can provide justification. There is no formal record-keeping for appraisals, and follow-up actions are limited to cases where performance is significantly poor. In such cases, my boss will have a conversation and provide a period for improvement before conducting a review."
(HR employee, 2021)

However, it is worth noting that there is a lack of formalised record-keeping for employee performance appraisals. While this informality may be attributed to limited resources and time constraints, it can pose challenges in tracking individual progress or making data-driven decisions for promotions or training plans. Relying solely on leaders' memories may not provide a comprehensive and accurate picture of employee performance.

As described above, the approach to performance management in SEs with private capital can positively and negatively impact organisational performance. On the positive side, aligning performance appraisals with the SMART framework ensures that goals are specific, measurable, and relevant, leading to clarity and focus in employees' work. The flexibility to adjust KPIs based on individual circumstances allows for adaptability and responsiveness to changing situations, such as the COVID-19 outbreak. This can increase employee motivation, engagement, and productivity, ultimately benefiting organisational performance.

The emphasis on qualitative feedback and open communication during appraisals fosters a positive LMX and strengthens the employee–employer relationship. This can enhance employee satisfaction, loyalty, and commitment, improving retention rates and maintaining a positive organisational culture. Moreover, the opportunity for employees to discuss their areas of improvement and suggest support mechanisms like training or resources empowers them to take ownership of their development. This can result in acquiring new skills and knowledge, boosting individual and collective performance.

However, the lack of formalised record-keeping for performance appraisals can present challenges. Without proper documentation, it becomes difficult to track individual progress over time, identify trends, or make data-driven decisions for promotions, training plans, or succession planning. The absence of standardised records may also hamper consistency and fairness in evaluating employee performance across the organisation. In cases of critical mistakes or exceptional

performance, having a proper record can serve as a valuable reference for future learning and a reminder of key achievements or areas for improvement. In addition, the performance review data hinder leaders' ability to gather information for training plans, as these plans typically rely on performance reviews to identify common weaknesses among employees. Without these data, it becomes challenging to design targeted training programmes that address specific areas of improvement and promote overall employee development.

5.4.3.5 Competence

Most employees from privately owned SEs are aligned with the leaders about their organisation's competence as they are involved in defining the competence with their leaders.

"I guess I know the competencies of our organisation."

(PoD employee, 2021)

I involve my team in gathering customer feedback to understand our strengths and areas where we can outperform competitors. This ensures that we are aligned and clearly understand our competencies.

(PoD leader, 2021)

"We will discuss this internally and ask some close customers if they think it is the point attracting them to stay with us."

(HR leader, 2021)

Some leaders mentioned that their analysis of organisational competencies is simple and not systematic due to resource limitations. They acknowledged that their understanding of competencies is estimated and lacks professional analysis. Additionally, they expressed that they rely on their employees to maintain competencies to the best of their abilities, given the constraints on additional resources.

"We are tight in our resources, so all we can do is apply the current resources to identify and maintain our competence. Our staff become our major source to maintain the organisation's competence."

(HR leader, 2021)

“Due to limited resources, I can only rely on my staff to work together to maintain our competence.”

(PoD leader, 2021)

In terms of maintaining competencies, the leaders mention various strategies. They hold discussions with employees, conduct brainstorming sessions, and encourage employees to apply their competencies. They also emphasise the importance of communication and marketing to make clients aware of their competencies. However, the employees' reflections indicate that they are not confident about their involvement in and contribution to sustaining the organisation's competence.

“I trust that my boss has already incorporated measures to sustain our competencies within our daily work. By performing my tasks effectively, I believe I am contributing to maintaining our competencies.”

(PoD employee, 2021)

There is a general alignment between leaders and employees in privately owned SEs regarding the organisation's competencies. Employees feel involved in defining competencies and express confidence in their understanding. However, leaders acknowledge the limitations of their analysis, citing resource constraints and a lack of professional assessment. Despite these limitations, leaders emphasise the importance of involving employees in maintaining competencies through discussions, brainstorming sessions, and encouraging their application. On the other hand, employees express some uncertainty about their contribution, relying on their trust in leadership to incorporate measures for sustaining competencies.

Additionally, research has highlighted that due to limited available resources, privately owned SEs' leaders rely heavily on engaged employees to sustain the organisation's competencies. Engaged employees are critical in leveraging their skills, knowledge, and dedication to compensate for resource constraints and maintain the organisation's competitive edge. This further emphasises the significance of fostering employee engagement and involvement to overcome resource limitations and drive the organisation's success. It demonstrates that under limited resources, engaged employees can compensate for the negative effect. It shows that a strong Heart domain can compensate for the weakness of the Hand domain.

In organisational execution, the hand is a metaphor for effectively implementing strategies and operations. Leaders in privately owned SEs rely on engaged employees to execute their ideas, like how the brain instructs the hand to carry out tasks.

Effective execution positively impacts organisational performance, and leaders strive to enable employees to execute strategies efficiently. This is achieved through training and knowledge management, where employees acquire the necessary skills and share learnings within the organisation. Despite limited resources, leaders prioritise employee development and maintain a relatively simple yet tailored performance management system. Close leader–employee relationships and small organisational sizes facilitate effective communication and a shared mindset. However, due to resource constraints, regular training may be limited. Fostering employee empowerment and capacity building is crucial in achieving operational efficiency within the organisation.

5.4.4 The Issues that Privately Owned SEs Face

The presented tree diagram showcases the decoding process of interviews conducted with respondents from SE with private capital. It provides a comprehensive visual representation of the key themes and categories derived from the qualitative analysis, unravelling valuable insights into the management practices and dynamics within these SEs.

Head			Heart					Hand				
Strategy			Leadership	Motivation			Communication within the organisation	Performance management		RBV	Knowledge Management	Organisational Culture
Formation	Implementation	Review	What is the leadership style?	McGregor's Theory X and Y	Herzberg's Two Factors Theory	Maslow Hierarchy of Needs	LMX & OCB	Employee Performance Management	Organisational performance management		Knowledge Transfer	
Depends on situation (leaders)	Top down	KPI can be changed based on situation	Transformational (Leaders)	Y	Leader: hygiene and motivator	Understand employee preference but tends to believe self-esteem is one of the motivator	LMX : -+ve	No standard format	Mainly based on financial performance	Limited resources	Minimal as limited resources	Leisured
Mostly top-down (employees)	Planning by front line employee	Front line highly involved	Servants & transformational (Employees)		Employee: Motivator	Employees prefer salary increments and promotion	OCB: -ve	The performance will directly affect the salary adjustment	No resources to measure the social impact	The decision of allocation highly depends on the leaders	Not systematic	Flexible
Front line highly involved in discussion	Compromised KPI with front line employee	No regular review					Not eager to communicate with leaders	Less promotion chance as the organisation structure is flat	Employee clearly know the expected organisational performance	High employees' engagement	Rely on peer sharing	Organic
No internal and external audit		Review based on situation							High involvement of front-line staff		Flexible for employees	Employee got certain degree autonomy

Table 8: Decoded Themes and Categories: Social Enterprises with private capital

The leaders of privately owned SEs agreed that a holistic management framework is a good approach to managing an organisation. It will provide a balanced allocation of effort and resources. However, most leaders express that they can only deal with the ad-hoc issues in the current situation by putting in effort to deal with the bad business environment and COVID-19 impact.

The researcher invited the leaders to positively assess their performance in applying the holistic management framework; the average mark was from 4 to 9 (with full marks of 10). The researcher did ask leaders whose marks were below 6 follow-up questions, and the feedback was that they need more confidence with sufficient resources.

“I am not well trained in management, and what I can do is deal with the most urgent stuff; that is not a holistic approach.”

(VC leader, 2021)

“I am a person who easily makes a decision that makes most of my colleagues feel comfortable, but it might put the company at risk with profit lost.”

(RH leader, 2021)

In contrast to SEs affiliated with a mother agency, privately owned SEs face challenges that primarily stem from limited financial and human capital resources. As previously discussed, these resource limitations directly impact the Head and Hand domains within the holistic management framework. However, despite these challenges, privately owned SEs exhibit certain advantages, particularly regarding the quality of LMX and ability to respond promptly to market demand.

Privately owned SEs, characterised by smaller organisational size and organic structure, encourage employee participation in decision-making and organisational development. This fosters a sense of ownership and commitment to the organisation's goals. However, a communication gap between leaders and employees hinders effective collaboration. Training subsidies offered by these enterprises may be underutilised, reflecting employees' reluctance to make long-term commitments or concerns about resource availability and the enterprise's prospects. Despite these challenges, the quality of LMX is notably better in privately owned SEs, resulting in a positive work environment, higher trust, and enhanced employee engagement. This improved LMX can bridge the communication gap and promote collaboration. Resource limitations impact the Head and Hand domains of the management framework, but the advantages of small size and organic structure enable prompt

responses to market demand. In addition, the leaders allocate most of the resources to dealing with ad-hoc issues and lack time to undertake a planning and strategy review, which also limit their capacity for development.

In the context of privately owned SEs, when the Hand domain exhibits weakness while the other two domains fail to achieve equilibrium, the organisation's overall performance is negatively impacted, leading to lower than expected outcomes. This scenario can be effectively illustrated using a Venn diagram, highlighting the interdependencies and influence of the domains on organisational performance.

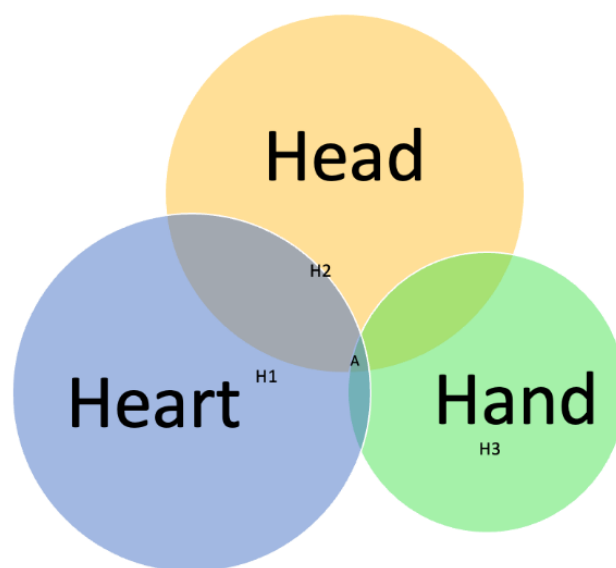


Fig. 9: Venn diagram showing the situation of most of the privately owned SEs

5.5 Chapter Summary

This chapter focuses on understanding SEs' current situation through interviews with practitioners. The aim is to gain insights into various aspects of SE management, including organisational structures, operational strategies, stakeholder engagement, impact measurement, and sustainability practices. The interviews capture how SE management tackles challenges and seizes opportunities in their operating environment.

Phenomenological analysis is employed to interpret the lived experiences of the interview participants. This systematic approach involves familiarisation, coding, clustering theme development, and interpretation. The data analysis reveals common

patterns and underlying meanings, providing a comprehensive understanding of SE management practices.

This study includes a diversity of samples, including SE leaders, operational staff, and different types of SEs (NGO-affiliated and private capital). This ensures a comprehensive view of management practices across the sector. Including SEs of various sizes further explores potential differences in management approaches based on scale.

Based on the 3-H framework, the chapter identifies potential areas of weakness that contribute to lower competitiveness and efficiency within the SEs (NGO-affiliated and private capital).

Chapter 6 SEs Practice a Holistic Management Framework

The holistic management framework in SEs embraces a comprehensive approach to organisational management, emphasising the interdependence and integration of the Heart, Head, and Hand domains. Two notable cases, LB and DiD, exemplify the effectiveness of this framework. In the case of LB, the holistic management approach enabled the organisation to scale up successfully despite unfavourable conditions. On the other hand, the case of DiD showcases how the holistic management framework guided an organisation through a critical moment, leading to long-term sustainability. These cases highlight the power of holistic management in driving success and resilience within SEs.

6.1 LB¹

LB, a prominent SE in Hong Kong, has effectively tackled the city's housing problem since 2010 (Tatler Hong Kong, 2020). Despite COVID-19 challenges, LB's resilience has shone through, securing crucial support from a landlord, resulting in a significant farmland donation and consistent revenue growth (Tatler Hong Kong, 2020). The leader's commercial experience is pivotal in achieving remarkable financial outcomes, including 15% revenue growth during social unrest and an additional 10% growth amidst the pandemic. LB's high-performance culture, which emphasises employee development and incentivises exceptional performance, aligns with the leader's target-oriented and commercial mindset (Tatler Hong Kong, 2020). LB was selected as one of the 12 SEs whose representatives were to be interviewed in this research due to its successful application of a holistic management approach. Through effectively utilising limited resources and a balanced approach across the Heart, Head, and Hand domains, LB achieved sustainable growth even in an unfavourable environment.

Founded in 2010, LB aims to optimise the value of properties for poverty alleviation through its innovative approach of providing affordable housing and empowerment to underprivileged families in Hong Kong. By leveraging precious real estate resources for social good, LB advocates for unconventional, community-led, and diversified transitional housing systems to bridge the gap between public rental housing and the private market (SVHK, 2023). The leader of LB holds positions on various influential committees, bringing valuable expertise and connections to the organisation. The primary source of income for LB, according to their leader, is their rental business, and they rarely apply for government or private funding due to the perceived limitations of its flexibility. Despite the challenges brought by the COVID-19

¹ “LB” is a code used to represent one of the interviewed social enterprises in Hong Kong

pandemic, LB has maintained a steady increase in revenue. With a diverse team of around 20 employees, including professionals from social work and business and fresh graduates, LB has a strong business background. The leader's management philosophy, centred on continuous learning, is reflected in a mentorship scheme for new members, fostering a positive working culture and efficient adaptation to the organisation's procedures. This approach has contributed to LB's good reputation, attracting more property owners to join its scheme and helping over 70% of beneficiaries secure better living conditions within three years. The leader's strong commercial background and the organic organisational structure of LB have been significant factors in the organisation's success. These elements have allowed for a flexible and agile approach, enabling LB to adapt to changing circumstances and continue its growth trajectory.

6.1.1 Heart-Related

6.1.1.1 Leadership

During the interview, the representative of LB, a SE tackling Hong Kong's housing problem since 2010, displayed a blend of transformational and stewardship leadership styles. LB's leader emphasises open communication, mentorship, and personal development. The SE prioritises listening to team reflections and learning from experiences. Understanding their staff's characters, interests, and personal lives, LB's leaders assign appropriate work and training, fostering a mentor–mentee relationship. Their goal is to witness continuous growth and improvement within their team.

“I prioritise team guidance and support, nurturing their growth based on strengths and interests. Understanding my colleagues personally, I assign appropriate tasks, provide relevant training, and empower them to forge their paths. This fosters a mentor–mentee dynamic, moving away from traditional leader–subordinate relationships.”

(LB leader, 2021)

The employees perceive their relationship with their boss as more of a mentor–mentee dynamic than a traditional leader–subordinate relationship. They value the opportunity to learn from their mentors and develop their unique approach to work.

“My boss sets goals, but we have freedom in our approach. Advice is optional; I can justify my perspective without insistence if I disagree. We work as mentors and mentees, fostering my unique development.”

(LB employee, 2021)

The information gathered indicates a match between the leader's style and the employee's understanding, agreement, and support for their management approach, fostering a collaborative working environment.

6.1.1.2 Trust

Trust is highly valued within LB, forming a cornerstone of the unique mentor–mentee approach. This relationship cultivates deep trust between leaders and employees, enabling open communication and granting flexibility. The LB leader empowers employees to excel, fostering ownership, decision-making to be aligned with goals, and professional growth.

"I prioritise milestones, signifying noteworthy achievements beyond limits, over KPIs. I communicate minimum expectations, granting colleagues freedom for maximum output. Encouraging the surpassing of milestones and aiming higher, I trust their capabilities and respect their task scheduling efficiency. Excessive rules increase costs and create unnecessary conflicts."

"My team will be involved in decision-making occasionally."

(LB leader, 2021)

"With a consistent emphasis on autonomy from my boss, I am entrusted with budget allocation and the freedom to determine client handling strategies, resulting in a high level of autonomy in my role."

(LB employee, 2021)

The leader and employee demonstrate strong alignment of trust, building a solid foundation of mutual trust and confidence in their working relationship.

6.1.1.3 Motivation

LB leaders motivate employees through appreciation, recognition, promotions, salary increases, and incentives for good work. They also emphasise the psychological fulfilment derived from the organisation's social mission as a motivator for their team.

"Incentives and promotion are the most effective mechanisms to motivate my team.

Our social mission attracts colleagues despite the lower income, as it contributes to society. The fulfilment it brings motivates enhanced performance."

(LB leader, 2021)

The leader's autonomy fosters responsibility and job satisfaction, empowering employees to design their approach and make decisions. Motivation stems from leader recognition, promotions, and incentives, outweighing the lower salaries. The job's meaningfulness aligns with Maslow's Hierarchy of Needs, as it encompasses the need for autonomy, recognition, growth, and self-actualisation in fulfilling one's higher-level needs.

“Leaders’ recognition, promotion potential, and meaningful impact on social mobility drive and motivate me. Helping others is a powerful motivator, with income increase as a key booster.”

(LB employee, 2021)

The LB leader effectively motivates employees through recognition, appreciation, and the potential for promotions, salary increases, and incentives. By emphasising the meaningful contribution of their work to social mobility and empowering them to help others, the leader creates a compelling motivational environment within LB.

6.1.1.4 LMX

LB leaders foster a close relationship with their team members. They strive to know their staff beyond work-related aspects, including characters, interests, and private lives. This understanding helps in assigning suitable work and training opportunities. However, leaders maintain a distance to prevent personal feelings from influencing decision-making and to ensure fairness.

“We adopt a mentor–mentee dynamic to foster individual growth and encourage learning from mentors while maintaining a necessary distance to avoid bias in decision-making or performance reviews.”

(LB leader, 2021)

“I openly express my thoughts and opinions to my leader. Even when we disagree, my boss remains open-minded, seeking to understand my perspective when justified. Discussions and debates lead to compromises, aligning our viewpoints and fostering a comprehensive understanding of decision-making.”

(LB employee, 2021)

The LB leader's emphasis on fostering close relationships with team members while maintaining a necessary distance creates a conducive environment for individual growth and learning. This approach, combined with open communication and

understanding, lays the foundation for OCB, high-quality LMX, and a high level of trust within the organisation. This strong foundation of OCB, good-quality LMX, and high trust levels pave the way for increased collaboration, teamwork, and organisational success.

6.1.1.5 OCB

LB leaders prioritise a positive organisational culture and a friendly working environment, minimising politics, and fostering camaraderie to motivate employees, enhance collaboration, and build trust. They actively encourage team building and uphold an open culture that nurtures close relationships. Understanding their employees' strengths and weaknesses, they provide tailored guidance and show empathy by addressing emotional well-being and offering support. Employees are eager to learn, improve efficiency, and contribute to LB's success, driven by ample growth opportunities. This is reflected in their high levels of OCB.

“I am driven to continuously learn and enhance my efficiency to contribute to the company. I am prepared to take on increased responsibilities as I acquire more knowledge and grow professionally.”

(LB employee, 2021)

LB exemplifies the Heart domain with a positive organisational culture, close relationships, and a strong sense of purpose and social mission. The leaders blend transformational and stewardship leadership, emphasising open communication, mentorship, and personal development. Trust is valued, fostering autonomy, ownership, and goal-aligned decision-making. Motivation comes from recognition, promotions, incentives, and the meaningfulness of the social mission. The strong LMX and trust foundation drive OCB and cultivate a collaborative working environment at LB. The alignment between leaders and employees sets LB apart from other SEs, with high trust and OCB.

6.1.2 Head-Related

6.1.2.1 Strategy

From the interview, the LB leader in the Head domain has a relatively informal approach to strategy formulation and implementation compared to leaders in SEs with a mother agency.

"Our organisation values flexibility over rigid schedules, assessing efficiency when milestones are missed and identifying unforeseen risks. We analyse new market information to evaluate its impact on opportunities and competition, similar to SWOT analysis, albeit with some deviations."

(LB leader, 2021)

6.1.2.2 Strategy Formation

The LB leader actively involves colleagues in decision-making while leading in strategic planning. This approach demonstrates trust within the organisation and reflects the leader's open mindset, aligning with their self-assessment.

"I actively seek colleagues' input for change to improve outcomes. As the overseer, I initiate most strategic planning. Amid COVID's uncertainty, I organised a session to address method adaptation and overcome challenges. We adjusted plans, milestones, and goals, involving all team members valuing their perspectives."

(LB leader, 2021)

The employees have a grasp of strategy formation, knowing that new strategies are primarily initiated by their leader and adjustments or revisions can come from both the leader and work level. This understanding reflects their awareness of the iterative nature of strategy and the need for ongoing refinement. The employees mentioned their active role in the strategy development process. They engage in discussions with their boss, sharing their views and opinions. Their input is considered when forming new strategies, indicating their influence on decision-making and the collaborative nature of strategy development.

"Our boss initiates empowering strategies for tenants through innovative services. Strategy adjustments are collaboratively discussed in meetings. I research and consolidate data, including internal resources, networks, and external factors like government policies. Open discussions with my boss shape our collective strategies."

(LB employee, 2021)

The involvement of colleagues in the strategy formulation process brings several benefits. It fosters a sense of ownership among employees, enhances collective decision-making, promotes diverse perspectives and ideas, and ultimately leads to better alignment and implementation of strategies within the organisation.

6.1.2.3 Strategy Implementation

The leaders in the Head domain emphasise regular communication with their team members during strategy implementation. They establish clear goals and outcomes, allocate tasks and responsibilities, and have frequent meetings to ensure alignment.

“I design the long-term expected outcome and invite my team to align their goals accordingly. With their professional expertise, they know how to generate the necessary output to achieve the desired outcome.”

(LB leader, 2021)

“We will discuss mostly irregular catch-ups frequently in the implementation stage; just update my boss about the status, and he will give us some comments. Most likely, we are on the same page.”

(LB employee, 2021)

Regular communication and goal alignment in strategy implementation offer various benefits. They enhance transparency, shared objectives, teamwork, and timely adjustments, increasing the likelihood of desired outcomes. The leaders' monitoring and review approach is flexible but less structured, suitable for dynamic environments. However, it may pose challenges in consistency and accountability.

6.1.2.4 Tasks, Roles, and Responsibility Listing

Once the strategic goal is confirmed, the LB leader compiles a comprehensive list of tasks, roles, and responsible teams or individuals. They initially create the list and seek validation from the team supervisor. The team head suggests work allocation, subject to final approval from the LB leader. Collaborative discussions with stakeholders are held to determine suitable tasks and individuals before formally communicating the finalised allocation to employees.

“Weekly meetings align and solve problems during the initial implementation stage. As the project progresses, meeting frequency decreases. Informal discussions with the person in charge provide unique insights and address topics not covered in formal meetings. These casual catch-ups foster a relaxed environment for valuable insights and productive conversations.”

(LB leader, 2021)

“We will discuss things together to define the task and responsibilities. Most of us do not hesitate to take more responsibility.”

(LB employee, 2021)

Regular meetings during the early implementation stage promote alignment and prompt problem resolution. As the project progresses, reducing the meeting frequency allows for more focused discussions. Informal discussions with the person in charge offer unique insights and address less formalised topics, fostering a relaxed environment for valuable insights and productive conversations.

6.1.2.5 Milestone and KPI Measurement

LB leaders will set some measurable KPIs for each milestone; this provides clarity and enables all the team members within the organisation to have a clear objective.

“I set targets, like new applicants and matching sessions, to gauge their effectiveness. Flexibility is preferred over fixed corrections, allowing for a case-by-case approach. Efficiency and timely problem resolution guide us, enabling reassessment. I meet with staff to conserve resources, address solutions, observe periods, and improve strategies.”

(LB leader, 2021)

The LB leader's approach of setting quantitative targets provides clear objectives and enables effective performance assessment. They maintain flexibility and adaptability to address specific issues efficiently by opting for a case-by-case correction approach. Their focus on efficiency and timely problem resolution allows for continuous reassessment and improvement, leading to optimised resource utilisation.

6.1.2.6 Output Review and Evaluation

The adaptive approach of the LB leader, adjusting output and outcomes based on the team's capacity, allows for maximising results. With a small board component, they experience minimal stress and enjoy streamlined decision-making processes facilitated by an efficient information flow within the organisation.

“I adjust output based on team capacity, maximising results when possible. With a small board, I experience minimal stress and require minimal approval. Streamlined information flow ensures efficiency.”

(LB leader, 2021)

The employees actively participate in the evaluation process, both in process evaluation (milestones and KPIs) and outcome evaluation. They discuss and assess

whether the strategy is on track or if adjustments are needed. Their involvement highlights their accountability and commitment to ensuring strategic alignment and effectiveness.

“We actively participate in evaluating milestones and agreed-upon KPIs. We discuss operational issues or misalignment in strategic direction if there is a lag. Outcome evaluation follows a similar approach. We review and evaluate with our boss if issues arise or if output falls short. Being involved in the evaluation process, we must agree on conclusions.”

(LB employee, 2021)

This approach offers several advantages. Firstly, by adjusting output and outcomes based on the team's capacity, the leader maximises results while efficiently utilising resources. Secondly, with a small board component, the leader experiences reduced stress and enjoys streamlined decision-making processes that require minimal or no approval. Lastly, the efficient information flow within the organisation enhances communication and collaboration, improving overall efficiency.

In the Head domain, LB prioritises a collaborative strategy formulation and implementation approach. The leader actively seeks input, fostering trust and valuing diverse perspectives. Employees actively participate, influencing decision-making and promoting ownership. Clear objectives and measurable KPIs enhance transparency and teamwork. Adaptive output review enables efficient adjustments. This flexible and inclusive approach, supported by high-quality LMX and OCB, contributes to successful strategy formation. It shows that the Heart domain will impact the Head domain's efficiency and performance. In the case of LB, the Heart domain positively boosts up the Head domain.

6.1.3 Hand-Related

6.1.3.1 Knowledge Management

LB's leaders prioritise knowledge accessibility and control, leveraging technology like cloud servers for real-time filing and information sharing. Platforms like Teams and WhatsApp groups facilitate knowledge exchange, promoting a collaborative environment. Employees are encouraged to share new knowledge acquired through training, fostering a collective effort to make the organisation sustainable and scalable.

“Knowledge management is a system to capture intrinsic and extrinsic knowledge. It records the captured knowledge and ensures that members within the organisation can learn from and refer to it. It should be a dynamic system; everyone can contribute and use it.”

(LB leader, 2021)

LB leaders utilise technology platforms like Teams or WhatsApp groups to facilitate knowledge sharing and conveniently store conversations in the cloud with high technology readiness among employees.

“COVID boosted technology use, benefiting our organisation. Cloud servers enable real-time filing and information sharing, supporting an exchange platform. Knowledge management is accessible everywhere via platforms like Teams or WhatsApp, saving chats conveniently in the cloud.”

(LB leader, 2021)

“It is convenient now. We can check and share everything online”.

(LB employee, 2021)

The LB leader prioritises continuous knowledge exchange and fosters a culture of sharing. New members receive coaching covering internal administration, business training, and stakeholder management. Regular knowledge transfer activities are not implemented, as sharing is considered the most effective approach. Employees also appreciate this approach, as it creates a stress-free environment.

“No scheduled knowledge transfer activities: sharing can occur anytime, as colleagues are encouraged to speak out when they have something to share.”

(LB leader, 2021)

“We can share anytime without the need for scheduled time logs. This flexibility makes me feel comfortable as there is no pressure to allocate specific time for sharing.”

(LB employee, 2021)

The LB leader fosters a collaborative and accessible environment, promoting spontaneous knowledge sharing through knowledge transfer activities. This alignment between the leader and employees cultivates a stress-free and efficient knowledge-sharing culture. Unlike other interviewed leaders in privately owned SEs, the LB leader prioritises resource optimisation rather than frequently mentioning limited

resources, exemplifying their proactive mindset towards resource efficiency and effectiveness.

6.1.3.2 Training

The LB leader acknowledges outsourcing training to external parties as a cost-effective and time-saving measure. Additionally, some leaders mention providing subsidies for employees pursuing further studies. Outsourcing training offers the advantage of tapping into specialised expertise and resources, allowing for a broader range of training options and potential cost savings compared to developing in-house training programmes.

“Investing in the development of our staff is a worthwhile endeavour, and we are committed to providing subsidies for further studies. Equipping our staff with advanced skills enhances their productivity, and we are delighted to offer training opportunities to empower their professional growth.”

(LB leader, 2021)

Similar to other privately owned SEs, LB does not commonly carry out training evaluation. The LB leader primarily relies on observing employee performance as an indicator of training effectiveness, considering employee improvement as a measure of success. Formal post-training evaluations are not conducted, but the boss actively seeks feedback from employees to gauge the usefulness of the training and encourages participation based on their input. Training outcomes are evaluated primarily based on employees' performance and the application of newly acquired skills. If employees' work reflects improvement or the utilisation of new skills, it signifies the training's success according to the employee's perspective.

“From my perspective, individual performance is the most reliable indicator of training outcomes. The improvement I observe in my colleagues serves as strong evidence of the training's efficiency, validating its effectiveness in line with performance management principles.”

(LB leader, 2021)

“My boss does not make formal inquiries about the training or workshop. Instead, they focus on identifying any interesting aspects that can be shared with colleagues.”

(LB employee, 2021)

A LB leader demonstrates a proactive approach to addressing the challenges of limited resources. He prioritises outsourcing training to external parties, leveraging specialised expertise and resources while saving costs and time. He supports employee development by providing subsidies for further studies and empowering staff with advanced skills to enhance productivity. Despite the lack of formal training evaluation, LB leaders rely on observing employee performance and actively seek feedback to gauge training effectiveness. This approach fosters a culture of continuous improvement and knowledge sharing within the organisation. By optimising existing resources and emphasising individual growth, LB leaders effectively overcome the constraints of limited resources, promoting sustainable development and success.

6.1.3.3 Organisational Performance Management

The LB leader places significant emphasis on financial performance as the primary indicator at the organisational level. They prioritise measuring financial metrics and acknowledge the complexities of quantifying social impact. Regular financial reports and project reviews are conducted to closely monitor progress and milestones, facilitating a comprehensive evaluation of the organisation's overall performance.

“My financial controller updates me on the organisation's financial status monthly. I conduct comprehensive project reviews with key staff every three months to assess progress, income potential, and milestones. An annual performance review also provides insights into the company's status and performance.”

(LB leader, 2021)

Furthermore, the LB leader exhibits a strong commitment to employee involvement. They proactively communicate target goals to their team and ensure that progress remains on track. This approach fosters transparency and encourages active participation and alignment towards achieving organisational objectives.

“We gain a general understanding of the generated revenue and assess its alignment with expectations. The target is established by my boss, with our endorsement, and we collectively strive towards achieving the desired objective.”

(LB employee, 2021)

LB significantly emphasises financial performance as the primary indicator of organisational success. Regular financial reports and project reviews enable close monitoring of progress and milestones, ensuring a comprehensive overall

performance evaluation. Additionally, LB's commitment to employee involvement fosters a culture of transparency and active participation. The leader proactively communicates target goals, fostering a sense of ownership and alignment among the team. This high employee involvement and a positive LMX greatly contribute to LB's effective performance and the collective pursuit of organisational objectives.

6.1.3.4 Employee Performance Management

LB's leaders demonstrate a flexible and adaptive approach in managing their staff, as evidenced by their regular annual performance appraisals and clear communication of expectations. The absence of a standardised performance review form allows for personalised feedback, highlighting areas of improvement, strengths, and weaknesses for individual employees.

“We conduct regular annual performance appraisals, ensuring a structured evaluation process. I communicate expectations to colleagues, including meeting and reporting requirements. Personalised notes highlight areas for improvement, growth, and excellence. These insights inform strategic decisions on talent resources.”

(LB leader, 2021)

This approach provides valuable insights for talent development and equips the leader with a comprehensive understanding of the organisation's talent dynamics, enabling effective strategic decision-making and human resources planning. LB's leaders' flexibility and personalised management style contribute to a harmonious and empowered workforce, fostering a culture of continuous improvement and driving organisational success.

6.1.3.5 Competencies

The LB leader emphasises organisational competencies, actively involving employees in strategy formulation and implementation. They proactively communicate the strengths and competencies of the organisation to newly joined members, encouraging them to apply these attributes in their daily work. Regular team catch-ups are a platform for sharing new ideas to sustain and enhance competencies. The leader fosters a collaborative environment, inviting employees to explore and introduce new competencies, believing in the importance of continuous evolution. This high level of employee involvement, coupled with quality LMX and the culture of OCB, ensures that employees clearly understand the competencies required for success within LB.

“I share our strengths and competencies with new team members, urging their integration into daily work. Regular catch-ups foster idea-sharing to sustain our competencies. I encourage exploring new competencies together for continuous evolution.”

(LB leader, 2021)

Regarding competencies, an employee states that the boss discusses sustaining existing competencies and exploring potential competitive advantages. This suggests that LB is aware of its core competencies and actively seeks ways to maintain and enhance them. The employees also express their willingness to collaborate with the boss in identifying and developing new competencies if possible.

“I actively contribute to the progress of research and operations, closely collaborating with our boss. I am confident in my alignment with him regarding our competencies.”

(LB employee, 2021)

LB demonstrates a commendable approach to handling organisational competencies by actively involving employees in strategy formulation and implementation. The leader proactively communicates strengths and competencies to new team members, fostering their integration into daily work. Regular catch-ups serve as a platform for idea-sharing, ensuring the sustenance and enhancement of competencies. The collaborative environment and encouragement to explore new competencies highlight LB's commitment to continuous evolution. This high level of employee involvement, coupled with quality LMX and a culture of OCB, contributes to a clear understanding of employee competencies. It is more evidence that doing well in the Heart domain can be beneficial to the Hand domain even if the available resources are limited.

LB's effective management of the Heart domain, encompassing knowledge management, training, and competencies, has positively contributed to the efficiency and productivity of the Hand domain, even in the face of limited resources. By prioritising knowledge accessibility and control, LB has leveraged technology and platforms to facilitate real-time filing, information sharing, and knowledge exchange, fostering a collaborative environment. This has allowed them to tap into the collective expertise of their employees, making the organisation more sustainable and scalable. Additionally, LB's approach to training, including outsourcing to external parties and providing subsidies for further studies, has optimised the available resources while empowering employees with advanced skills. Furthermore, LB's emphasis on organisational competencies and continuous evolution has enabled them to maintain

and enhance their strengths, promoting a culture of innovation and adaptability. By effectively managing the Heart domain, LB has overcome the resource limitations and created a foundation for sustained success in the Hand domain.

6.1.4 The Success of LB

The presented tree diagram showcases the decoding process of interviews conducted with respondents under LB. It provides a comprehensive visual representation of the key themes and categories derived from the qualitative analysis, unravelling valuable insights into the management practices and dynamics within these SEs.

Head			Heart				Hand					
Strategy			Leadership	Motivation			Communication within the organisation	Performance management		RBV	Knowledge Management	Organisational Culture
Formation	Implementation	Review	What is the leadership style?	McGregor's Theory X and Y	Herzberg's Two Factors Theory	Maslow Hierarchy of Needs	LMX & OCB	Employee Performance Management	Organisational performance management		Knowledge Transfer	
Depends on the situation (leaders)	Implementation plan compromise by all members	KPI can be changed based on situation	Transformational	Y	Incentives and prospects at the priority	Partially agree but not the main motivator	LMX: +ve	Regular	Mainly based on financial performance	Limited resources	Flexible	Flexible
Mostly top-down (employees)	The role in implementation compromise by all members	Regular basis	Servant	Leader and employees align	Job satisfaction	Leader and employees align	OCB: +ve	no standard format	Knowing the measurement of social impact is not the company's first priority	All members of the organisation are involved in utilising the resources	Not systematic	Organic
Front line highly involved in discussion	Employees are highly involved	Employees are highly involved	Leader and employees align		Career Development		Leader and employees align	Direct affect the salary increments and the promotion	Employees clearly know the expected organisational performance	High employee involvement	High depends on peer sharing	Learning
Internal and external audit done by the colleagues					Leader and employees align			Leader and employees align	High involvement of front-line staff			High autonomy

Table 9: Decoded Themes and Categories: LB

LB serves as an exemplary model of holistic management among the interviewed SEs. The organisation has demonstrated remarkable success and resilience by effectively integrating the Heart, Head, and Hand domains. LB's emphasis on the Heart domain is evident in its positive organisational culture, a strong sense of purpose, and close relationships fostered within the team. This foundation of trust and camaraderie contributes to high-quality LMX and facilitates open communication, leading to efficient collaboration and teamwork.

The high OCB displayed by LB employees further highlights the organisation's holistic approach. LB's leaders prioritise employee motivation through recognition, promotions, and incentives while also emphasising the meaningfulness of the organisation's social mission. By empowering employees and providing autonomy, LB cultivates a sense of ownership and responsibility among its workforce, enhancing job satisfaction and performance.

The strong foundation established in the Heart domain positively influences LB's operations in the Head domain. While LB's strategy formulation and implementation may have a more informal approach, colleagues' involvement in decision-making and the collaborative nature of strategy development contribute to better outcomes. Regular communication and clear goal setting during strategy implementation enhance the organisation's performance.

LB's holistic management approach compensates for weaknesses in the Hand domain, such as insufficient resources. The strength of the Heart and Head domains enables LB to overcome challenges, as demonstrated during the outbreak of COVID-19. Despite unfavourable conditions, LB's resilience and adaptability allowed it to scale up and continue its mission of tackling the housing problem in Hong Kong.

The dynamic interplay between the Heart, Head, and Hand domains is crucial for the success of an organisation. LB exemplifies how effective leadership and a comprehensive management framework can drive optimal performance. By fostering a collaborative working environment, building trust, and aligning strategies with the organisation's social mission, LB sets itself apart as a model SE.

6.2 DiD²

DiD, founded in August 2008, has a vision of providing "insight for everyone". The core values of DiD HK, including diversity, quality, and sustainability, align with the worldwide DiD organisation. DiD HK aim to achieve social and financial objectives by raising public awareness of blind or visually impaired individuals and promoting employment opportunities while aiming for financial success, sustainability, and dividend payouts to investors. In the first two years of operation, DiD HK's innovations attracted many participants, creating more jobs for visually impaired employees. By 2010, DiD HK had made significant progress towards breaking even through its unique ownership and business models (HBR, 2021). To ensure clear financial allocation, the board of directors established a new entity with tax exemption status in 2010, primarily responsible for activities related to DiD's social mission,

² DiD is a code used to represent one of the interviewed social enterprises in Hong Kong.

such as public education and job matching (HKCSS, 2021). The surplus from the business arm supports the activities of the charity arm, and the charity arm receives support from the government and corporations for its social mission. DiD had a stable income and balanced financial situation until the impact of the COVID-19 outbreak. Due to pandemic measures, DiD had to suspend its business operations for over 200 days, leading to a lack of cash flow. However, the management was hesitant to lay off staff directly, knowing that it would be challenging for them to find new jobs. Instead, the management allowed all employees to participate in decision-making on how to navigate the critical situation. DiD changed its business model through a group decision, and the leader led the organisation towards survival. The researcher believes that the leader's holistic management skills, encompassing the Heart, Head, and Hand domains, played a crucial role in DiD's survival during the COVID-19 pandemic. The leader's approach of involving all employees in decision-making and adapting the business model to changing circumstances showcases the effectiveness of a well-rounded management approach in times of crisis.

6.2.1 Heart-Related

6.2.1.1 Leadership

The leader of DiD embraces a servant leadership approach, emphasising exploration, collaboration, and employee well-being. She prioritises the individual needs, personal growth, and well-being of employees, including those with disabilities, valuing their unique qualities and promoting a sense of belonging. Through open discussions, the leader determines suitable roles for each employee, enabling them to find fulfilling positions. The leader actively identifies weaknesses and collaborates with employees to foster growth, reflecting a commitment to servant leadership principles. The leader discerns strengths and weaknesses by understanding employees' work and personalities and cultivating a collaborative environment. Care for well-being is demonstrated through knowledge of preferences and providing support to alleviate stress. In summary, DiD's servant leadership approach encourages exploration, collaboration, and employee well-being, fostering a supportive and inclusive work environment.

“I adopt a parental leadership style, prioritising the well-being of my teams. I carefully consider risks and provide comprehensive guidelines and solutions. Working with diverse personalities, I emphasise respect and understanding for the challenges they may encounter.”

(DiD leader, 2021)

“Our leader, like a caring mother, prioritises our well-being and benefits. She provides guidelines and follows up to ensure their practicality, showing concern for our understanding, stress levels, and feasibility. Her approach is caring rather than instructive.”

(DiD employee, 2021)

The leader's parental leadership style fosters a caring and inclusive work environment where employees feel valued and respected. DiD's leadership approach promotes collaboration, exploration, and a strong focus on employee well-being.

6.2.1.2 Trust

The leader actively engages with employees, showing interest in their personal lives and providing guidance. This fosters a strong bond, promoting trust and open communication. Employees feel respected and valued as the leader seeks their input on critical matters. Involving employees in decision-making, like during COVID-19, builds accountability and ownership. This highlights DiD's high employee involvement and trust in the team's decision-making abilities.

“My colleagues trust and confide in me, sharing work and personal matters. A colleague sought guidance on balancing psychology studies with income concerns. Seeing our friendship beyond boss–employee, we adjusted her work hours to fit her class schedule. Her insights enriched programmes, and she became a team leader after graduation.”

(DiD leader, 2021)

“I'm surprised by my boss's confidence and trust in us. She has asked us all to vote on the organisation's future. She presented the situation and two options: maintaining the original business model with cost-cutting measures or exploring a new model. It's my first time being involved in such decisions.”

“DiD faced venue closures during the COVID outbreak, causing over three months of no income with a limited two-month cash reserve. Despite considering staff layoffs a practical option, I couldn't abandon my team to unemployment. Viewing them as family, I was committed to providing support. Hence, we collectively opted for unpaid leave and engaged in brainstorming sessions for alternative revenue streams.”

(DiD employee, 2021)

DiD's leaders actively engage with employees, fostering trust and open

communication by showing interest in their personal lives and providing guidance. The high level of employee involvement and trust in decision-making is evident as employees feel respected and valued. This inclusive approach contributes to a strong bond within the team and a sense of ownership in shaping the organisation's future.

6.2.1.3 LMX

The DiD leader actively promotes open communication, creating an environment where employees feel at ease expressing their opinions and ideas. This leader values and takes the time to discuss and consider suggestions from the team, fostering a sense of trust and open dialogue. The leader's willingness to listen with an open mind contributes to the high quality of LMX within the organisation. Employees appreciate the leader's transparent communication style, as it ensures transparency and minimises hidden agendas by openly addressing both positive and negative news.

“I believe my team has no stress to talk to me even though their thinking is just opposite to mine.”

(DiD leader, 2021)

“I communicate freely with her, without pressure. When confused, I reach out. We use formal meetings, individual conversations, and WhatsApp for quick clarifications.”

(DiD employee, 2021)

The DiD leader actively fosters a transparent and trusting environment, encouraging open communication and sharing opinions among employees. Valuing team suggestions and addressing positive and negative news contributes to a robust leader–member exchange. This communication approach enhances transparency, reduces hidden agendas, and is highly appreciated by employees. Establishing a strong leader–member exchange and trust at DiD positively influences OCB. Open communication and trust motivate employees to engage in proactive and supportive behaviours that extend beyond their job responsibilities, ultimately benefiting the organisation.

6.2.1.4 OCB

The good quality of LMX and the high trust level within DiD cultivated within the organisation contribute to a high level of OCB. Employees feel empowered and valued, leading them to exhibit proactive and supportive behaviours beyond their job responsibilities. The open communication and trust fostered by the leader encourage employees to take ownership, actively engage in decision-making, and contribute their insights and suggestions. This culture of OCB enhances collaboration,

innovation, and overall organisational success at DiD.

“I have a great team, and they never will refer to the job description in the contract. They will do their best for the organisation.”

(DiD leader, 2021)

“I wish I could contribute as much as possible to the organisation so that DiD can sustain and grow.”

(DiD employee, 2021)

The strong leader–member exchange and high level of trust at DiD foster a culture of OCB. Employees go above and beyond their job responsibilities, driven by a sense of empowerment and value within the organisation. The open communication and trust established by the leader encourage active engagement, collaboration, and a collective commitment to the growth and success of DiD. This culture of OCB contributes to enhanced innovation, collaboration, and overall organisational effectiveness.

6.2.1.5 Motivation

The transparent and flat organisational structure at DiD cultivates employee engagement and empowerment. Employees emphasise the importance of recognition, which motivates them to meet expectations. Income increase is identified as a highly effective motivator, while meaningful work and the opportunity to contribute to society are also significant factors. The leader ensures that outstanding performance is acknowledged and rewarded, including salary increments when feasible, fostering motivation and a sense of employee pride, further strengthening their commitment to the organisation's success.

“I prioritise providing feedback to my team, recognising their exceptional achievements to boost confidence and performance. When feasible, I reward their contributions through salary adjustments or performance bonuses, demonstrating appreciation.”

(DiD leader, 2021)

“Her feedback on my performance is encouraging and empowering, as she promptly recognises and acknowledges when I am doing something commendable. This motivates me to strive for even better results. If the cash flow is enough, I will be rewarded by a salary adjustment.”

(DiD employee, 2021)

The DiD leader embraces a nurturing and supportive leadership style, acting as both a mentor and friend to colleagues. Through active listening and guidance, she creates a safe and caring work environment that fosters open sharing of work-related and personal experiences. The organisation also implements recognition, incentives, and decentralisation of power to motivate employees. Incorporating elements of Herzberg's Two-Factor Theory, the leader emphasises respect and understanding, contributing to employee satisfaction and motivation. This approach encourages personal growth, fosters a sense of belonging, and promotes continuous organisational improvement. The leader is described as fair and treating everyone the same, regardless of whether they have a disability or not. This inclusive mindset creates a sense of belonging and promotes equality within the organisation.

“Due to our team's diverse personalities and individual differences, standardising expectations would be challenging and unfair. Instead, we assess colleagues' abilities, setting flexible KPIs. Our inclusive office design accommodates visually impaired individuals, with specialised equipment provided for their work.”

(DiD leader, 2021)

DiD leaders acknowledge exceptional achievements and provide rewards such as salary adjustments or performance bonuses. They demonstrate appreciation and encourage continued excellence. This approach, coupled with a safe and inclusive work environment, fosters employee motivation, empowerment, and a strong sense of belonging. Through open communication, personalised development plans, and an emphasis on individual abilities, the team at DiD is inspired to achieve their best and contribute to the organisation's success.

DiD excels in the Heart domain by prioritising the well-being and growth of its employees, fostering trust and open communication, promoting a culture of OCB, and motivating its workforce. The leader's servant leadership approach and a nurturing and supportive work environment create a sense of belonging and inclusivity. Even in critical moments, such as facing a cash flow shortage, the leader demonstrates confidence in the team by involving them in decision-making. This unwavering trust and empowerment further strengthen the organisation's resilience and commitment to success. DiD's exceptional performance in the Heart domain reflects its dedication to creating a compassionate, supportive, and high-performing work culture.

6.2.2 Head-Related

6.2.2.1 Strategy

The DiD leader adopts an inclusive and participatory approach to strategic formulation, valuing the expertise and input of team members. The leader enhances the success rate and implementation of plans by involving colleagues in critical decision-making processes, such as initiating a charity project during the COVID outbreak. The leader promotes autonomy and ownership by allowing open discussions for goal setting, assigns tasks based on workload and trusts team members to allocate responsibilities effectively. Regular communication, problem-solving, and collaboration are encouraged, focusing on measurable indicators for evaluating progress. The leader emphasises proactive problem-solving and continuous improvement, driven by the organisation's mission, vision, and core values. Overall, this approach fosters a collaborative and values-driven environment within the team.

“Involving colleagues in the strategy formulation stage is vital to our organisation. With our smaller size, each colleague brings valuable professional knowledge. By including them, we can create a comprehensive plan. Once the task and responsibility list is confirmed, I will assign a task in charge, providing equal opportunities to senior staff based on their workload. I trust my colleagues to handle this responsibility effectively and encourage them to seek my assistance without imposing rigid rules. Regular catch-ups and monthly meetings will keep everyone informed. We will establish measurable KPIs, prioritise quick problem-solving, and collaborate on identifying and adopting solutions. Revisiting and revising KPIs will drive continuous improvement. Our strategic planning aligns with our mission and vision while establishing core values to guide our work.”

(DiD leader, 2021)

From the perspective of employees at DiD, the boss's role in initiating new directions, strategy evaluation, and communication is crucial. Employees rely on their boss to introduce new strategies and guide them towards new paths. Strategy evaluation takes place during regular meetings, allowing for reflection and adaptation. While employees have limited involvement in outcome evaluation, transparent communication with the boss enables them to understand the evaluation results and engage in discussions if needed. Overall, effective leadership fosters a collaborative and transparent environment at DiD.

“Our boss leads the way in new directions. Our role involves implementing strategies and suggesting adjustments for potential risks or failures. We don't have a specific

evaluation procedure or schedule; we discuss progress and improvements during regular meetings. Evaluation entails identifying strengths and areas needing adjustment. Outcome evaluation is mainly handled by senior staff and our boss, with limited involvement from me. Nonetheless, our boss informs us about the results, and we can discuss any disagreements for clarification.”

(DiD employee, 2021)

DiD has demonstrated exceptional strategic planning and implementation proficiency, exemplified by its successful business model adaptation during the COVID outbreak. Their ability to effectively respond to external challenges and efficiently execute plans is evidence of their strategic prowess. This accomplishment can be attributed to the strong LMX and OCB, highlighting the interconnectedness of the Heart and Head domains in driving organisational success.

6.2.3 Hand-related

6.2.3.1 Operational and Competence

The organisation demonstrates a comprehensive and strategic approach in knowledge management, training, performance measurement, communication, flexibility, and sustaining competitive advantages. Knowledge management is prioritised, with a focus on systematically capturing and documenting organisational learning and experiences. This knowledge is stored in an accessible filing system to facilitate knowledge transfer.

6.2.3.2 Training and Evaluation

The leader facilitates regular workplace training and sharing sessions to promote continuous learning and development. These sessions provide a platform for discussing complex tasks, exchanging knowledge, and sharing experiences. In addition to documenting important information, verbal sharing enables the team to learn from each other's expertise and enhance collective knowledge. Recognizing the value of external training, the leader encourages employees to participate in such programs to acquire updated skill sets. This exposure to external knowledge sources ensures the organisation's competitiveness and alignment with industry trends. While lacking a highly systemic knowledge management system, the organisation emphasises the filing of important documents for future reference. Sharing sessions foster mutual learning and improvement, allowing colleagues to discuss experiences, customer service techniques, and knowledge gained from external training. The "train the trainer" approach enables knowledge dissemination within the team, with a

colleague representing external training and sharing acquired knowledge. The manager's support for external training, including subsidisation, demonstrates a commitment to employee professional development. Formal training evaluation is not present, and feedback is informally gathered from employees and shared opinions on the training's perceived benefit for others.

“Our organisation prioritises knowledge management by systematically gathering and documenting our learning and experiences. This enables us to refer to this knowledge and ensures its continuity for newly joined members. Despite limited resources, implementing a knowledge management system is highly beneficial, particularly for training. To facilitate easy access to information, we will establish a filing system for documents, making it convenient for colleagues to refer to them, especially for recurring tasks. Additionally, we will organise regular sharing sessions where colleagues can exchange insights on handling difficult tasks and share new knowledge. These interactive sessions foster a collaborative learning environment, allowing our team to benefit from each other's expertise. Furthermore, we recognise the value of external training opportunities in acquiring updated skill sets, and we prioritise participation in such programmes to stay abreast of industry developments.”

(DiD leader, 2021)

“Despite a systemic knowledge management system, important documents will be filed for future reference. Sharing sessions foster mutual learning, exchanging customer service experiences and external training knowledge. We eagerly support each other's growth. Occasionally, a colleague represents external training, employing a "train the trainer" approach. My boss's subsidisation of my training shows recognition and career commitment. Sharing with colleagues sustains company success. Formal training evaluations are lacking, but my boss seeks informal feedback on its value. We communicate the training's worth to others. While lacking formal measurement, my boss observes our work to assess effectiveness.”

(DiD employee, 2021)

In summary, the leader promotes continuous learning and development through training and sharing sessions, emphasising the importance of knowledge management and external training. The employee acknowledges the benefits of sharing sessions and external training, highlighting the supportive environment and informal feedback process. Despite the absence of a formal training evaluation system, the organisation values the growth and improvement of its employees through these initiatives. Even in critical moments, the leader remains committed to empowering the organisation by

seeking resources and support. This dedication to ensuring the organisation's strength and resilience further demonstrates the leader's commitment to the growth and success of the team.

6.2.3.3 Performance Management

Regarding performance measurement, the leader adopts a comprehensive approach encompassing financial income and social impact. While financial income is a conventional metric, the leader acknowledges the inherent difficulties in quantifying and communicating social impact. Despite the absence of a standardised framework in the Hong Kong context, the leader emphasises the significance of documenting and effectively disseminating the organisation's social impact to attract funders and inform the public. Within the organisation, open communication and transparency are fundamental principles. Regular annual general meetings and quarterly interim performance reviews are utilised as platforms for sharing information and ensuring alignment with expectations.

Uncertainty about Impact Measurement: The employee admits to uncertainty about how the organisation measures the impact created by their work. While there is a clear social mission, the employee is unsure about the metrics or methodologies used to evaluate the level of impact achieved.

“We'll hold an annual meeting to update colleagues and stakeholders on our activities and performance. I'll review quarterly performance to ensure progress. We measure performance based on financial income and the impact created. Capturing social impact is challenging without a standardised framework in Hong Kong, but it's important for attracting funders and informing the public.”

(DiD leader, 2021)

“I was involved when discussing our annual report, so I know about our organisational performance.”

(DiD employee, 2021)

Annual performance appraisals drive staff development through personalised KPIs based on individual strengths. Discussions align expectations, and ongoing growth is supported through feedback and interventions. The organisation values the input of staff and stakeholders. Flexibility and a non-excessive hierarchy enable agile decision-making and efficiency. However, the employee expresses uncertainty regarding the organisation's measurement of impact and the specific metrics or

methodologies used. The annual appraisal process is described as casual, allowing for open and free exchange of views. While the boss takes notes during the appraisal, official record-keeping or documentation is not mentioned.

“Annual performance appraisals assess individual and team performance. Instead of standardised KPIs, we set group targets and discuss individual KPIs with team leaders. Adjustments are made, ensuring clarity and expectations. We record areas for improvement and skill development in HR records. For staff facing difficulties, we provide support and adjust the workload. We assess interventions, seek feedback, and review them with staff for effectiveness and organisational improvement.”

(DiD leader, 2021)

“During the casual annual appraisal, my boss highlights my strengths and areas for improvement. I openly share challenges, positive experiences, and growth suggestions. This exchange helps us understand each other better. Although I'm unsure about official records, my boss takes notes. There is no individual follow-up, but we create an action plan for the year. A designated person coordinates efforts to achieve improvement goals within a timeline. I'm committed to contributing to our organisation's growth and value the collaborative appraisal process.”

(DiD employee, 2021)

The DiD leader takes a comprehensive approach to performance measurement, considering financial income and social impact while acknowledging the challenges in quantifying and communicating the latter. Open communication, transparency, and regular meetings are valued within the organisation to ensure alignment and information sharing. While there is uncertainty about impact measurement, the organisation emphasises ongoing growth, feedback, and interventions to support staff development.

6.2.3.4 Competence

DiD leaders recognise the importance of sustaining competitive advantages. Regular brainstorming sessions encourage reflection on core competencies and explore strategies for their long-term sustenance. By fostering a culture of continuous improvement and maintaining a competitive edge, the organisation is well-positioned for ongoing success in its domain. The employee stated that they know the organisation's competencies because their leader discusses them and seeks customer verification. This suggests that the boss actively engages with employees to align their understanding of the competencies contributing to the organisation's success.

“I will consistently reinforce our competencies and conduct brainstorming sessions to ensure the sustainability of our competitive advantages. This serves as a reminder to my team to naturally incorporate our core competencies into their work and explore ways to enhance them further. “

(DiD leader, 2021)

“I know the competencies of our organisation as our boss will discuss them with us, and we verify it together by asking our customers.”

(DiD employee, 2021)

6.2.4 The Success of DiD

The presented tree diagram showcases the decoding process of interviews conducted with respondents from DiD. It provides a comprehensive visual representation of the key themes and categories derived from the qualitative analysis, unraveling valuable insights into the management practices and dynamics within these SEs.

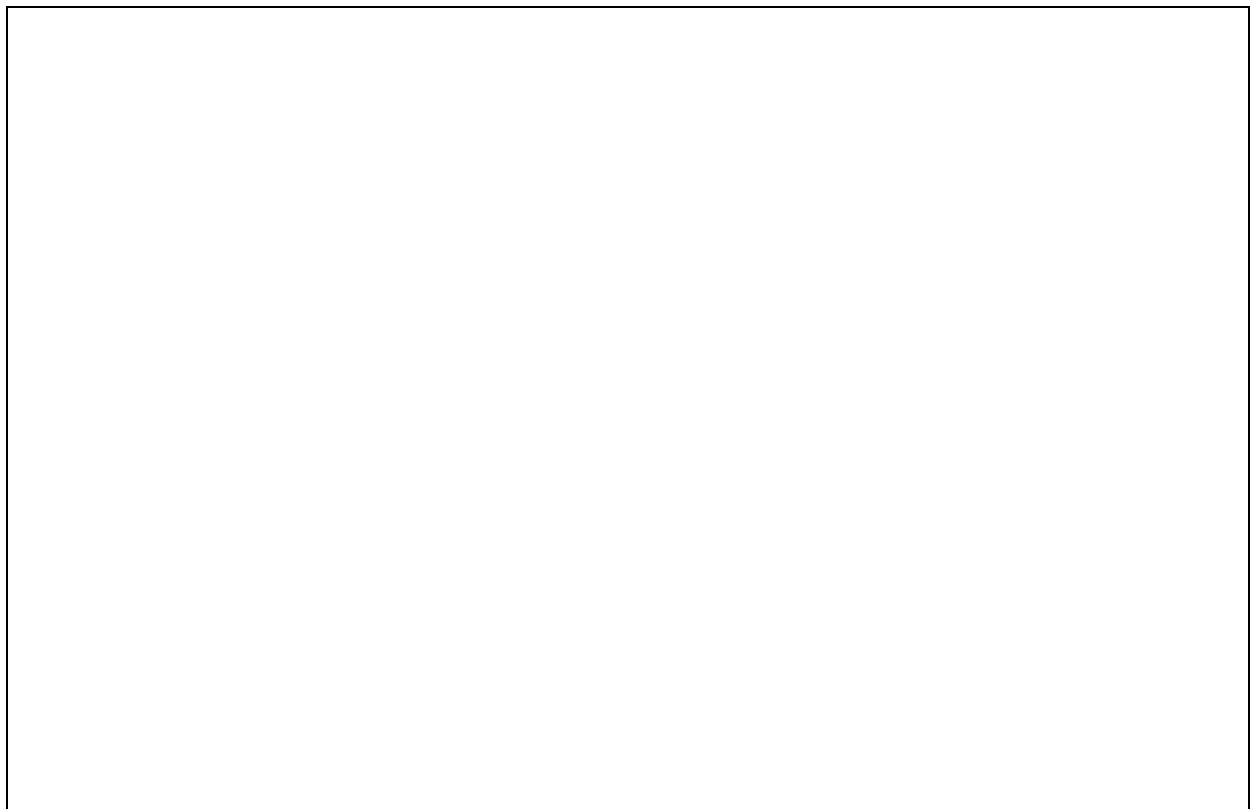


Table 10: Decoded theme and categories: DiD

The case of DiD demonstrates remarkable leadership and strategic decision-making during critical times, such as the COVID-19 pandemic and social unrest. The leader's servant leadership approach, prioritising employee well-being and fostering a sense of

belonging, has created a caring and inclusive work environment. The leader actively engages with employees, building trust and promoting open communication, which results in high levels of employee involvement and ownership in decision-making. The strong bond within the team, established through the leader's transparent communication style and open dialogue, has enhanced the quality of LMX. This, in turn, has positively influenced OCB, as employees exhibit proactive and supportive behaviours beyond their job responsibilities. Furthermore, the leader's inclusive and participatory approach to strategy formulation, valuing input from team members, has effectively combined the Heart and Hand domains. By involving colleagues in critical decision-making, promoting autonomy, and emphasising collaboration, DiD has achieved resilience and success. The interaction between the Heart and Hand domains has created a compassionate and high-performing work culture, fostering innovation, collaboration, and overall organisational effectiveness. The holistic management framework implemented in DiD's case was instrumental in navigating the challenges faced during the COVID-19 pandemic and social unrest. By integrating the Heart, Hand, and Head domains, the leader has fostered a supportive and inclusive work environment, engaged employees in decision-making, and promoted sustainable strategies, ensuring the organisation's resilience and long-term success.

6.3 Chapter Summary

The cases of LB and DiD exemplify the effectiveness of a holistic management framework in driving success and resilience within SEs. LB, a prominent SE in Hong Kong, has successfully tackled the city's housing problem since 2010. Despite facing challenges posed by the COVID-19 pandemic and social unrest, LB has demonstrated resilience and achieved significant revenue growth. The leader of LB possesses commercial experience and adopts a target-oriented and commercial mindset. The organisation's high-performance culture, which emphasises employee development and incentivises exceptional performance, aligns with the leader's management approach. LB achieved sustainable growth even in unfavourable conditions by effectively utilising limited resources and a balanced approach across the Heart, Head, and Hand domains.

DiD, another SE, faced challenges during the COVID-19 outbreak, primarily a lack of cash flow due to the epidemic measures preventing it from opening for business. In response, the leader of DiD implemented a holistic management approach by involving the employees in the decision-making process. The staff voted on the future direction of DiD, choosing to change the business model instead of layoffs. This group decision fostered motivation, accountability, and a collective commitment to

adapt to the circumstances. Consequently, DiD successfully overcame the critical time and ensured its survival.

LB and DiD, both social enterprises located in Hong Kong, exhibit notable differences in their challenges and focuses. LB's primary challenge centred around scaling up, while DiD's main concern was survival and retaining all staff during the COVID-19 pandemic. Despite these differences, both organisations share similarities in their leaders' ability to manage these situations holistically. The leaders of LB and DiD effectively leverage their resources to address weaknesses and navigate through their respective challenges. Additionally, LB and DiD foster high levels of employee engagement and Organizational Citizenship Behaviour (OCB), emphasising the importance of a positive working culture and employee involvement in driving success and resilience within the organizations.

Both LB and DiD highlight the power of a holistic management framework in driving success and resilience within SEs. LB's case demonstrates the effectiveness of a holistic approach in achieving sustainable growth, fostering a collaborative working environment, and aligning leadership styles with employee understanding and support. On the other hand, DiD showcases the benefits of involving employees in decision-making and fostering a sense of ownership and accountability, enabling the organisation to navigate a critical moment and survive. These cases underscore the importance of a holistic management framework that encompasses the Heart, Head, and Hand domains in driving success, resilience, and long-term sustainability within SEs.

Chapter 7 Discussion and Conclusions

7.1: Discussion

The researcher explored the opportunities for applying the holistic management framework in SEs and assessed its effectiveness in regard to incumbent SEs' organisational performance. By examining the findings, this discussion chapter aims to provide a comprehensive understanding of the 3H framework's applicability and offer specific recommendations for its implementation.

The four key objectives were addressed throughout this research, and the research questions were effectively answered. The challenges faced by SEs in Hong Kong were identified, relevant management theories were reviewed, and successful management practices were uncovered. The developed holistic management framework provides practical guidance for social entrepreneurs and contributes to the knowledge base of SE management. However, the comprehensive framework may have limitations due to the complex and diverse nature of SEs and the research's sample size and geographical scope. Further research and refinement may be needed for a more comprehensive framework tailored to SEs in Hong Kong.

Although the findings of this research are generally predictable by the theories applied, there were some instances where the findings deviated from the expected outcomes. For example, the research found that flexibility and autonomy were key factors for SE success, which contradicts management theory's traditional top-down and systematic approach. This contradiction highlights the unique characteristics and needs of SEs.

By analysing the experiences and perspectives of SE leaders and their subordinates, this discussion chapter aims to provide valuable insights into the practical implications of the 3H framework and its potential applicability in SEs. More specifically, each of the research questions has been answered as follows:

Q1. What are the main challenges that SEs face in Hong Kong that hinder their sustainability and growth? What are the underlying factors contributing to these challenges?

We found that SEs in Hong Kong face several challenges that hinder their sustainability and growth. One major challenge is inadequate operational funding, as many SEs need help to secure sufficient funds to support their operations. This is especially true for those who need access to government funding or tax exemptions,

limiting their ability to scale up and sustain their impact. According to the RH leader, their organisation faces a deficit, making the generation of revenue challenging. As a result, commercial banks are hesitant to approve loans for their organisation. From the interview with DiD's leader, they face insufficient cash flow but cannot obtain bank loans. During the pandemic, they could not predict when their tour business experience could resume to normal. It is a high-risk factor for banks when customers cannot repay their loan. Another challenge is limited resource access, including human capital, technology, and infrastructure. SEs often lack the resources to innovate and compete effectively in the market.

For instance, most leaders need more talent to perform a strategic analysis. In the case of SEs with a mother agency, the strategic planning and direction are typically controlled by the mother agency. The planner usually plans the strategy as a whole, with the SEs considered a subsidiary or department under the mother agency like NL and TW leaders. As a result, the SEs often follow the direction of their mother agency rather than have their own customised strategy. In the case of privately owned SEs, leaders often need more resources, primarily allocated towards daily operations and ad-hoc tasks. As a result, human resources are heavily focused on revenue-generating functions. According to HR leaders, it is a luxury for SEs to hire talent specifically for strategic analysis and planning (HR leader, 2021), leaving them relatively weak in the Head domain.

SEs in Hong Kong face regulatory constraints that impede their growth. Unlike in the UK, where specific legal and taxation statuses exist for SEs, Hong Kong does not provide any special support or exemptions for these entities unless they are affiliated with a mother agency. As a result, SEs in Hong Kong must compete on a level playing field with commercial entities without receiving any tax exemptions or other government-backed benefits. This lack of special support from the government puts SEs at a disadvantage and hinders their potential for growth and development.

Lack of public awareness and government support poses challenges for SEs regarding marketing, customer acquisition, and attracting stakeholders. Limited awareness of SEs may result in misconceptions and a preference for mainstream businesses. For instance, the garage operated by FL helps juvenile delinquents; they may struggle to compete with larger companies with greater brand recognition. The ecosystem of SEs in Hong Kong, including incubators, accelerators, and networks, may still need to be fully developed. This lack of support and collaboration opportunities restricts SEs' access to resources, mentorship, and market opportunities. The challenges faced by SEs increase the sustainability risk.

Q2. Which specific business management theories and concepts are most relevant and applicable to social enterprises operating in Hong Kong's unique context?

Regarding SEs operating in Hong Kong's unique context, several business management theories and concepts can be relevant and applicable. While no single theory can serve as a silver bullet to address all SE challenges, a holistic management framework that takes a comprehensive and systematic approach is more effective in managing SE issues, as indicated by the findings of this study. The framework encompasses the key people, organisation, and business domains, represented by the theories of leadership, strategy, and competence, respectively. As discussed in Chapter 3 on reviewing the theories of the 3H holistic management framework, each H domain is deeply rooted in an array of seminal theories, which enable SE leaders and managers to manage their organisations' specific domain issues. For instance, different types of leadership advocated by Drucker, Bass and Burns are available for SE leaders/founders to influence their followers/employees pertaining to their management philosophy, style, and situations. The efficacy of leadership often manifests in employees' commitment and motivation in pursuing their organisational goals. Thus, leaders and managers should be well-versed in theories of motivation and organisational culture by gurus like Maslow, McGregor, Herzberg, and Schein. Motivated employees, while necessary, are not sufficient to secure SEs' sustainable growth. The necessary and sufficient factors missing are a sound strategic management process, distinctive core competence, and strategic alignment of all parts of the organisation. The strategic management theories, including macro-, meso-, and micro-environmental scanning frameworks, give SE leaders a clear view of the current situation within which the SE operates. Such situation analysis addresses the first strategic question of "Where are we now?". Having well diagnosed the external and internal environments with the SWOT framework, leaders should be able to chart out the course of strategic development for their organisations, and thereby, they can apply theories of Barney's RBV, Porter's five-force model, and competitive strategy for sustaining their enterprises' competitive advantages and competitive positionings. Such analytical activities and strategic thinking help answer the second strategic question of "Where do we want to go next?". Going to the intended destination requires effective strategy implementation, which calls for sound core competence and value chain management; thus, Prahalad and Hamel's competence and Porter's value chain are important theories that address the third strategic question of "How do we get there?".

As argued in Chapter 3, without the strategic alignment of all 3H domains, it will not be sufficient to secure a SE's sustainable growth; thus, Kaplan and Norton's strategy

map framework is pivotal to the efficacy of the 3H holistic management framework functioning in SEs. As evidenced in our findings, SEs that enjoy sustainable growth possess the necessary factors (all 3Hs effectively functioning) and sufficiency factors (all 3Hs strategically aligned). SEs with unsatisfactory organisational performance or difficulty sustaining their growth were found weak in one or more H domains and/or lacked effective alignment of the H domains.

As discussed in Chapter 5, SEs with a mother agency often need more bureaucratic structures that can hinder effective communication and lead to poor-quality LMX due to high power differences. This is a common weakness in the Heart domain for SEs with a mother agency. Additionally, some SEs with a mother agency, such as TW and NL, strictly follow the direction and planning set by their headquarters, leading to a lack of autonomy for the local organisation. Employee reflections also indicate that training could be more efficient and well-received, resulting in efficient resource allocation and strengthening the overall efficiency of the Hand domain.

On the other hand, privately owned SEs, as discussed in Chapter 5, commonly reflect a weakness in the Hand domain due to limited resources. This limitation also affects their ability to acquire strategy formulation and planning talent, ultimately weakening the Heart domain.

In summary, while SE leaders can apply many business management theories to manage their organisations in Hong Kong, a holistic management framework has proved to be more effective from this research. This approach can help leaders define their positioning, assess their strengths and weaknesses, consider stakeholder interests, integrate sustainability into their operations, and manage their organisations effectively.

Q3. Through case studies and interviews, what are the key management practices employed by successful social enterprises in Hong Kong that contribute to their sustained competitiveness and growth?

The case studies conducted of LB and DiD highlight the significance of LMX and OCB in successful SEs in Hong Kong. These practices contribute to the effective utilisation of resources and employee engagement. Engaged employees with good-quality LMX with their leaders are more likely to take on additional responsibilities and contribute to the organisation's growth.

A positive LMX fosters an empowering environment where employees clearly understand the organisation's direction and development plans. This knowledge

enhances their ability to effectively implement overall strategies and streamline operations, leading to increased efficiency. LB, for example, leveraged strong LMX to empower employees with information about its social mission, enabling it to align its efforts and contribute to LB's growth.

The key management practices mentioned earlier, a high level of employee involvement in decision-making processes, particularly in setting KPIs, foster ownership and accountability. Employees can contribute their insights and expertise by actively participating in the KPI-setting process, ensuring that the goals are realistic, relevant, and aligned with the organisation's mission and strategies. In the case of DiD, the leader demonstrated a commitment to employee involvement by seeking group decision-making when considering a change in the business model. This approach allowed for diverse perspectives and ideas to be considered and fostered a sense of shared responsibility and commitment to the organisation's success. By involving employees in decision-making processes, SEs like DiD can tap into the collective intelligence of their workforce, resulting in innovative solutions and increased motivation.

A high level of flexibility and autonomy is essential for successful SEs. It enables employees to adapt to changing circumstances, explore creative solutions, and respond effectively to emerging opportunities. SEs can unleash their full potential and drive organisational growth by allowing employees to make decisions and take appropriate actions. This autonomy creates trust and empowerment, motivating employees to take ownership of their work and go above and beyond to achieve organisational goals.

Maintaining a balanced approach across the Heart, Head, and Hand domains is crucial for SEs like DiD to overcome unfavourable environments and scale up. This balance ensures that the Heart, Head, and Hand domains are aligned and optimised. DiD navigated challenges, and LB scaled up its business by achieving equilibrium in these domains despite unfavourable external conditions.

Q4. How can a comprehensive management framework integrating relevant theories, concepts, and best practices be developed to address the specific needs and challenges that social enterprises face in Hong Kong?

As deliberated in the answer to Q2 above, a holistic management framework is crucial for addressing the specific needs of SEs in Hong Kong and helping them overcome challenges. This comprehensive framework encompasses multiple dimensions of SE management and emphasises the importance of maintaining equilibrium and balance

across these aspects. The 3H framework is recommended for evaluating key factors contributing to SE success. Taking SEs affiliated with a mother agency as an example, the Heart domain focuses on the quality of LMX, which may need improvement in such cases, leading to leaders needing more operational insights and making incorrect decisions. The Head domain highlights the bureaucratic nature and lack of autonomy, hindering SEs' flexibility and employee motivation. In the Hand domain, effective resource utilisation, particularly human resources, as seen in the case of DiD, can help overcome challenges and drive growth. To develop a comprehensive management framework, addressing these issues holistically within each domain is essential. Effective leadership fosters a dynamic interplay between the domains, promoting improved LMX through communication, trust, and empowerment. Engaged employees contribute to strategy formulation and implementation, supported by a feedback system and effective talent management. Aligning the social mission with strategies, adopting sustainability practices, engaging stakeholders, managing finances, fostering collaborations, measuring impact, and implementing strong leadership and talent management practices synergistically drive success. By holistically considering and addressing these areas, the management framework supports SEs in Hong Kong to achieve sustainable growth and meaningful social impact.

LB achieved remarkable success by applying transformational leadership, effective communication, and employee engagement. Despite limited resources, LB's leaders leveraged their ability to inspire and motivate employees, creating a culture of shared vision and commitment to the organisation's social mission. This transformational leadership acted as a balancing force, bringing the three domains of the management framework—Heart, Head, and Hand—to an equilibrium stage. LB experienced increased efficiency, innovation, and overall growth, overcoming resource limitations and driving sustainable impact.

During a critical cash flow shortage, DiD faced the imminent risk of closure within three months without new capital investment. However, by establishing a high level of trust between leaders and employees, along with high employee engagement, DiD overcame this challenging situation. The leader of DiD effectively harnessed the engaged workforce, leveraging their capabilities to mitigate financial risks. This exemplifies how the Heart domain, characterised by trust and engagement, played a pivotal role in achieving equilibrium among the Head and Hand domains, ultimately enabling DiD to survive, continue scaling up its operations, and make a significant social impact.

Q5. To what extent does adopting a holistic management framework impact the effectiveness of social enterprise leaders in Hong Kong? What specific leadership practices and strategies are associated with successful implementation?

The impact of adopting a holistic management framework on the effectiveness of SE leaders in Hong Kong is significant. However, it is important to note that only some leadership styles or specific strategies are associated with successfully implementing the framework. The case studies of successful SEs like DiD and LB demonstrate that leadership approaches must be tailored to each organisation's unique challenges and context.

These case studies highlight the importance of leaders' ability to effectively respond to their respective SEs' challenges and balance resource allocation across different domains in a state of equilibrium. The industries in which SEs operate, such as food and beverages, manufacturing, and social housing, have distinct cultures and requirements, making it necessary for leaders to adapt their approach accordingly.

The learning from DiD and LB emphasises the need for leaders to evaluate and assess their organisation's specific situation. They must consider the combination of domains within the holistic management framework and determine how best to allocate resources based on their organisation's unique needs. The 3H framework serves as a mechanism to guide leaders to systematically work holistically with different management theories. It provides a comprehensive framework that enables leaders to assess their organisation's needs across the Heart, Head, and Hand domains and make informed decisions accordingly.

Effective leadership within a holistic management framework is about understanding the organisation's specific context, challenges, and resources and finding the right balance among the domains to drive sustainable growth and social impact. Leaders are encouraged to evaluate their organisation's unique circumstances and apply appropriate management theories and practices to achieve their goals.

Q6. What are the potential benefits and limitations of implementing a holistic management framework for social enterprises in Hong Kong? How does it contribute to social impact, financial sustainability, stakeholder engagement, and overall organisational performance?

Reflecting on the findings of this study, we learned that only some SEs can sustain long-term competitiveness if they can only excel in a partial condition of holistic management from the 3H perspective. The 3H framework should be regarded as something other than a cookbook recipe or even be treated as an ISO operation

template (Yu, 2023). Rather, it should be conceptualised as a thinking paradigm or mental schema of SE leaders and managers. At the heart of the 3H framework is the leadership group's ability to alter organisational structure and functions in response to changes in activity, experience, and circumstances. Suppose that the 3H holistic management framework is successfully embedded in their minds. In that case, they should be able to spontaneously manage all H domain issues effectively and positively contribute to their organisational performance. Given that SEs are driven by social/environmental goals, SEs governed and managed by the holistic management framework are able to be more socially/environmentally impactful, so they will become more attractive to their stakeholders and more likely to be financially sustainable.

Apparently, every theory has its limitations and by no means can the 3H holistic management framework be immune from such a standing rule. Effective implementation of the framework requires users to critically examine their organisation's situation with respect to the SE-specific elements of each H domain. The researcher has discussed the generic elements of each H domain in the Literature Review chapter (Ch 3); however, if SE leaders have little knowledge about these business management theories and/or if they fail to perceive their organisation's needs in respective H domains, they will not be able to create an effective framework. Another critique of implementing the framework, which is common to other prevailing theories, such as the RBV, Five Forces, and value chain, is that it is difficult to precisely measure the readiness or quality of each H domain and its key elements. For instance, how do you accurately compare the level of motivation between SE A and B? How do you accurately compare the degree of contribution among each of the H domains to the incumbent SE's organisational performance? In this research, we had to rely on the interviewees to report what they have perceived or experienced in order to answer the researcher's questions. Although such responses would be reconciled through triangulation with other available sources, we should be cautioned that the interviewees' subjectivity might affect their responses.

Despite such limitations, the holistic management framework's potential benefits substantially outweigh its weaknesses. This concluding statement is supported by the findings of this study and dozens of case studies conducted by Yu's doctoral students, which included eight doctoral thesis studies (Yu, 2023).

7.2 Conclusion

We have discussed in good depth the inherent weaknesses that the SEs in Hong Kong

are facing. In such adverse situation, in order to raise the survival chances of SEs, instead of proposing a piecemeal strategy, the sector actually needs a comprehensive and holistic management framework to serve the purpose. The idea was carefully translated into a long list of interview questions. The researcher conducted a pilot test to ensure that the questions were well understood and pertained to answering the research questions. That was followed by conducting 30 in-depth interviews of representatives from 12 SEs of various sizes and different natures of business. Broadly, the research organisations can be divided into two prevalent types of SEs: those with a mother agency and privately owned ones. The researcher eventually identified two SE cases, DiD and LB, that could exemplify the importance of a holistic management framework in sustaining business operations, which were then meticulously focused on as two exemplars to demonstrate the efficacy of the 3H holistic management framework.

Contrary to the exemplar cases, the other 10 SE cases witnessed a common issue of a weak Heart domain. While the root causes may differ slightly, there is a general trend among SEs with a mother agency, where they receive significant financial support, technical resources, and talent. These leaders are confident in their progress towards the holistic management framework but need help scaling up, as they are risk averse. Further investigation revealed that the weak Heart domain is the main obstacle to proper scaling up, influenced by poor leader–member exchange and conservative decision-making. This undermines the competitive advantages of SEs with a mother agency and increases the barriers and costs associated with scaling up.

It appears that privately owned SEs often need more resources, particularly in finance, which leaders attribute to the Hand domain. However, the interviews revealed that the Heart domain also impacted their survival ability. Low organisational citizenship behaviour and trust could limit resource mobilisation and hinder organisational performance, as employees were not motivated to go beyond their basic duties. This, coupled with a lack of emphasis on organisational competence and employee performance, hindered overall growth and development. Additionally, a focus on ad-hoc issues and reluctance to allocate time and resources for potential problems could decrease the organisation's readiness to handle sudden impacts and diminish the effectiveness of resource allocation. This highlights the importance of balancing the Heart and Head domains in achieving organisational success.

The study reveals that one possible reason for the high dissolution rate of SEs in Hong Kong is the need for a holistic approach to organisational management. There are two key issues with leadership: excessive conservatism and a focus on reducing risk

perception from the governance board. Leaders often manage board members' expectations by underestimating organisational output and outcomes, which hampers SEs' development and sustainability.

The conservative nature of leaders limits the organisation's ability to scale up. Leadership styles that need more entrepreneurship or lean towards transactional styles directly impact the organisation's scaling up capabilities. Additionally, many SEs need help with LMX, which hinders the leader's understanding of the situation and their employees' abilities. This lack of clarity in LMX results in the ineffective utilisation of resources and potential mismatches in scaling up opportunities. Leaders need to pay more attention to the importance of holistic management to address barriers and increase the organisation's scalability.

Most privately owned SEs primarily need help with survival issues rather than scaling up, as they operate on a small scale with limited resources. Leaders require additional skill sets to overcome intrinsic limitations by effectively mobilising and utilising the available resources to overcome barriers and difficulties. The leadership amplifies the weaknesses in the Hand domain, impacting the Head domain, as leaders can only mobilise limited resources. This impacts the organisation's survival ability in a dynamic and challenging environment. Another possible reason for their struggle is the low level of OCB, where employees are not motivated to contribute more to the organisation. This significantly limits resource flexibility and challenges the sustainability of the organisational competence and competitive advantages, increasing the risk of failure. If leaders cannot effectively mobilise internal resources, the leadership further magnifies weaknesses. This explanation highlights the importance of a holistic management framework, which mitigates the risk of failure and enhances the organisation's ability to scale up. Among the 12 SEs targeted in the study, only two (16.7%) were identified as holistically managed. This could be a reason for the high dissolution rate and difficulties that SEs face in Hong Kong when scaling up.

This research has shed light on the challenges and success factors for SEs in Hong Kong. It has provided valuable insights into the significance of a holistic management framework in relation to achieving sustainable growth and success. Through in-depth interviews and analysis, this study has contributed to understanding SE management and provided practical guidance for social entrepreneurs. It has also highlighted the important role of effective leadership, employee engagement, and communication in the success of SEs. However, it is very important to note that the complex and diverse nature of SEs in Hong Kong may require further research and refinement of the

framework to tailor it to each organisation's unique needs.

Theoretical contributions

From a theoretical perspective, this research contributes to the knowledge base of SE management by debunking the myths that SEs are solely driven by social mission and that their governance and overall organisational management are secondary concerns. It also highlights the inherent weaknesses of SEs, such as difficulties in recruiting and retaining high-calibre employees and the need for tailored management approaches for each organisation. Furthermore, the study emphasises the importance of considering the unique aspects of SEs in Hong Kong, such as government support and working culture, in understanding their success and challenges.

The study's findings suggest that SEs can benefit from adopting a holistic management framework encompassing various aspects such as communication, leadership, financial planning, and employee engagement. This framework can advance management theory by addressing existing deficiencies in traditional management theories and providing a new perspective on SE management. It also offers a more comprehensive solution rather than a piecemeal fix to the challenges faced by SEs and can serve as a valuable tool for researchers and students interested in the SE sector.

Moreover, the research findings have implications for various related fields and industries. By understanding the unique management needs of SEs, stakeholders in government, business, and the community can work together to support the healthy development of the SE sector in Hong Kong. This can lead to increased collaboration between SEs and traditional businesses, improved understanding and awareness of SEs, and access to resources and funding for SEs.

The in-depth case studies and interviews conducted as part of this research have provided a contextual understanding of SE performance's key success and failure factors. These findings can serve as a valuable resource for future researchers, helping them develop hypotheses for confirmatory testing through methods such as survey research. Overall, this research contributes to bridging the gap between theory and practice in the SE sector and offers a comprehensive understanding of SE management in Hong Kong.

Managerial Contributions

From a managerial perspective, this research sheds light on the deficiencies, weaknesses, and blind spots in traditional management practices that contribute to

poor or unsatisfactory organisational performance. It argues that a holistic management framework, which integrates the Heart, Head, and Hand domains, can help improve the effectiveness of management practices and drive sustainable organisational success.

The dragon boat racing analogy serves as a useful illustration (Yu, 2023) of how all elements of an organisation must work together in a concerted effort to achieve success. Similarly, this research has identified clear correlations and causal relationships between the independent variables of the holistic management framework and the dependent variable of organisational performance. By addressing the four scenarios identified in Chapter 2, section 3.1.4, managers and decision makers can gain a deeper understanding of potential loopholes, blind spots, and weaknesses in their strategic management process.

Practitioners in the real world can also utilise the holistic management framework in various ways to enhance their managerial effectiveness. It can be prescriptively applied to review an organisation's readiness before launching an important project, ensuring that all elements of the Heart, Head, and Hand domains are sufficiently strong. During the execution process, the framework can be used for causality analysis to identify factors that may impact the success or failure of a project or organisation. Retrospectively, it can also serve as a valuable tool for conducting a postmortem analysis to understand the reasons for failure and learn from mistakes. Overall, the holistic management framework offers practical applications for practitioners in the real world to enhance their managerial effectiveness and drive sustainable organisational success.

In summary, a multi-faceted approach is recommended to improve the management strategies and address the challenges that SEs face in Hong Kong. This includes fostering open communication, establishing mentorship programmes, encouraging employee involvement in decision-making, and prioritising strategic financial planning and diversification. It is essential for SEs to develop and implement a holistic management framework tailored to their unique organisational context to secure their sustainable growth. Regular reviews and evaluations of this framework are crucial to ensure its relevance and effectiveness in navigating the dynamic and evolving business environment. This, coupled with continued support from stakeholders, can foster a healthy development of the SE sector in Hong Kong.

7.3 Recommendations

The study highlights the challenges facing SEs in Hong Kong, including inadequate operational funding, regulatory constraints, and a lack of government support. To address these challenges and promote the sustainable growth of the SE sector, it is crucial to debunk existing myths and develop a holistic management framework that addresses the unique needs of SEs.

From a theoretical perspective, this study emphasises the importance of bridging the gap between traditional management theories and the realities of managing SEs. By debunking existing myths and highlighting the need for a holistic management framework that encompasses various aspects such as communication, leadership, financial planning, and employee engagement, this study contributes to the knowledge base of SE management. It also offers new avenues for future research in this field.

From a managerial perspective, this study provides practical recommendations for SE leaders to improve organisational performance. By fostering open communication, establishing mentorship programmes, and involving employees in decision-making processes, SEs can enhance employee engagement and strengthen relationships, leading to improved performance. Additionally, prioritising strategic financial planning and diversification and delegating decision-making power to employees can help SEs address the challenge of inadequate funding. The proposed holistic management framework offers a structured approach for SE leaders to identify and address potential loopholes, blind spots, and weaknesses in their management practices.

Additionally, stakeholders and the government can play a vital role in supporting the healthy development of the SE sector in Hong Kong. This can be achieved by providing resources, promoting collaboration between SEs and traditional businesses, and supporting the implementation of a holistic management framework. By fostering a collaborative and supportive environment, stakeholders and the government can contribute to the sustainable growth of the SE sector in Hong Kong.

The 3H holistic management approach offers a comprehensive solution to SEs' challenges in Hong Kong. By adopting this approach and promoting a collaborative and supportive environment, stakeholders and the government can support the healthy development of the SE sector and contribute to its long-term success.

7.4 Limitations

Apart from the limitations mentioned in answering the Research Q6 above, the researcher highlights several other limitations below.

Firstly, a convenience sampling method was adopted in this study, which may limit the spectrum of SE typology. Additionally, the limited sample size may not accurately reflect the full picture of all SEs in Hong Kong, potentially leading to sample bias and affecting the reliability of the results. To mitigate this limitation, future studies could consider using a more diverse sample selection method and increase the sample size to obtain a more representative sample.

Secondly, the time constraint and the field study during the pandemic period heavily limited the depth and scope of the research. Many targeted SEs for interviewing were closed or leaders did not have the mood to entertain the interview requests. This limited timeframe hindered the researcher's ability to approach all possible respondents and consult a broader range of industry professionals—consequently, the depth and quality of the research are not entirely satisfactory. Future studies could allocate more time to the research process to address this limitation, allowing for a more comprehensive understanding of SEs in Hong Kong by engaging more participants and industry experts.

Thirdly, the respondents' self-reporting bias and the researcher's subjective analysis are the potential limitations of this study, though a triangulation process was conducted wherever possible to validate the respondents' reported data. To mitigate this limitation, future studies could consider using multiple researchers and conduct independent verification of the findings to enhance the objectivity and rigour of the analysis.

Finally, the limitation is related to the theoretical framework of the 3H holistic management approach. Despite it having yielded receptive recognition from hundreds of executives over dozens of postgraduate and executive management workshops and seminars, as cautioned in the originator, Eddie Yu's recent literature (Yu, 2021), the theoretical framework is still in its exploratory stage. While it was carefully pilot-tested in this study, the operationalisation of individual constructs of the framework should be prudently treated as a developmental study rather than a confirmatory one. Cheung's (2022) thesis research's consistent findings from both survey and interviewing methods and the findings of this study help strengthen the validity and reliability of the framework's constructs and thus help advance the development of

holistic management.

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Appendices

Annex 1 Consent Form Template for Respondents

Informed Consent Form

Towards building a holistic management framework for social enterprises in Hong Kong.

You are invited to participate in a research study conducted by doctoral research student, Ms. Stephanie Yeung in the Institute of Management and Health at the University of Wales Trinity Saint David.

PURPOSE OF THE STUDY

The study is going to develop a holistic management framework for the sustainable growth of social enterprises in Hong Kong. Through the survey, the researcher is going to identify the important elements that included in the framework.

PROCEDURES

The researcher prepared some questions that is related to your view to work in a social enterprise in Hong Kong. The interview will take around 1 hour and the conversation will be audio recorded for coding purpose.

POTENTIAL RISKS / DISCOMFORTS AND THEIR MINIMIZATION

You may find talking about your personal working experience in social enterprises, just let the research know which part cannot disclose or you can stop sharing anytime at your own decision.

POTENTIAL BENEFITS

There are no direct benefits to you. However, the research project can provide valuable information on the development of social enterprises in Hong Kong. This information in turn could help social enterprises become more sustainable.

CONFIDENTIALITY

The data and the audio recording are strictly confidential. The data only can be reached by the researcher, the supervisors, and the examination board of the University of Wales Trinity Saint David to review. The data collection is ONLY for the research purpose. You can review the audio-recording of the procedure. We will erase the entire audio

recording or parts of it if you want us to do so.

DATA RETENTION

The data collection is ONLY for the research purpose. The record will be deleted once the thesis is accepted by the University of Wales Trinity Saint David.

PARTICIPATION AND WITHDRAWAL

Your participation is voluntary. This means that you can choose to stop at any time without negative consequences.

QUESTIONS AND CONCERNS

If you have any questions about the research, please feel free to contact doctoral research student, Ms. Stephanie Yeung if you have questions about your rights as a research participant, contact the UWTSD DBA Local Secretariat.

SIGNATURE

I _____ (Name of Participant)

understand the procedures described above and agree to participate in this study.

I ** agree / do not agree to the audio-recording during the procedure. [Please delete this sentence if the process does not involve audio-recording.]

I ** wish / do not wish to be identified. (if the procedure will involve personal interview)

(** Please delete as appropriate.)

Signature of Participant Date

Date of Preparation:

Annex 2 The Semi-Structured Questions

Semi-structured questions – Leaders and employees

H1 Heart-related questions

1. How do you describe the leadership style in your organisation? [some examples will be given instead of technical terms like highlighting teamwork, highlighting the importance of following the rules, parental? Empathetic?]
2. Do you agree that the leader of your organisation is effective? Why? Why not?
3. How do you describe the relationship between you and your leaders? [close? Can share something about the private life, hieratical...]
4. How do your leaders motivate you? (by encouragement? Incentive? Training?)
5. Any team-building activities in your organisation? If you have, please share with me what it is and the impact on your team-building activities. [like team lunch, team activities, e.g. ball games]
6. Does your organisation survey staff engagement? If yes, can you tell me the key survey findings? What is the reflection from the survey or measurement? /What do you think about the team building activities? (Do you think it is constructive? Or do you think it is a part of your job?)

H2 Head-related questions.

1. Can you tell me what your organisational mission and vision are about? Do they make sense to you?
2. Do the management have superb strategic thinking? Do they often make the right strategic decisions?
3. Can you tell me the strategy formulation process of your organisation? How individual levels of management are involved in the process? How often will your organisation review the organisational development plan?
4. Once the organisation strategy has been formulated, how would it cascade down to the front line? (who does what, strategy map, balanced scorecard, strategic alignment, resources budgeting & allocation)
5. How will the strategy implementation be reviewed, evaluated and controlled? (routine, ad hoc or periodic?)
6. How the following balanced scorecard perspectives: financial, customer, internal process and learning & growth are targeted, measured and controlled?

H3 Hand-related questions.

1. How did individual functions/departments perform in recent years? (Marketing & Sales, Operations, HRM and other supporting functions)
2. What are the key factors to explain their performance?
3. Are the employees equipped with the required competence to do their jobs?
4. How are organisational experiences and learning archived and distributed around the organisation?
5. Are there regular communication channels to enable bottom-up and top-down effective feedback and reports on strategy formation and execution?
6. How often will our organisation training to you? Is it related to your job nature? Or will it help for your future promotion?
7. You know how your organisation measure performance (both organisational and individual level.)
8. What aspects will be measured in your performance?
9. What aspects will be included in measuring the organisational performance? (like customer loyalty? Profit? Staff engagement? Staff turnover rate?)
10. Will you have a regular update on your performance and the organisational performance?
11. What is Your understanding of the term “knowledge transfer”, and do you think it will benefit your work efficiency and commitment to the organisation?

Integrating 3H domains

1. How did the leader/management align different levels and departments to achieve the mission and strategic goals of the organisation? (Communication strategy, corporate policy or code of practice, etc.)
2. How do you describe your organisational culture? [what does it value? What does it believe in]. Do you think the culture is conducive to achieving the organisation’s mission and strategic goals? Why or why not?
3. What did the organisation do to make employees “wanted to”, logically convinced “ought to” and know “how to” do their jobs? (A sense of purpose in getting jobs done, communicating effectively organisational strategy and plan

with rationale and justifications, sound HRM practice with customised training and coaching required competencies).
