Building ‘Resilience’ for a Changing Social Economy: The Role of Social Entrepreneurship and Adaptive Leadership

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Overview

- Introduction
- Literature Review
- Research Question
- Methodology
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- Discussion
- Conclusion
Building resilience to funding shocks, competition, and social and environmental challenges requires creating and maintaining the capacity to adapt to change and respond to uncertainty (Holling and Gunderson, 2002)

Resilience capacity:
- Short-term: social entrepreneurship
- Long-term: adaptive leadership
Case Study: Green Communities

- ESOs faced cut of their largest program EGH
  - (Parker and Rowlands, 2007)
- Responded by creating many new environmental services – green community entrepreneurship
  - Driven by ‘environmental sustainability objective’
    - (Gliedt and Parker, 2007)
Within one ESO:
- % of revenue from client fees for services tripled from 2005 to 2008
  - loss of Federal funding
  - shift toward entrepreneurial approach
New Idea and Implementation

Expanded Scale of Existing Service

Accelerated Development of Existing Idea

Creative Responses

Social Entrepreneurship

Individual

Collective

Drivers

Environmental Sustainability Objective

Funding Shock

Market Collapse

Team

Functional

Facilitating Factors

Strategic Partnerships

Social Capital Network

Human Capital

Green Community Entrepreneurship

New Idea and Implementation

Expanded Scale of Existing Service

Accelerated Development of Existing Idea

Gliedt and Parker, 2007
What really motivates community entrepreneurship?
- Can it be as simple as an external shock?

Answer may help determine if entrepreneurship can be counted on to enhance resilience
Social economy organizations becoming more entrepreneurial and strategic:
- to survive external threats
  - (Lee et al., 2009; Weerawardena et al., forthcoming)
- Chamlee-Wright and Storr (2010): collective social entrepreneurship successful in rebuilding parts of New Orleans after hurricane Katrina
Social Capital

- Roessingh and Smits (2010): social capital is foundation of community entrepreneurship
- Lundahl (2010): community entrepreneurship failed in pre-earthquake Haiti due to limits on social capital by political factors
Valentinov (2009): ‘ideological entrepreneurship’ drives non-profit’s to respond to market failures

Campbell-Hunt et al. (2010): environmental objectives / values can drive community entrepreneurship
- ecological motivation can influence entrepreneurship absent external shocks and crises
  - in response to ecological opportunity rather than economic threat
Research Question 2

- Can social economy organizations use ‘resilience’ as a strategy for organizational management?
- Can entrepreneurship contribute to resilience capacity?
Kim et al. (2009): resilience enhanced by learning from success experience and recovery experience.

**Success experience** creates slack resources:
- scanning for new service ideas
- using human capital to create new services
- ‘friendraising’

**Recovery experience** includes:
- Funding diversification: resilience partnerships
- Service diversification: collective entrepreneurship
Resilience Resources

- relationships
- partnerships
- social capital networks
  - Andersen, 2008; King, 2008; Mu, Peng and Love, 2008; Ramirez-Sanchez and Pinkerton, 2009; Rottman, 2008; Gittell, 2008
Resilience Partnerships

- Enhancing resilience: ‘loosely coupled’ partnerships that ‘respond to local needs’ and ‘facilitate access to resources’ (Homer-Dixon, 2007; Norris et al., 2008)
- If too tightly coupled:
  - unnecessary complexity could make more vulnerable to shocks (Homer-Dixon, 2007)
Resilience Partnerships

- Crisis partnerships: utilities / local gov.
  - shared decision-making
  - short-term focus:
    - key objectives (e.g., reduce GHG emissions, cost of energy)

- Stability partnerships: Federal / Provincial gov.
  - indirectly via Green Communities Canada
  - long-term focus
  - ESOs had been highly dependent on Federal (EGH)
  - new partnerships with Provinces reduced dependence on Federal
Relational Space

- Combination of:
  - crisis partnerships to overcome shocks
  - stability partnerships to facilitate long-term operations
  - entrepreneurship to diversify funding
- Landscape for innovation and collective achievement of social/environmental objectives (Capello and Faggian, 2005)
- Enhances resilience by providing capacity for organizations to create energy services and adapt to external shocks
Does the level of entrepreneurship differ in stable periods versus crisis periods?

Answer important for two reasons:

- Is entrepreneurship primarily motivated by external shocks?
- Can entrepreneurship be used as an adaptive strategy?
Methodology

- Level of entrepreneurship by ESOs during period following funding shock (Gliedt and Parker, 2007)
- compared to a subsequent period of funding stability (new survey n = 10)
- Goal: determine extent that external shocks effect level of entrepreneurship
Results: Level of Entrepreneurship

- Post-shock period (June–December 2006):
  - ESOs created average of 3 new services in the 6 months after funding shock (June–December 2006)
  - Rate of one new service per two-month period
- Stable funding period (January 2007–December 2009):
  - ESO created average of 3 new services in 36 months after stable Federal / Provincial funding restored
  - Rate of one new service / year
- Of ideas / proposals identified during 2006 interviews:
  - less than one per ESO had been successfully turned into a service by December 2009
  - 40% of ESOs have discontinued at least one service
Difference in level of entrepreneurship explained by change in demand for EnerGuide/ecoENERGY service relative to pre-shock level of demand (2005):

- Post-shock period (June–December 2006):
  - 80% of ESOs: decrease in demand by 50-100%
  - 20% of ESOs: stable or moderate drop in demand
    - located in Provinces that immediately took over EnerGuide program to continue core funding

- Stable funding period (2007-2009):
  - 100% of ESOs: increase in demand
  - 60% increased more than 100%
Findings support emergency entrepreneurship (Johannisson and Olaison, 2007)

- urgent crisis spurs high level of entrepreneurial activity
- entrepreneurship improved resilience to funding shocks
- new survey indicates that a return to stable funding can decrease level of creativity and innovation

Single focus on growth of core service:
- could make organization vulnerable to future shocks
Recommendations

- Formally incorporate entrepreneurship into strategic planning to encourage continual service diversification
- Use *adaptive leadership* to increase resilience independent of funding fluctuations
  - continual learning
  - engagement with stakeholders
  - use of flexible feedback structures
Conclusion

- Social economy becoming more entrepreneurial and strategic to survive external threats
  - Lee et al., 2009; Weerawardena et al., forthcoming
- ‘Ideological entrepreneurship’ influencing non-profit responses to market failures
  - Valentinov, 2009
- ‘Environmental sustainability objective’ key driving force in green community entrepreneurship
  - Campbell-Hunt, Freeman and Dickinson, 2010
- ‘Resilience’ should be central strategy for social economy, not stability or efficiency
  - Norris et al., 2008