
Trabajo Fin de Grado

Managing social enterprises during COVID 19 crisis. A dynamic capabilities approach

Pilar Cano Serrano



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Universitat Internacional de Catalunya
Faculty of Economic and Social Sciences

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Managing social enterprises during COVID 19 crisis. A dynamic capabilities approach

Bachelor's Degree in Business Administration and Management

Author: **Pilar CanoSerrano**

Supervisor: Nina Magomedova

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Abstract

The purpose of this study is to provide deeper insights on the specific capabilities that enable Social Enterprises (SEs) to manage external threats. SEs face inherent tensions in their daily activities, when social and financial institutional demands of their business model collide. In this sense, the management of these tensions can serve the company's ability to generate novel, creative ideas, enable long-term organizational resilience and even foster some unique capabilities. To achieve the aim of this study dynamic capabilities framework was applied. Given the fact that this paper aims at understanding the inherent tensions, and the specific capabilities SE's have to tackle them, a cross-case analysis was done of 5 Spanish Work Inclusion Social Enterprises (WISEs) that provide support, training, employment and social inclusion of people with intellectual disabilities and mental disorder. The exploratory research was conducted during the pandemic of COVID-19, that strongly affected general Spanish healthcare system and economy, as well as the psychological health of Spanish general population. The chosen settings prompted to reveal unique insights because the survival mechanisms of WISEs in the COVID-19 crisis represent a great interest for both research and practitioners' community. The results reveal that SE's inherent hybrid tensions allow these entities to develop dynamic capabilities when dealing with the external threats. In this sense, to sustain the hybrid mission, they often employ organizational reconfiguration, through highly flexible structure, minimization of agency issues and continuous learning. They also widely use co-specialization, as they can benefit from strong inter-organizational links within the eco-system of social enterprises. This study contributes to the academic literature by detecting dynamic capabilities that are found in SEs, and how different they are from conventional enterprises. Finally, the study draws important managerial implications for both SEs and conventional firms.

Keywords: *work inclusion social enterprise, dynamic capabilities, qualitative research.*

The earlier version of this study was accepted as a competitive paper at the **8th EMES International Research Conference on Social Enterprises** that will be hosted at the Universidad de Zaragoza, on October 4-7, 2021.

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I also want to express my most sincere gratitude to all the interviewees who have trusted me and dedicated their time to share their experiences as founders of the studied company cases. Many thanks for their willingness to collaborate in this study, the time spent answering to all my questions, and make the effort to do the interviews online, despite the difficulties of our current times. I have learned very valuable things thanks to all their insights and experiences.

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1. Introduction

1.1. Origin and motivation

Social enterprises (SEs) are often described as entities that face endogenous tensions between social and financial objectives, which sometimes leads to the organizational paralysis (Pache and Santos, 2010). However, managing these persistent tensions can also result in superior dynamic capabilities (Graetz and Smith, 2008; Teece, 2007), because their successful management requires reacting dynamically, to secure firm's survival (Hockerts, 2006). The academic literature that explores dynamic capabilities of SEs is limited (e.g., Ince and Hahn, 2020), but seems to represent a special interest for managerial sciences. In particular, dynamic capabilities are vital for any organization that experiences threatening pressures of an uncertain environment (Augier and Teece, 2008), and because SEs exist under multiple pressures of contradicting institutional demands (Pache and Santos, 2010), the analysis of their dynamic capabilities might give especially thought-provoking insights. Therefore, the objective of this study is to explore how dynamic capabilities contribute to the survival of SEs and help them confront the threats of the dynamic environment in order to be able to achieve their social mission in the long run.

1.2. Aims and scope

To reach the objective, the settings of the Spanish work integration social enterprises (WISEs) that include employees with intellectual disabilities and mental disorders were chosen. The exploratory research was conducted during the pandemic of COVID-19, which strongly affected the general Spanish healthcare system and economy, as well as the psychological health of Spanish general population. The chosen settings prompted to reveal unique insights because the survival mechanisms of WISEs in the COVID-19 crisis represent a great interest for both research and practitioners' communities. We collected qualitative data from five WISEs that provide support, training, employment, and social inclusion to people with intellectual disabilities and mental disorder through a series of semi-structured interviews with responsible managers and the analysis of the secondary data available online and/or provided to the researchers by the firms. The exploratory analysis showed that WISEs confront challenges of hybridity of their mission and objectives constantly. Moreover, they are often founded during the times of crisis. Both features hint that crisis and tension are inherent for WISEs, independently of the factors of the external environment. These inherent tensions result in superior internal challenges they constantly face, but it also gives them superior dynamic capabilities of confronting the external challenges. To sustain their hybrid mission, they often employ organizational reconfiguration, through highly flexible structures, minimization of agency issues and continuous learning. They also widely use co-specialization, as they can benefit from strong inter-organizational links within the ecosystem of social enterprises. Superior capabilities of human resource management (HRM) receive special attention, and numerous HRM related

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lessons from their practices during the pandemic can be learnt by conventional enterprises. This study contributes to the academic literature on social enterprises, advancing the understanding of how dynamic capabilities materialize in these organizations in the process of managing external threats on the revelatory and somewhat extreme example of the management of WISEs during COVID-19 crisis. We believe that the key findings of this study represent value for both academic research and practitioners that seek sustainable managerial strategies in this pandemic.

1.3. Structure of the document

This study is organized as follows: In the second section the *literature review* on Dynamic Capabilities and their relation with social enterprises is presented. This framework, developed by Teece (2007) is adopted in the study to identify how the studied firms confront external threats. Furthermore, we focus on the management of threats and how SEs transform accordingly.

The study proceeds by explaining the *methodology* used for the purpose of this study, which consists of a cross-case analysis of several SEs with the data obtained from the interviews done to the founders of those enterprises. This allowed a deep exploration of the SEs, and identification of the common capabilities that enable them to overcome a crisis period.

The *findings* obtained from the interviews are presented, showing evidence on the characteristic and unique nature of SEs' governance, looking forward for financial stability, although always driven by their principles and values. This entails a more decentralized organizational structure, to efficiently manage and expand their know-how. Finally, the findings showed evidence on how co-specialization and collaboration with other entities in the Social Economy sector is key to the SEs survival and growth.

The research culminates with the *discussion* of the review and results, by abstracting the findings under the DCs' framework. First, those dynamic capabilities that are characteristic and distinctive for SEs are highlighted. Second, the role of those dynamic capabilities for SEs when managing threads (having the COVID-19 effects as reference) is discussed. Then, the managerial implications of the study, in terms of what lessons managers can get from the SEs and their strategies of managing external threats and how they can approach threats differently are discussed.

Finally, the *conclusion* summarizes the final remarks and implications of the present study, outlines its limitations and proposes future research lines, including, the non-transferable and concrete geographical setting of this study, the extreme and unique scenario the COVID-19 pandemic is, as well as the need for higher-scale quantitative data so that to generalize the obtained results, inviting to analyze larger samples, and consider a different framework or setting.

2. Literature review

Social Enterprises (SE) goal is to achieve a social mission through commercial activities, which inevitably makes them caught between the competing demands of the market logic and the social welfare logic that they combine (Pache and Santos, 2010). These enterprises are committed to provide both social and economic value. They actively involve themselves within the targeted community to address a social problem, that cannot be solved by the traditional purely commercial companies (Battilana and Lee, 2014).

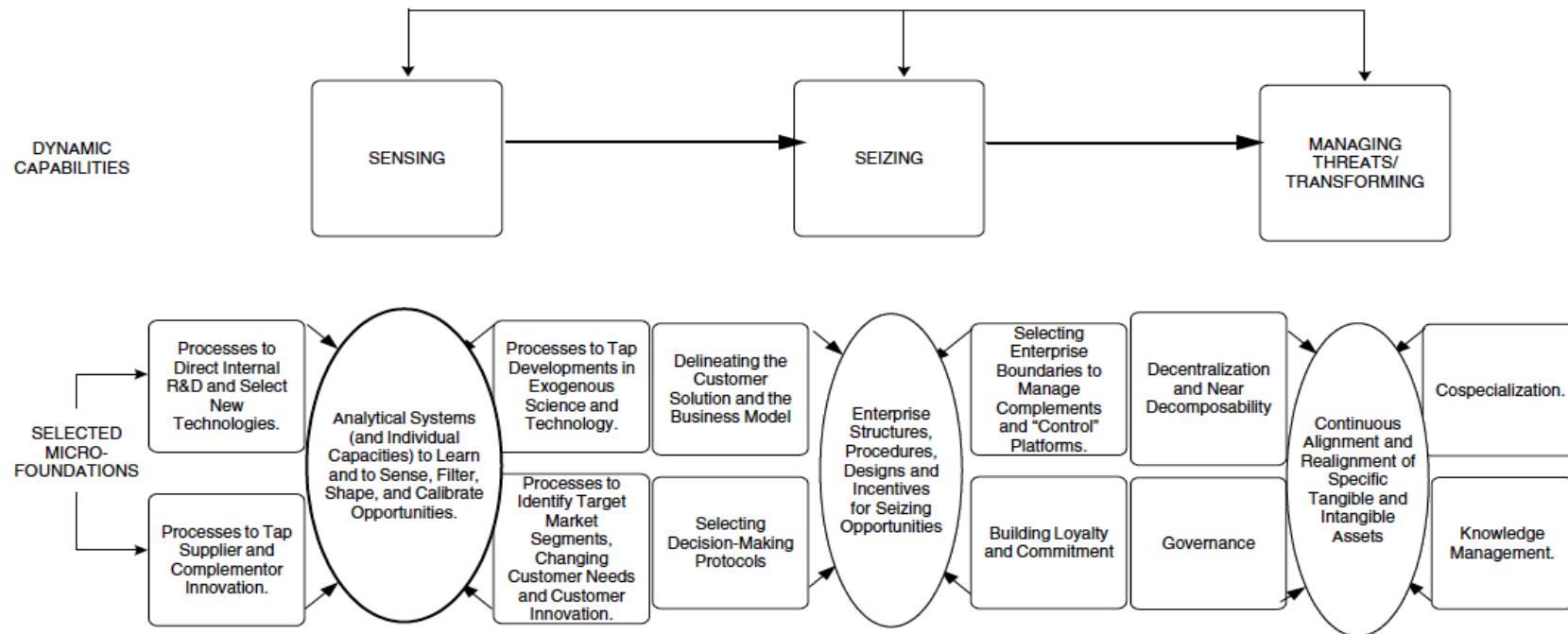
Constant discussions about the contradictory nature of the institutional demands in which these companies operate and its associated tensions, demand further and more developed studies about SEs (Bacq and Janssen, 2011; Battilana and Dorado, 2010; Corner and Ho, 2010). Previous studies point out the tensions within these enterprises and the importance of the balance between the economic performance with the social mission (Constanzo et al., 2014; Mitchell et al., 2016; Pache and Santos, 2010; 2013). Literature on SEs and their unique existence is growing. Recent studies start to focus on the dynamicity of SEs, and their need to adapt to change as well as to new demands (Ince and Hahn, 2020; Lee and Chandra, 2019). However, there are only a handful studies that address the survival mechanisms of SEs through the lens of dynamic capabilities approach. However, we believe that this approach can shed promising light on the strategies that SEs implement to overcome external threats. Below the review of this approach is given.

2.1. Dynamic capabilities

Dynamic capabilities (Figure 1) are those that enable business enterprises to create, deploy, and protect the intangible assets that support superior long-run business performance (Teece, 2007; Teece et al., 1997; Zott, 2003). They enable the company to dynamically react to the changes and capitalize on the business model (Winter, 2003). Companies with strong dynamic capabilities are considered highly entrepreneurial (Teece, 2014). They are able to adapt to business ecosystems, as well as working on innovation and collaboration with other enterprises, entities or institutions (Pitelis and Wang, 2019).

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Figure 1: Foundations of dynamic capabilities and business performance (Teece, 2007)



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David J. Teece was the first scholar to conceptualize dynamic capabilities and categorize them into the capacity (1) to sense and shape opportunities and threats, (2) to seize opportunities, and (3) to maintain competitiveness through enhancing, combining, protecting and reconfiguring the business enterprise's intangible and tangible assets (Teece 2007; 2009). He defines dynamic capabilities as business capabilities that are impossible to duplicate and must respond to evolving consumer and technological opportunities. They also boost the company's ability to tackle the environment it operates in, create new products, processes, and execute viable business models.

Dynamic capabilities seem to be essential for SEs, as they are key for their survival. In constantly changing market environments, in which enterprises need to keep up with fierce competition, something more than valuable and distinct assets or knowledge is needed (Ince and Hahn, 2020). Therefore, unique and hard to imitate dynamic capabilities, inherent to the enterprise, are indispensable. These capabilities, properly identified and used, can continuously create, extend, upgrade, protect, and keep relevant the enterprise's unique asset base.

It only makes sense to have these dynamic capabilities as a framework for this paper, so we are able to understand the success and survivability of SEs. How these unique capabilities enable them to make strategic decisions according to their priorities, enhancing the company's performance, and moving away from the non-profit consideration of the social sector, while maintaining their social component in a global open-market competitive environment.

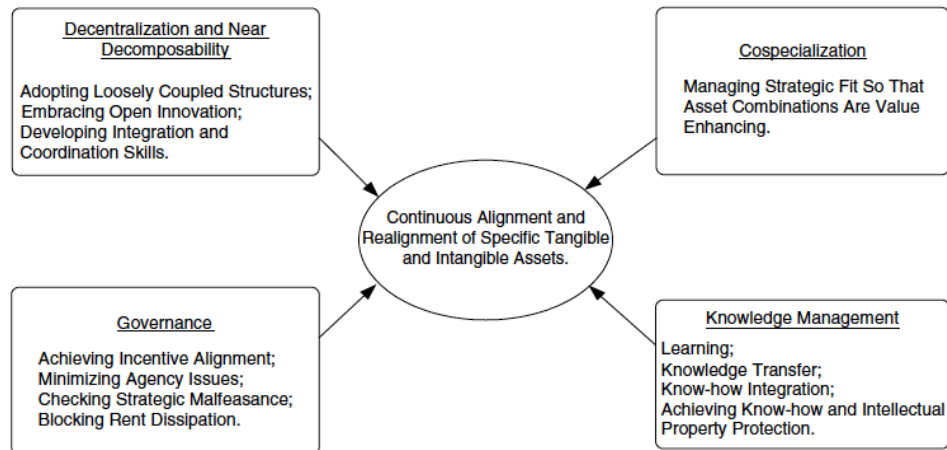
In the following section we will present the overview of the dynamic capabilities that help manage external threats, as conceptualized by Teece (2007; 2009).

2.2. The dynamic capabilities of managing external threats

The academic research on dynamic capabilities within SEs is scarce, with a recent contribution of Ince and Hahn (2020), being the only study exclusively focusing on this issue, according to our knowledge. The scholars propose important insights in their study (discussed below), admitting, however, the limitation. In particular, they have not found the evidence of capabilities that specifically address managing external threats, highlighting the importance of future research that would shed light on this group of dynamic capabilities. In our study we address the call of scholars and focus specifically on this third group of dynamic capabilities (Figure 2).

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Figure 2: Managing threats and transforming (Teece, 2007)



This study focuses on the dynamic capabilities of managing threats (having COVID 19 as context for the study) and how SEs transform because of it – how they maintain competitiveness through enhancing, combining, protecting, and reconfiguring the business enterprise’s intangible and tangible assets, if necessary (Teece, 2009).

As previously noted, dynamic capabilities are highly pertinent for organizational success in constantly changing environments. It is especially true for SEs, because of their exposure to the challenges that come from a competitive market. Furthermore, there exists an increased structural change regarding the management roles and the fact that assets are being continuously developed, renovated, and/or replaced in the business context (Ince and Hahn, 2020).

Therefore, SEs' success depends on the management of threats and changes they are exposed to, being able to see opportunities, learn, develop and improve their business model, to be able to update and adapt themselves to constantly changing environments. The traditional elements of business—owning tangible assets, controlling costs, maintaining quality, ‘optimizing’ inventories—are necessary to achieve success, but they are unlikely to be sufficient for sustained superior enterprise performance (Teece, 2009).

The COVID-19 crisis survival strategies used by SEs are of considerable importance to both the academic and practitioner groups. For example, the ability to rapidly understand and develop strategic assets, as well as the ability to incorporate emerging assets such as technology and convert and reconfigure existing assets is vital for SEs. Similar to conventional, purely commercial companies, SEs must actively keep up with innovations and industry trends in order to notice and mold opportunities. Investment in research and study of consumer demands as well as emerging technical developments is needed for this; however, identifying demand, the transformation of sectors and economies, as well as supplier and competitor behavior, is critical (Ince and Hahn, 2020).

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2.3. Alignment of assets

The nature of continuous alignment and realignment of specific tangible and intangible assets must also be commented. Reconfiguration of tangible and intangible assets is needed to maintain evolutionary fitness and, if necessary to try and escape from unfavorable path dependencies (Lavie, 2006). Success often leads to formation of routines that are necessary for operational efficiency as they help sustain continuity (Teece, 2009). If organizational culture is rigid, changing routines tends to be costly and causes anxiety (Ramirez et al., 2017). Companies tend to narrowly focus search activities to exploit established organizational assets, which leads to a strategic myopia that prevents them to innovate. In addition, they tend to frame new problems in a manner consistent with the company's established problem-solving algorithm (Tollin and Schmidt, 2012). Managers are constrained by framing biases, arising from established assets, and they need to overcome them (Teece, 2000).

Functional routines that help enterprises achieve efficiency might become dysfunctional, providing inertia and other rigidities that stand in the way of improved performance (Leonard-Barton, 1995). To sustain dynamic capabilities decentralization must be favored because it brings top management closer to new technologies, the customer and the market (Soliman, 2011). An important managerial function is achieving semi-continuous asset orchestration and corporate renewal, including the redesign of routines (Wenzel et al., 2020). Inside the enterprise, the old and the new must complement. Otherwise work will not proceed efficiently, and conflicts of one kind or another will arise (Teece, 2009; Wenzel et al., 2020).

To sum up, the growth and management of intangible assets/intellectual capital is increasingly recognized as vital to long-term business competitiveness, although the reason why and how intangibles have become so important has been only briefly addressed by conventional frameworks. A new paradigm for market and economic analysis is needed, in addition to the development of an economic structure adequate to the increasing intellectual assets. The dynamic capabilities framework approach in this paper seeks to be the answer to this challenge at the enterprise level. The following section will give more insights on the micro-foundations of the dynamic capabilities that help manage external threats.

2.4. Micro-foundations

Micro-foundations are the distinct skills, processes, procedures, organizational structures, decision rules, and disciplines – which strengthen enterprise-level sensing, seizing, and reconfiguring capacities (Teece, 2007). The unique nature and micro-foundations of the dynamic capabilities defined before, are necessary to sustain performance in an open economy with rapid innovation and globally dispersed resources.

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The goal of analyzing these micro-foundations is to clarify the origins of enterprise-level competitive advantage over time and how most SEs work on escaping the zero benefit/subsidy situation.

Individuals play an important role in the embodiment of micro-foundations (Pentland et al. 2012), moreover, as social entrepreneurs are considered key figures and advocates of the company (Zahra et al., 2006), we can define the social entrepreneur as a unit of observation, and the SEs as a unit of analysis (Hahn and Ince, 2016). Both are essential to understand the different micro-foundations within the company and how they are performed successfully. Social enterprises must develop their micro-foundations in a way that translates the social mission into financially viable practices to seize commercial and social opportunities that support the company's survivability (Teece, 2007).

Of the micro-foundations, according to Teece's studies, we are looking for the ones seem to be the most relevant for SEs.

Achieving decentralization and near decomposability

According to Teece (2009) it is unlikely for companies to continuously respond to customers' changing needs and innovate if the decision-making is centralized in the top management. With decentralized decision making, different managers observe different information and control different decisions, with no necessity to communicate them to a single central decision-maker. Such distributed decision making power is also known as a strategy of *adopting loosely coupled structures* (Orton and Wieck, 1990; Papadonikolaki, 2018). It comes in a number of forms, including the absence of regulations, decentralization of power, and employee autonomy, among others (Hautala et al., 2018).

Decentralized models result in a capability of companies to *open innovation* (Ollila and Yström, 2018). Open innovation is a distributed model of innovation where one company reaches out beyond its own boundaries to access and integrate technology developed by others. Decentralization also leads to a *development of integration and coordination skills* (Teece, 2009). Integration capability is associated with positive company's performance, demonstrating the importance of knowledge integration skills. The academic research highlights that departments within a company must have considerable autonomy to make decisions rapidly but remain connected to activities that must be coordinated, a balance which is known as "near decomposability" (Levinthal and Workiewicz, 2018; Simon, 2002).

Decentralized structures and democratically distributed decision making power are the features that are often observed among SEs. They are often expressed in the organizational statutes or in day-to-day organizational practices (Dedeurwaerdere et al., 2017). This allows to conclude that decentralization and adoption of loosely coupled systems might help SEs develop dynamic capabilities specifically beneficial for managing external threats.

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Governance

Another important micro-foundation for the development of dynamic capabilities of managing external threats is associated with *minimization of agency issues*. Agency theory emphasizes that the separation of ownership from control creates interest alignment problems (Jensen and Meckling, 1976). The personal involvement of managers minimizes agency issues. Committed managers see the maximization of their own benefit in maximization of their utility for the company's success. Such stewardship behavior, as opposed to agency (Davis et al., 1997) does not normally characterize conventional companies. However, it might be a case in SEs, where organizational leaders tend to treat their company and work that they conduct as personally meaningful and important (Newman, et al., 2018).

Co-specialization

Next, co-specialization is a micro-foundation that consists of strategically combining assets in order to enhance their value (Teece, 2007). Co-specialization can be related to a strategic fit of assets, or strategy and structure, or strategy and processes (Teece, 2009). In dynamic environments there is a need for continuous realignment of assets (Ojha et al., 2020). In this context grows the importance of complementary assets. Entrepreneurs and managers can create special value by combining co-specialized assets inside the enterprise.

Knowledge management

Good incentive design and the creation of learning, knowledge-sharing and knowledge integrating procedures, are likely to be critical to business performance, and a key micro-foundation of dynamic capabilities. *Learning* about the environment and about new technological capabilities is gaining more importance, and R&D is seen as one way that the enterprise could promote such learning. Although learning leads to having certain knowledge that must be managed. *Know-how integration* consists of integrating that know-how from outside as well as within the enterprises, and it is especially important to success when "systems" and "networks" are present. On the other hand, *knowledge transfer* is the combination of know-how within the enterprises and between the enterprise and external organizations, which is also important. Once the know-how is achieved, it must be protected, as well as the intellectual property.

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2.5. Capabilities of Social Enterprises

As mentioned before, SEs seek to solve social problems through business ventures (Battilana and Dorado, 2010). They combine the efficiency, innovation, and resources of a traditional for-profit firm with the passion, values and mission of a non-profit organization. They adopt a wide range of strategies for addressing problems and opportunities in society (Smith et al., 2013).

Because of their hybrid nature, SEs need to find ways to deal with multiple internal and external challenges to which they are exposed, and the purpose of this paper is to explore which capabilities enable them to do so (Pache and Santos, 2013). Some previous studies say hybrid organizations may reconcile competing logics by enacting a combination of activities drawn to each logic (Pache and Santos, 2010). With these combinations, SEs seek creative alternatives to deal with conflicting logics and build new designs and structures that enable competing logics to coexist. Entrepreneurs in these companies are individuals with the ability to manage contradictory demands that emerge from multiple logics, who have exceptional commitment and passion for the social mission.

In previous studies, there have been found SEs' characteristics typically associated with Dynamic Capabilities, a concept in strategic management that seeks to explain a company's ability to sense and seize opportunities, and adapt organizational structures accordingly (Ince and Hahn, 2020). These capabilities are essential when facing tensions, multiple and often conflicting, to both the social mission and financial goals of the SEs. That is why social entrepreneurs also embody these dynamic capabilities, as they have the special ability to sense opportunities and manage resources (driven by strong ethical fiber), cope with resource scarcity or create new resources to dynamically react to given situations (Ince and Hahn, 2020).

The academic research on dynamic capabilities of SEs however is still in its infancy. More research is required to truly understand how SEs manage external threats. This study aims to address this gap. The methodological procedure applied in this study is described in the following section.

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3. Methodology

This study implies an in-depth exploration of SEs as hybrid organizations and their several characteristics and behaviors identified as dynamic capabilities, how they function, their behavior when facing conflict and tensions, and what explains their resilient performance. To detect capabilities of SEs and analyze their role in the successful management of social and business tensions, a cross-case methodology was considered to be the most appropriate and accurate to purpose the purposes of this research.

The *cross-case analysis* is a method that facilitates the comparison of commonalities and differences in the events, activities, and processes among the units of analysis in case studies. It consists in analyzing two or more case studies to produce a synthesized outcome (Yin, 2011). Following the recommendation of Miles and Huberman (1994), evidence from multiple cases within a multi-case setting were synthesized in order to detect similarities that allow for transferability of the results. Given the fact that this paper aims at understanding the inherent tensions and the capabilities SE's develop to tackle them, 5 different enterprises within the social economy environment were included in the case study research, which prompt to be an adequate methodology given the purpose of the research.

3.1. Research setting

The COVID-19 pandemic is a public health emergency and a serious threat to the economy of both developed, developing, and underdeveloped nations. Commercial activities and businesses form part of the pillars of growth of many nations, and the coronavirus has made the operational environment hostile (Abubakar, 2020). Several scientific literature and technical reports have been done the last months, and most try to establish strategies for businesses' survival. Especially now, the virus is a global challenge, not only for business and the economy of many nations, but for the life and health of people.

Spain's scenario is no different. The country has been one of the most affected by the virus globally being the ninth country in term of contagions globally (WHO, 2021). In a personal scope, COVID-19 has already caused more than 78,000 deaths in Spain, and accumulated more than 3,34 million cases as of May 2021 (WHO, 2021). The threat to people's health, lockdowns and restrictions are taking their toll on people. Almost 65% of the population has already symptoms of anxiety or depression (Planchuelo-Gómez et al., 2020). The Spanish Medical Emergency System has registered 130% more queries about depression, emotional discomfort and anxiety (SEM, 2021).

Regarding the country's economy, Spanish businesses are in their most unsafe situation since the 2008 crisis. Many of their operations have been suspended or partially interrupted for months, which supposed a remarkable decrease of their revenues. The country suffered in 2020 a historical drop of 11,6% in its GDP (INE, 2021). Narrowing to our more specific

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research setting, Catalonia is also one of the most affected Autonomous Communities by the virus and its economy has dropped down to almost 20% (Idescat, 2021).

This study takes the settings of COVID-19 pandemic and its effect on the Spanish economy to study the management of SEs and their survival strategies under a dynamic capabilities approach. In particular, we chose Spanish (WISEs) located in Catalonia that include employees with intellectual disabilities and mental disorders. General overview of the current situation of employees with disabilities can be found in the ONCE Foundation reports (Odismet, 2021). People with disabilities already encounter significant difficulties in accessing the labor market. As a particularly vulnerable group, they are affected by economic crisis incisively, closing doors, increasing job losses and hindering job reintegration. From the ONCE Foundation, they have the objective to know the situation of employees with disabilities in the socioeconomic crisis caused by the COVID, seeking to identify the obstacles and difficulties they have, in order to develop early strategies so guarantee their inclusion and quality of life. Therefore, the Special Employment Centers or entities like WISEs continue to be key for the labor inclusion of people with disabilities. These hybrid enterprises, with both an economic and a social mission, embrace these individuals. They try to develop their hidden abilities that the traditional market seems to ignore or reject.

3.2. Data collection

This study presents a cross-case analysis of 5 WISEs that provide support, training, employment and social inclusion of people with intellectual disabilities and mental disorder. This method was chosen as it is a good tool for achieving a deep understanding of the similarities and differences across the entities' strategy and performance as well as the role of dynamic capabilities in their daily activities and approach of challenges. We also analyzed the effect of the COVID-19 situation on these entities, in a real-life context, and their actions taken in a short and long run.

Data was mainly collected through a series of semi-structured in-depth interviews carried out with responsible managers. Additionally, the interviews' information was complemented by secondary data available online and/or provided to the researchers by the firms. The entities were chosen considering their social project, the plural market sectors where they belong, and their size. We wanted to portray the diversity among entities within the social economy ecosystem. The five WISEs represent the social enterprise profile, businesses that pursue a social mission while engaging in commercial activities that sustain their operations (Battilana and Lee, 2014).

We gathered data about the business models, missions, goals and their development through interviews, as presented in *Table 1*. Most of the interviewees are founders of their company. Targeting the founders ensures an in-depth knowledge of the business and the underlying motives and goals, as are the same as their personal ones. The interviews were

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carried out online (via Zoom or Google Meets), as it was preferable due to the COVID-19 limitations, between January and March 2021. We used open questions, so they could elaborate and extend on their own (see Appendix for the interview guide).

Although we use a carefully designed interview guideline for the purposes of our study, we followed it loosely, as recommended by Yin (2011). In particular, the order of the questions varied in each interview depending on the course of the conversation, so the interviewees could extend without a very marked structure. The first questions aimed to obtain a first insight on the enterprises' hybrid nature— economic and social - and the business model in a general scope. The questions objective was to understand the business, its foundation and performance during the years, as well as the values and mission behind its social project. The second round of questions served to deepen into company's business projects, role of their workers, the dynamics between the different company positions, and so on. Finally, the last questions covered the COVID-19 situation, how it affected the economic aspect of the company – activity, revenues, workers' compensation, etc., and how it affected employees on a personal level – lockdown, isolation, and anxieties, especially their employees with disabilities or mental health problems.

Later on, we triangulated the data obtained with the main sources of secondary material, so we could draw more accurate conclusions. The companies analyzed are broadly documented in company press releases, on social media platforms and online news; as often SE's have a comparably visible profile due to the general interest in the societal goals of the respective businesses (Ince and Hahn, 2020). We used these sources to complement and validate the insights obtained in the interviews, as well as further exploring the mission, attitude and businesses' profile.

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Table 1: Data Description

Case	Location	Founded	Employees	Description of Company Missions	Interview	Interviewed	Main insights obtained
A	Manresa, Llagostera, Igualada (Catalonia)	2006	50 - 70	<p>Commercial mission: Chain of outlets where Inditex fashion brands can sell their stocks.</p> <p>Social mission: Focused on promoting the mental health of all the people who work in it.</p>	60 min	Cofounder & Commercial and Marketing director	<p>Important to have a psychologist in the company. (monitoring and development of workers, decision-making...)</p> <p>Transparency, trust, take crisis as opportunities to grow.</p> <p>The person as the center and driving force of the company.</p> <p>Conscious leader figure, not traditional boss.</p> <p>The workplace as a place of professional and personal growth.</p>
B	Barcelona (+ Sevilla, Madrid, Medellín, Lima, Sao Paolo, México)	2013	25 - 30	<p>Commercial mission: Design studio with consulting area, focused on creative innovation and social impact.</p> <p>Social mission: To actively integrate designers with Down Syndrome and autism in the creative process and final result.</p>	1h 33 min	Cofounder & Director of Operations	<p>Working with disabled people gives you a different perspective.</p> <p>Incorporate in the company's bylaws the social commitment.</p> <p>A company must have a set of values, principles and a purpose.</p> <p>Based on freedom, equality, teamwork, flexibility, responsibility, trust, authenticity, constant learning, creativity and differentiation.</p> <p>Innovation, resilience and digitalization are key.</p>
C	Comarca del Bages (Catalonia)	1965	Ca. 800	<p>Commercial mission: Undertake business projects and services that employ hundreds of people in multiple sectors.</p> <p>Social mission: To promote the education, quality of life and labor market integration of people with intellectual disabilities, mental illness and in vulnerable situations.</p>	57 min	Coordinators	<p>It is important to pay direct attention to the person. Increase and work the emotional part. Work environment is not just a job.</p> <p>Increase in demand for qualified profiles. Especially those related to the digital world. Strategic projects of the entity: digitalization and transformation. Employee training is key.</p> <p>Working in alliances and in a cooperative manner with other entities and the environment.</p>
D	Barcelona (Catalonia)	2011	28	<p>Commercial mission: Consultancy that offers strategic and operations consulting services for projects and enterprises.</p> <p>Social mission: clients aiming at social transformation and impact, collective equity or environmental sustainability.</p>	53 min	Consultant	<p>The impact of covid on the mental health of the population (in general) and with an eye to the future is important.</p> <p>The "disability sector" has to redefine its business model (digitization). Rethink social welfare service models (community-based and inclusive). Social economy must be community-conscious and collaborative.</p>
E	Barcelona (Catalonia)	2011	15 - 18	<p>Commercial mission: Workshop that designs, produces, and sells furniture made from recycled materials and disused objects.</p> <p>Social mission: To improve and dignify the life of people with intellectual disabilities, fostering development through work.</p>	36 min	Cofounder and Director	<p>To normalize and make visible the work of people with disabilities.</p> <p>Important the image as a brand and product, to transmit that they are offering a quality product and service. Need to diversify the to continue moving forward. Proactivity. Take advantage of a crisis situation to grow both personally and professionally.</p> <p>Active solidarity and responsible consumption, not charity.</p>

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3.3. Data analysis

To proceed with the study, we conducted a cross-case analysis. The process consisted of the accumulation of knowledge obtained from each case, comparison and contrast over the capabilities that materialize in SEs when managing internal and external threats, such as inherent tensions or the COVID-19 crisis we are facing at the moment. We wanted to provide a dynamic focus of the situation considering the dynamic capabilities as a framework to approach this analysis. By doing so, we aim to generate new insights and discussion.

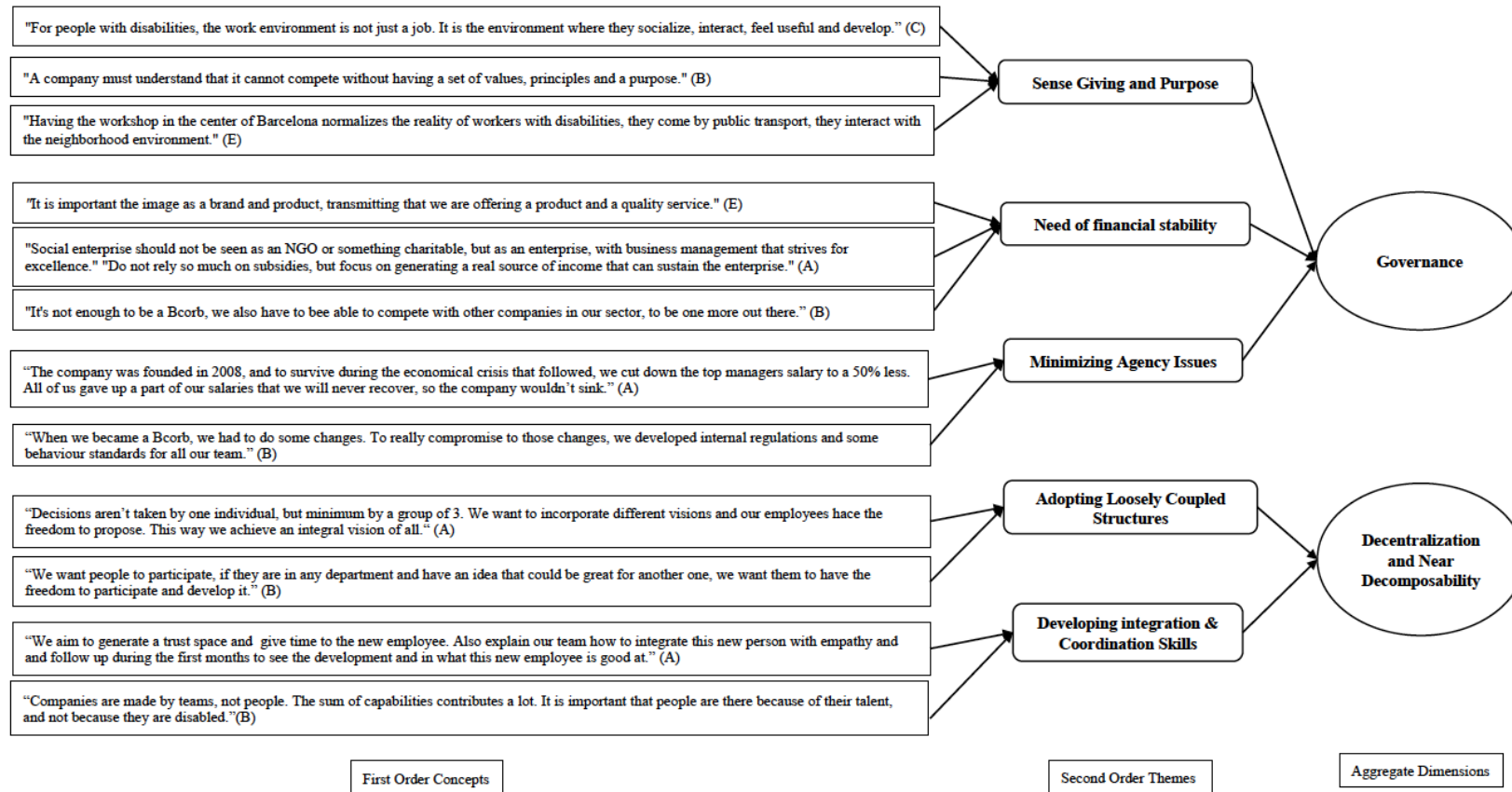
The main capabilities found in common between all cases have been arranged following the Gioia Process (Corley and Gioia, 2004). We have selected this process as its design allowed us to bring qualitative rigor to the conduct and presentation of the research. As seen in *Figure 3*, the process's grasp is the continuous Alignment and Realignment of Specific Tangible and Intangible assets. The 1st order concepts were the inputs given by the interviewees by first hand. Once all interviews were done, these concepts were classified in the 2nd order themes. Some of them are similar to those suggested by Teece (2007) and others are new ones proposed by this study, since they have seemed relevant to us and were common for all cases. Finally, the four third order aggregate dimensions are accurately aligned with those proposed by Teece (2007), and thoroughly explained in the literature review section of this paper.

Thus, the analysis had its focus on the themes that have already been described in the previous academic research, and at the same time looking for new features inherent to SEs. We first identified the unique nature of Governance of the cases studied. Managers have a commitment both to the company itself and to the people who form it. This aspect is also expressed in the Decentralization and Near Decomposability, as the organizational structure of the company avoids hierarchical or rigid models to be closer to people. On how the case companies addressed issues of survivability, all mentioned the strong importance of effective knowledge management, highlighting continuous learning and innovation.

Figure 3 illustrates the investigation process as conducted in the present study, including examples obtained from the interviews. *Figure 4* follows the same path, focusing on the COVID-19 pandemic context, considering it a common challenge. In recent history, there has not been an equally threatening scenario for all companies and their capabilities that could be used to analyze them in equal terms. Afterwards, we discussed analytical perspectives on the data gathered as well as current dynamic capabilities in the case of SEs. The results of this study are explained in the following section.

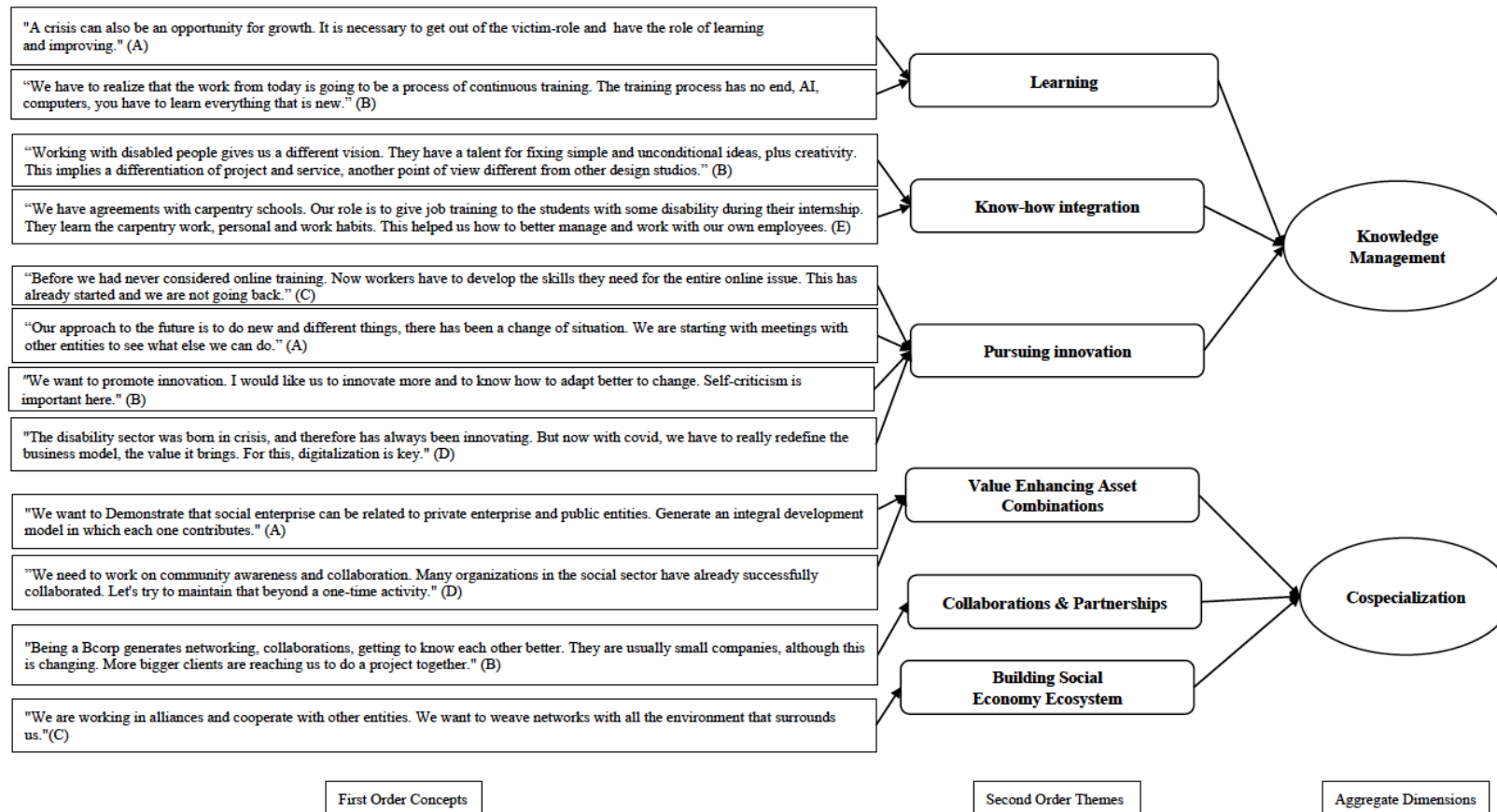
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Figure 3: Continuous Alignment and Realignment of Specific Tangible and Intangible Assets



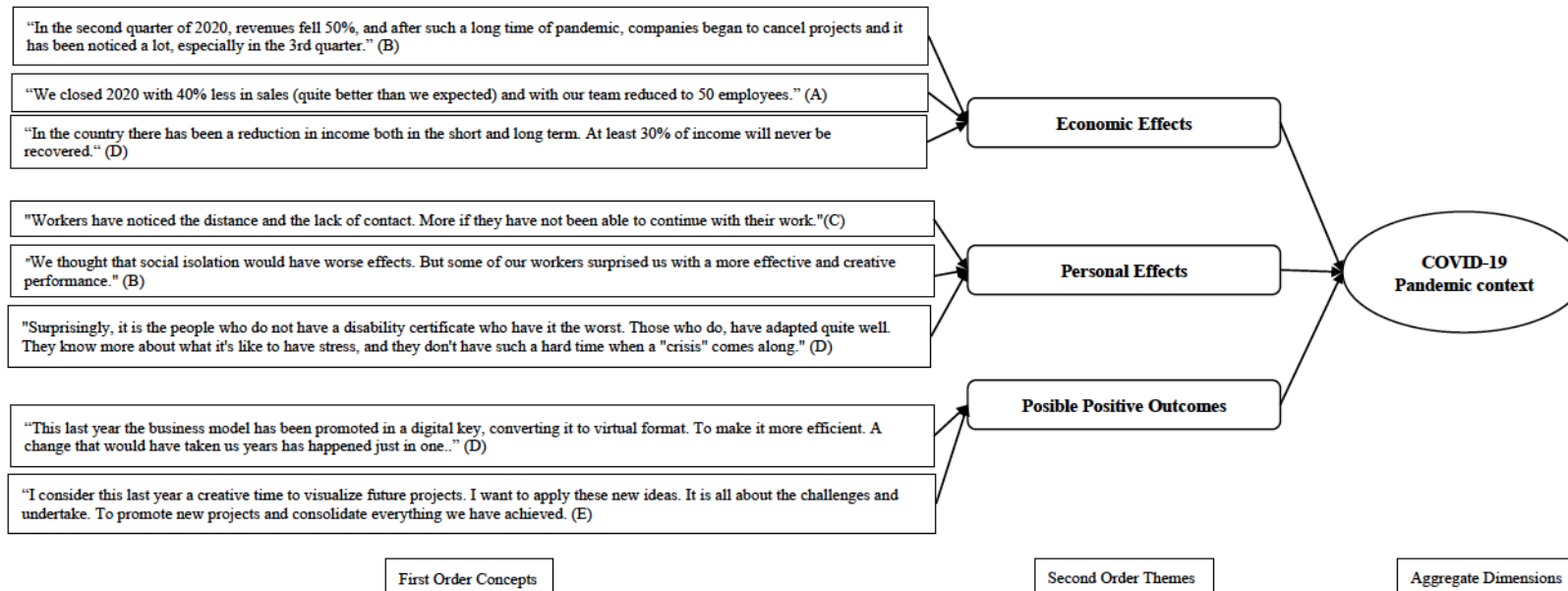
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Figure 3: Continuous Alignment and Realignment of Specific Tangible and Intangible Assets (Continued)



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Figure 4: COVID-19 as transversal common scenario affecting all enterprises and capabilities.



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3.4. Case description

The Case Companies of this study are briefly described in *Table 1* and further analyzed in the next section. After having grouped the common themes in the interviews and having made a case-cross analysis, we will proceed to define even more each case company. For that, we rely on both what the interviewees have explained in the interviews, as well as what we have gathered from their internet profiles.

Company A, is a chain of outlet stores proud of their prices and quality of the collections they offer, as well as the delicate attention their clients receive. What makes them unique is their goal to promote the mental health of all their employees, as their teams includes people with mental disorder, such as anxiety disorder, depression, bipolar disorder among others. They affirm to believe in all people, and in the transforming force of responsibility and work. They boost personal growth, as they pursue a more just and equal society.

Company B, is a design studio and consultancy, where professional designers, advisers, artists, design school students, and employees with autism and Down syndrome work. Having this combination of talents allows them to have a different way of thinking. It is their way of promoting the growth and reputation of brands through strategies, ideas, designs and transformative projects, based on creative techniques and disruptive innovation, always based on more human and social purposes.

Company C, is a not-for-profit organization that gives support to people with intellectual disabilities or in a situation of vulnerability, so that they can develop their life projects, safeguarding their rights and generating opportunities that make it possible. Since their beginnings, they have been working for a kinder society towards people, with the commitment to make the foundation a sustainable entity that adds value to society.

Company D, is a strategic consultancy. They claim to be a team of people who put their knowledge and experience at the service of economic, social, environmental, educational and cultural transformation. At the same time, they also are a non-profit social initiative work cooperative, who works under cooperative principles and through collective management and ownership.

Finally, Company E is a workshop where they design, produce, and sell furniture made from recycled materials and disused objects. They promote a different way of consuming, giving each piece the quality and attractiveness of new furniture. Their goal is also to improve and dignify the life of people with intellectual disabilities, fostering development through work. The activity fosters creativity, and gives visibility to the skills of people with disabilities.

4. Results

In this section, we present the results of the analysis by further delving into the data gathered in the study. We used all insights given to develop and discuss propositions on how dynamic capabilities facilitate survivability of SEs through an effective management of threats and transformation. As previously said, *Figure 3* provides an overview of the capabilities and concepts. Whereas *Figure 4* presents the context in which these companies have been threatened and have had to put their capabilities to use and transform themselves to face the challenge.

In order to recognize a common range of capabilities within SEs that are distinct from the traditional ones, and to identify them as dynamic capabilities, this paper focuses on the study of the founders' motivations and governance, the organizational structure of the entity, their management and integration of knowledge, and its aim to collaborate with other entities through partnerships. Some of the studied capabilities did show among all the analyzed SEs, whereas there was also a plurality of opinions. The main findings related to SE's capabilities are addressed below.

4.1. Governance

Sense Giving and Purpose

Most interviewees of this study share certain characteristics regarding the foundation and management of the enterprise. In particular, when employing people with intellectual disabilities or mental disorders, the SEs aim to convert the working environment in a place to socialize, build relationships, teamwork, develop and where their employees feel useful. They *give sense to the working environment*, as they consider it more than a job.

"The workplace has to be a place of professional and personal growth. To have deeper meaning, by treating people as members of a family. This is our added value." - Company A

Most agreed that this view of the workplace normalizes the situation of their employees with intellectual disabilities or mental disorders, makes it visible and accepted. Usually there is a stigma with these employees, so all analyzed SEs looked forward to showing that these people are capable and useful to the company. The key was to find which was the work that better suits their capacities. For that, these SEs developed a sense of inclusive community, which seeks a relationship of the employee both with the other employees and the company's environment.

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"The workers need to see their value. For example, they could go to a clothing store we had as a client and see what they manufactured or made in there. That normalizes their reality a lot and shows them they really are useful."

- Company E

Company D's interviewee strongly emphasized stating:

"There is a need for a community and inclusive model. To create a relationship with the environment. Keep the person as much as possible in their community environment, not lose social capital."

- Company D

A recurring topic in the interview was the need of a *purpose* the company's driving motive. The interviewees continuously emphasized the company's principles and values and why they are relevant. They insisted on the idea that a company cannot compete without having a set of values, principles and a purpose. It starts up to earn wealth, but there must be something else in the background. From Company B they insisted on this, as they have seen that even now customers demand a strategy, a reason, a purpose with content behind companies. It is no longer just about selling. We have seen this as one differentiation factor of SEs, their objective to create social impact, engagement in respectful projects, all while having a main purpose. For them, the purpose is something that comes from within the company, an internal force linked with everything they do, what they believe in as people and as an organization.

"It is essential to have passion for what you do, that is what allows you to compete and make a difference. Authenticity. Both as a person and as a company."

-Company B

Need of financial stability

The key factor that differentiates an SE from charitable foundations is the aim for economic profitability. SEs seek economic benefits, as profit is considered essential for the survival of the whole project. All interviewees agreed that is important to take care of the image of the company's brand and product. They manage to normalize the reality of their employees by offering the same quality of a product that any other company can offer, and by covering customer needs. Most of their clients did not know the social element of the company, which meant that they bought what the employees had done. That is another reason that makes employees feel useful. Company E's founder had an approach to this which he calls "Active Solidarity".

"We do not want charity, we don't want people to buy our products because people with disabilities did them, but because it is a good product. The best way to be supportive is to know what you buy, value it, make a responsible consumption. If the money is invested well, it can generate a lot of impact."

- Company E

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An SE must not be considered as a charitable organization, but as a company, with business management that seeks excellence as any other traditional company. SEs do not want to rely on subsidies, but focus on a real source of income that can sustain the company. As they need to make profit, their business side must be presented as highly professional, not different from any competitor. That provides protection at an economic level, while ensuring the sustainability of their social value creation. SEs demonstrate that a business can be social, profitable, and competitive in the market.

Minimizing agency issues

Agency problems are quite frequent in companies. Whereas agents do not represent the company's principles or there is a conflict of interests. In SEs these problems are seen to be minimized, as they protect their mission and their managers are personally attached to it. Most founders believed in their social project long before it became real in a business. A way of protecting and compromising with the company's social mission is to incorporate the company's own commitment into its bylaws, as Company B did. This ensures that the projects in which the company participates respect their principles. It is highly valued to incorporate these clauses in legal terms, as a stakeholder could claim if the company participates in another harmful project socially.

"It is a Commitment to a way of doing things. Some think that it is very risky, but balance is always complicated. And being a BCorp means more transparency." - Company B

Commitment to the social goals of the enterprise can also imply making regulations of responsibility for those who form the team, some "behavior guidelines" within the company. All the studied companies have an organizational behavior guided by the norms and values of the company. An example of Company A illustrates this clearly. The interviewee explained that after the 2008 financial crisis, they realized that if another crisis came, they needed a financial "muscle". Therefore, a company agreement was done, which set that each year the first 50,000 EUR of the company's benefits would be saved in reserves. That was a way to clean the company in detriment of the managers' salaries principally. This shows a clear involvement of the managers with the social values of the company and the long-term orientation of the founders regarding their SEs, and as said by the cofounder, *"the first objective of an entrepreneur is to make money, but not at any price, we have to ensure the sustainability of the company and the project."*

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4.2. Decentralization and Near Decomposability

Adopting loosely coupled structures

Decentralization refers to a form of organizational structure in which top management does decision-making and day-to-day functions including other subordinates. Most of the participants of the study pointed out that their organizational structure respects the "community" they have built inside the company. What is more, it seems that "community" leads naturally to decentralization and diversity in decision-making. For example, in Company E, they came to be 7 or 8 partners, of which 5 were working partners, of which 3 were people with disabilities. Company B offered another perspective, referring to flexibility and responsibility.

"We spend many hours at work, so it is better to avoid exhaustive control and remember that companies are made by teams. For this, the environment of trust is essential, promoting teamwork and relationships between people. Therefore, there should be no strict hierarchies."
- Company B

All interviewees stated that their companies are professionally formal - regarding timings, relationships with the clients, and the forms in human relations are respected, but with a limit, such as allowing participation. Company B really emphasized the organizational structure of the company. From the beginning all co-founders wanted a business management model different from the traditional company. Theirs is what they call a "Leadership model", where the Leader is different from the traditional Boss. A Boss commands, has the power and gives order. A Leader is the one who leads, who guides the team in one direction and listens, is open to opinion and proposals, leaves space for the team to grow and unfolds all the potential it has. It could be considered a "Participatory Democracy".

"It is Leadership with awareness, awareness of who you are, not the character you are. To do things with the awareness of unity with everyone. Not to make decisions with the personal ego, so your merit or reason is recognized, the truth is always multiple."
- Company A

The cofounder further explained that their decision-making process always includes a minimum of 3 people. Therefore, they can count on different visions and have freedom to propose. They want to be guided more by intuition and dialogue, and less by ego. The cofounder admitted it can be quite a slow process, but that gives them peace of mind due to the joint vision achieved.

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SEs defend this decentralization and loosen hierarchy because they defend they are all a team. Furthermore, beyond the sense of group spirit and cohesion, they aim to meet a variety of engagement and freedom to propose ideas from the employees. The people in the company are considered its "engine". That is why they are taken into account in all decisions, both their insights and how decisions will affect them. The interviewees agreed that to achieve this, transparency is essential. Above all that the employees are informed of everything that happens, that they understand the different situations and the decisions to be taken. In brief, to involve them in the decision making processes.

"Always be transparent with the entire team. Don't treat them like kids who don't know how to do anything. Explain in what situation the company is. All are important and we all row in the same direction."

- Company A

Developing integration and Coordination skills

Integration is associated with positive enterprise's performance, demonstrating the importance of knowledge integration skills. Organizational units of a company must be able to make decisions rapidly, while remaining coordinated with other activities. Interviewee from Company D stressed the importance of rethinking the organizational model of companies in general.

"It should be centered on the person - as Social Enterprises already have. This can give agility in decision-making, react quickly to things that arise, as they have first-hand insights."

- Company D

SEs are an example that the sum of people and capacities contributes to the company as a whole. So the employees (those with intellectual disabilities or mental disorders in this case) are there because of their talent, not because of charity or sorrow. All founders expressed the need to have some psychologist support within the company. This way they could have a more global and certain approach to the integration of their employees and coordinate them. Some founders expressed how in traditional enterprises there is a trend of whether or not an employee fits in the company, characterized by speed and efficiency. Whereas they prefer to work on the employee and take a chance. To explain to the team how to integrate a new member with empathy, such as the one they received upon entering, so they generate a more humane treatment.

"It is better to create a space of trust, not to judge and give the person some time. We do a follow up of the new employee during the first 6 months. This creates a framework of security and stability."

- Company A

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This way of integrating their employees leads to a real confidence in them. It is an exercise of recognizing personal vulnerabilities (to a greater or lesser extent), which the founders agreed that make them more compassionate and more human. They can empathize with their employees, lift them up and make difficult moments an opportunity for growth. By taking care of people in all aspects, they achieve their full integration in the company, as they feel welcome and well treated. Therefore, they work better and fully develop their skills, which some did not even expect.

4.3. Knowledge Management

Knowledge management in the business environment involves identifying changes in the market, changes in customer needs and innovation. For SEs it also means recognizing non-economic elements, values and culture, which needs to be learned and know how to integrate them.

Learning

It is the fact that in the last years there has been what some call a "democratization of knowledge". Previously, knowledge was contained within organizations, which were compartmentalized and bureaucratic. Now it is available to people. Some of the interviewees highlighted that individuals today can immediately bring value to the company. This democratization of knowledge has changed the way of defining talent and removes inequalities. Company B's cofounder really emphasized how people who want to learn can take charge of their own production and redefine talent.

"We value equality a lot (not for incorporating women or the disabled), but for talents. It is essential that people are there for the talent, not for quotas that have to be met in the company."
- Company B

All agreed that the way to identify this talent and work on it is constant learning. Especially now with the emergence of new technologies. In the future years, jobs will substantially change, therefore it is essential to know how to adapt to those changes. Also unpredictable circumstances can appear, COVID has been an example, and one must be prepared to address those changes and learn from them. Company A's co-founder sees these challenges as an opportunity for growth.

"It is necessary to get out of the victim-role and have the role of learning and improving."
- Company A

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SEs realize that constant learning is key to adapt and evolve along with the environment they are surrounded by. By learning they achieve growth. Company A's cofounder proceeded to explain their situation post-COVID look down as an example. With all the sanitary measures it was difficult to resume work. Also the mood of some clients was not ideal. At first the employees were not content with the situation, so from within the company all made the exercise of realizing and taking into account the tension that the clients had also experienced during those months of lockdown. They worked on professing compassion and gratitude instead of choosing victimization. That enabled them to understand better their situation, learn how to address it differently, thus to grow professionally and personally.

Know-how integration

SEs believe that social missions and business ventures can reinforce one another, but long-term success depends on attending both correctly. To do so, they must have the needed knowledge and integrate it in the enterprise. All interviewees agreed that their employees are capable of doing the work, they just have different capabilities than the ones considered the "norm" or standard. Company E really focuses on training, from internship students with intellectual disabilities to their own employees. The worker is involved with the carpentry work from the beginning to the final piece. The cofounder considers this encourages creativity and gives a lot of visibility to the capacities and aptitudes of people with disabilities. They receive all the necessary training, know what they are capable of and find their role in the company.

Company B also focuses on their employees' knowledge potential. In their design studio there are diverse profiles – professional designers, artists, students, consultants – which are considered an "extraordinary combination of different talents" that enables the company to be innovative, creative and achieve their social impact. They have known how to identify the different talents of their employees, potentiate them, and coordinate them as a cohesive "one". As they defend "*Generating new ideas is easier if different brains interact*". But especially, how to integrate the knowledge and potential from their employees with disabilities. They wanted to focus on the process of interaction between their different employees.

"What we have discovered is that having this unusual and extraordinary combination of talents so different and at the same time so complementary, allows us to offer our clients innovative, fresh and different design solutions for their products and services."

- Company B

SEs really work on integrating the know-how of all their employees, disabled or not, from the corporate culture to their training. Their teams are diverse, with highly specialized professionals, with employees coming from several market sectors and diverse capabilities, who use their talents and experience jointly.

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Besides knowledge management, SEs consider emotional and personal management also important, for the sensibilization and knowing how to work with others, especially coworkers with intellectual disabilities or mental disorders.

Pursuing innovation

Innovation should be understood as far more than new products. It is more about reimagining business models and creating brand new opportunities to satisfy changing consumer demands. In all interviews arose the need for generating a parallel activity from the main one of the company. This activity is innovation. To be able to achieve this, most founders agreed on the importance of long-term planning. Companies usually plan for the short term. But to do innovation and impact projects, long-term vision is key. Not just living *day to day*. Enterprises should think about long-term strategic projects, for which they need more innovation and be more prepared. Even the fact that there are similar competing companies in the sector helps, both in terms of competition - monopoly markets are complicated - and in terms of innovation.

"In enterprises there should be a "Chief Innovation Manager" figure. Of course that what is done day to day must improve, but the innovation director's concern should be to open new markets, new products, exploring new things." - Company B

All founders agreed that the most critical moments are when companies and people develop an innovative and ingenious instinct. Regarding the period of crisis that the COVID pandemic entails, they are optimistic considering it will be a very fruitful period in terms of innovation and development of new forms. This last year we have experienced an accelerated digital revolution. With the entrance of Artificial Intelligence, data capture and analysis, and so on, digitalization is essential for companies to keep up with the market and be able to compete. As many other traditional companies, SEs have identified these changes in the market and are starting to promote their business model in a digital key - to be able to convert into virtual format what they do and gain more efficiency.

"Now it is essential to know how to think of entire companies or business lines in a digital key from scratch. A little example now is teleworking. The entire digitization process that has entailed has saved too many companies." - Company D

Regarding the SEs from the study, some of them have adapted to changes and innovated by specializing themselves. Company B, for instance, has large clients who have come to them for specialization in strategic projects of creative activism and social impact. Although they recognize they would like to have a more technological section.

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They would like to develop bigger digital projects with the help of a startup. A strategic project to capture data, to be able to process it, a digital project beyond creativity. Even so, it already contributes a lot that they are focusing on achieving it. The Company coincides with this too, as it is one of the strategic projects of the entity.

"We are looking forward to a digitization and transformation of services, to look for projects in this line. This is the strategic line for 2021 (at the process level and at the activity level)."

- Company C

As mentioned previously in this paper, SEs really work on long-term projects, as they consider them essential for the future sustainability of their activity. So, regarding digitalization, they are focusing on the development of the new skills they need. Having digital resources reduces vulnerabilities and the digital gap among employees, especially the ones with some disability. Digitization provides more opportunities. But the founders also admit that for some workers it will be very challenging to reach that level of training. The demand for qualified profiles is increasing - especially those related to the digital world (ecommerce or digital marketing) - and some of their employees need time to start something this new, as having a digital platform, getting used to the new methodology, and so on. Therefore, SEs are working even harder to provide the enough resources to their employees, to adapt to their needs, and prepare them. Although all interviews highlighted the importance of the human factor. Of course they need to innovate embracing a digital transformation, but always having in mind that the human factor cannot be replaced. For them, the person adds value to the company from a human point of view, and it is something that has to be protected and promoted along with all the innovations they will be incorporating. Creativity is an example, it has gained much prominence during the pandemic, since managing unprecedented situations requires creative solutions, and creativity comes from people.

4.4. Co-specialization

Co-specialization consists in the value enhancing joint use of particular assets. A co-specialized asset is a particular class of complementary asset, its value lies in its functionality when used in conjunction with other particular assets. SEs create special value by combining these co-specialized assets within the enterprise.

Value enhancing asset combination

The value enhancement of an asset can be achieved through a combination of targeted elements. The importance of the capability of enterprises to identify and efficiently use valuable assets is increasing nowadays. Regarding this issue, all the founders talked at some point of the interview about the importance of constantly creating value in its success.

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They all agreed that there must be a coordination between all assets and activities of the company that sustains their added value, and more specifically, their final social mission. For instance, Company A activity is based on a valuable combination of assets, the ones provided by them as a SE and the ones provided by the Company they receive the stock from. It is a B2B relationship that combines assets with different natures, but that suppose the success of the business.

"We want to demonstrate that a Social Enterprise can be related to a private company or public entities. To generate a comprehensive development model in which each contributes."
- Company A

Interviewee from Company D also referred to this "combination of assets", specially between companies and entities. The perspective was quite different though, regarding the promotion of "hubs", where the exchange of assets and information could be more easily done between the actors from the same industry or sector. This way, each one could benefit and create more value.

"In 2021, the Administration should promote the creation of "hubs", sector clusters (e.g., food sector, culture sector, energy sector, etc). Here SEs could participate more by sector than by groups according to their employees' disabilities."
- Company D

To be able to make their own assets more efficient and benefit from others, companies must have an inter-cooperation initiative. Creating stable and long-term collaboration ties is already a way of survival in the Social economy, as we will see in the next section. The pandemic has been a clear example, where solidarity and cooperation has been the way of survival for many organizations and people.

Collaborations and partnerships

SEs are characterized by their collaborative management, a set of management strategies that promote a sense of cooperation among managers and employees in the company. This type of management is simple, flexible, besides being based on personal connections and trust. SEs collaborative spirit then expands to partnerships with other entities. We investigated the role of these partnerships and their meaning for SEs survivability more closely. In one way or another, all the entities that we have studied have partnerships, either with other companies or foundations.

The first step for a partnership is the identification of collaborators. The findings show that partnerships are formed principally by sympathy to each other's mission. Traditional commercial considerations are a plus, but definitely not the decisive factor. This indicates how relevant non-financial elements are for SEs. They seek for deeper connections to push

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the social mission and expand the company's reach. For instance, Company B considers that one of the main benefits obtained from being a BCorp is the networking, more than economic benefits. The low return is mainly because SEs are relatively small, although Company B's said that this is gradually changing, as bigger companies are obtaining the BCorp Certificate. The co-founder provided an illustrative summary of such partnership formations:

"We only want to work with companies, collaborators and brands with values and with a social purpose, who understand, just like us, that there is a new business management model and a new way to communicate to consumers."

- Company B

The interviewees described their partnerships as built by loyalty and commitment, cooperation projects where they could demonstrate their kind of leadership and effectively communicate between the parts. This is their way to ensure strong decision-making processes to identify opportunities and achieve their social and financial goals. The companies primarily look for partners with the same ideals and generally refuse partnerships that could detract the social mission.

"If we collaborate with a company, it must have a model similar to ours to ensure long-term harmony. Although we are flexible and open to collaborate with other industries, but we won't give up our business model and independence."

- Company A

Overall, it is clear that combining collaborators is an essential aspect of SEs. The quest for partners is focused on the same principles, as the interviews showed. The commercial value from the partners is also valued, as SEs are also businesses that need economic benefits for their survival, but they do not want to obtain economic benefits if that means losing their essence.

Building social economy ecosystem

Social Enterprise collaborations play an important role in their success, and are taken further in "Community integrations". To create stable and long-term collaboration ties is the best way to survive and compete with large companies, and that eventually leads to a community awareness among SEs. The pandemic situation has made more evident this need to create a strong and lasting community to survive. During the last year, solidarity and cooperation have been the way to save many people and organizations. Among the Social Economy sector a community awareness has raised. Many social sector organizations have already collaborated and the next challenge is to try to maintain that collaboration beyond a specific activity, especially now that EU funds will arrive.

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The economic recovery plan for Europe consists of a long-term EU budget together with Next Generation funds, a temporary instrument designed to boost recovery, which will help rebuild a post-COVID-19 Europe more digital, greener and more resilient.

"Normally big funds like this go to projects and entities with a lot of money. The social ones are tiny. Most of them cannot compete against such big companies. That is why they have to join forces, generate structures that allow access to these things. Do not stay divided into small entities (do not replace them but create organizations that unite them)."

- Company D

All interviewees agreed that the Social Economy sector, which represents 12% of employment and 10% of GDP in Spain must be strengthened. The Social Economy sector promotes development that excludes no one and the post-COVID is the perfect timing to demonstrate the potential of the SEs resilient character to *rebuild better*. SEs have resisted challenges and crises thanks to its resilience capacity and have highly grown among Europe these last years.

At a European level there already is *Social Economy Europe*, a strategic partner to European institutions and leader on EU policy on the social economy. For *Social Economy Europe*, the Social Economy represents the connection of values with the principles and concerns of the new generations. At a Spanish level there is the *Spanish Business Confederation of Social Economy* (CEPES), as a representative state-level business organization for the promotion of the social economy business model. At the time this paper is being written, CEPES has recently approved 99 projects co-financed by the European Social Fund with which 3,329 jobs and 1,154 social economy companies will be created, according to a statement. In addition, at a more low-scale level, SEs are working on building associations. Entities in the Social Economy sector can be quite territorial and reluctant with other actors in their field, however partnerships and the creation of a common strategy are essential for SEs to gain strength, display trust, compassion, cooperation, and create positive benefits for the economy.

4.5. COVID-19 scenario

It is commonly agreed that the pandemic has wreaked havoc on the economy. The virus is a global challenge, both for business and the economy of many nations, and for the life and health of people. Regarding Spain, Spanish businesses are in their most unsafe situation since the 2008 crisis, they have suffered interruptions in their activities, revenues losses, workers under temporary employment regulation, and so on. While the mental health of the population is increasingly affected.

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In the following sections we collect specific data provided by the interviewees on how they have experienced the COVID period and how they face its consequences.

Economic effects

All interviewees agreed on the uncertainty surrounding the Spanish economy. The COVID has already supposed a reduction of their revenues in the short term and they preview a reduction in the long term too. At least 30% of income will never be recovered. Therefore, now they work on redefining themselves to recover some of this income. Some options are looking for other forms of collaboration with the Administration or companies, access to investment, creating new lines of business, new measures and long-term strategies. Public aids maintained and even slightly increased during COVID, however most interviewees expect a reduction of public aids for people with disabilities in 2022. However, for the moment it is a perception. Therefore, they want to take advantage of 2021 to collaborate with the Administration. Uncertainty is also surrounding the actual collaborations they have with other companies or entities. Company A, for instance, was concerned as their stock provider partner seems to want to change the conditions of their agreement. So, as Company B co-founder expressed:

"The effect of COVID depends on who you work with. If you are lucky enough to have clients or partners linked to the food or pharmaceutical industry, then all good. Things complicate when they are from sectors that have suffered". - Company B

Even though the obvious complications, the interviewees have noticed a small upturn of improvement in these months of 2021, better than in the pandemic months of 2020. They are perceiving more offers - in quality they have not been affected, there have been no customer complaints - more security measures, more willingness of the workers, and so on. Still, it all depends on the industry and the sector they do business in. Businesses obviously resist and contemplate growth as they can, but concern about economic profitability and the capability to pay their workers is inevitable. Although they expressed they do not want to lose optimism.

The conclusion that was reached in all the interviews was the importance of digitization. Especially this last year, we have experienced an accelerated digital transformation process. As many other traditional companies, SEs have identified this and are starting to develop their digital capacity. They are working on how to provide services, activities, inside training in a digital way and if they have the enough resources to do so.

"With the consultancy we had no problem. With all the accumulation of data and use of the internet, we are much more efficient in finding information, analyzing it, and applying it to problems. We can work from the distance." - Company B

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Besides, with the pandemic has emerged the need for higher qualification for certain job positions, there has been a rise of digital job positions. Therefore, SEs employing people with intellectual disabilities have to evaluate how they cover this, since so far it has been seen that people with disabilities do better with more manual jobs.

To deal with the economic effects caused by COVID-19, at the European level there will be the distribution of the UE *Next Generation* funds. SEs will have to compete with large companies, and they are already proposing projects to access those funds. Accordingly, they bet on innovation, model changes and follow trends (in the work and personal areas). All interviewees perceive the future as very uncertain, but they consider that they are innovative enough and capable of foreseeing and anticipating the changes will come.

Personal effects

The main effect all the world's population experienced because of COVID's lockdowns was the distance, the lack of contact. The Company C's interviewees expressed how those who had to confine themselves missed working and being with people. They wanted to recover their routine and ensure a salary. Especially for people with intellectual disabilities, personal contact is essential. For what they contribute and for what matters to them by inclusion, by normalizing their situation. Teleworking has been a real challenge for them. Creativity and innovation arises from teamwork - to be able to share different capacities and talents - which they did in the office. Despite the lockdown, technologies allowed this "encounter" even if it was digital, although the communication is not that personal and in the end, the human factor is needed.

"We've tried to do the creative workshop online, but the employees began to notice a certain fatigue. The issue of doing everything online is getting long. Human beings are social, we need contact, this is tiring situation really." - Company B

All founders expressed they have seen results they did not expect in their employees with intellectual disabilities by working from home. Although it was a tiring situation, social isolation did not have so many bad effects as they expected. As they were at home, in their space, with their people, they improved in many aspects - showed more creativity and productivity - even conduct disorders decreased. All agreed that surprisingly, who took it worse were the employees who do not have a disability certificate and those who do adapted quite well. That may be because they know more about dealing with tensions and are mentally more prepared when "crisis" occurs. Nevertheless, the NGO pointed out the insecurity, fear, and vulnerability their people felt and the support they needed.

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“That people have a mental disorder is not a determining factor to lead to a crisis situation. We consider that people without (or undiagnosed) mental disorder may have suffered more during this period, with depression or anxiety crisis. So, the limit depends more on the personal work that each person has done.”

- Company A

The difference between the COVID crisis and the 2008 financial crisis is its effect on the population's mental health. The uncertainty, especially economic, which makes people worry about whether they will go back to work, if they will be able to maintain their families, what will happen in the future with their lives, and so on. To that stress is added the emotional part, the isolation, the concern for their health, the suffering because of the hospitalization or loss of loved ones. The COVID has provoked an increase in social needs, both in the disability group and especially in that of people with mental health disorders (diagnosed or not). Hence, SEs express the importance of taking care of mental health. Now it is going to be more essential in society, and as SEs already have experience with this type of situation, they want to be listened to and valued more.

"We believe in the emotional well-being of all people. We have increased direct attention to the person and work on the emotional part, so they do not feel insecure or vulnerable."

- Company C

Social Enterprises work with mental health services and resources. They have psychologists who attend not only the mentally disabled employees, but everyone in the company. They consider that all need to use this service and they do not want to establish barriers that do not exist between people. All the interviewees agreed that Emotional Management is essential, so the employees have the "resources" to manage what happens to them on a personal level. At the company they look for alternatives to increase communication and create a community. For instance, Company A, during the 2020 lockdown, they really focused on their communication mechanisms. They did a 1h video call every day to bridge the distance that separated them, and express to each other how they felt emotionally during that time. As the co-founder said, *"even though we were separated, they did not have to feel alone"*.

Possible Positive outcomes

The COVID pandemic has negative consequences that can never be compensated, mainly the human losses due to the disease. Then there is also the unemployment, the bankruptcy of many companies and the post-crisis period awaits us. Even so, from any circumstance something positive may be derived, and in the interviews we have seen that despite the drawbacks, companies begin to identify and work on the possible positive outcomes of this situation.

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All interviewees coincided on the idea that opportunities arise out of a crisis. No one wanted this crisis, they preferred it to be otherwise, but they expressed the importance of assuming the situation we are in, make sense of it and continue striving. This is important is to be able to see the opportunities and tackle them. For them, it is the opportunity to go beyond what they were doing until now, to take advantage of all this to grow both personally and professionally, while consolidating all that has been achieved.

"COVID has represented a change in strategy, and this requires creativity and ingenuity."

- Company B

The importance of creativity cannot be overstated. Most founders expressed how, at a personal level, the lockdown months were a creative time and they visualized future projects. The realization that a change of strategy was needed led to the desire to apply these ideas, and the following months, to undertake them as challenges. Most of the ideas explained by the founders coincided with business diversification, expanding the trajectory offering new services, work on the online platforms, and so on. Specially Companies B and E highlighted the importance of workshops, to transmit what it is like to work with people with disabilities. What all agreed is the importance of proactivity in order to take advantage of opportunities. Proactivity when searching for clients or when they are the ones who contact the company, when offering their services, proactivity to detect customer needs, to offer new products and services.

SEs' planning is always for the short term and the long term. When the pandemic started they made their predictions about the situation and put measures, all with a realistic vision that was kind of pessimistic. The positive outcome then is a somewhat more optimistic panorama than expected. Although the situation remains uncertain and volatile, it is a fact that there has been an overall savings from potential customers over the last year, and that together with the desire to spend and consume, is something very positive for companies' recovery. Another variant of the companies planning is the future plans of collaboration. SEs are willing to look for ways to collaborate with other SEs and create a social economy ecosystem. They have seen the need of alliances and cooperatively work with other entities and the environment, weaving networks with the entire environment.

Finally, a capacity that was repeated in all the interviews was the capacity for *resilience*, although with a diversity of opinions. All interviewees agreed that resilience is very important when facing difficult situations, it gives resistance towards hard times, maintains the motivation and optimism to go forward. Company B's cofounder really insisted on resilience and briefly explained how to deal with difficulties including resilience capacity throughout the process.

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"First you have to assume the situation, then find your purpose, why you do what you do, then resist and look forward for solutions. That can only be done by being resilient."

- Company B

The interviewee expanded on these ideas a little further. To assume the situation, how are things and in what position is one regarding the situation, does not mean giving up. *Assuming* is accepting the reality of the situation, whereas in comparison one always loses, as comparison is always done with something superior. Once this assumption is done, meaning is given to what one does thanks to a *purpose*. Therefore, this purpose must be developed, so one can move forward, give meaning to the situation through something they are passionate about. Then, above all, *resistance* comes from *resilience*. During the last year, when working at home, looking for solutions and developing different strategies, these capabilities have been essential in order to turn the situation around. Of course there have been companies that have not survived, but the companies that have resisted and had resilience have made new forms of business, they have innovated.

The aspect in which there is disagreement, is whether people with intellectual disabilities or mental disorders have this capacity for resilience in crisis situations. We have observed that Social Enterprises and NGOs consider these types of employees in different light. The NGO considers that instead of gaining resilience, these "vulnerable" groups become more fragile in critical situations, that vulnerable people become even more vulnerable. This was said based on what they lived in the 2008 crisis, as they consider there is a double suffering in these people (because of their condition and the crisis), and that it is a group that increases in difficult times. On the other hand, all SEs mentioned that intellectual disabilities are not an aggravating factor. They agreed that there are certain disabilities that need more social contact, but that there is no correlation between a person's intellectual capacity and the incidence of these effects. They said it all depends on the situation and on many social and economic factors.

Even with this disagreement, all the interviewed expressed that something positive about this crisis is that we have become aware as a society of the things we were doing wrong. They consider this crisis has been like an awakening and that crisis situations make people more resourceful, innovative and creative, they open up new opportunities. Although many people will remain along the way - loss of human lives, companies, jobs, etc. - sustainability, quality of life and the voice of the young generations are rising.

5. Discussion

This research analyzes dynamic capabilities inherent to the SEs, which determine or facilitate the survivability of these enterprises when facing threats and tensions. Previous studies (e.g., Ince and Hahn 2020) have focused more in the sensing and seizing of capabilities and opportunities. This study focuses especially on how SEs manage threats (using the COVID pandemic as a setting). In this section, we organize and examine the findings of the study under the dynamic capabilities framework conceptualized by Teece (2007). We have selected 4 micro-foundations as the source for this capability to manage threats which SEs have integrated to face these challenges: unique governance, decentralized internal structure, knowledge management and co-specialization, for which the data obtained may provide deeper insights for SE.

Managing threats concerns a company's capability to survive and confront challenges of a dynamic environment in order to achieve their financial goals and social mission in the long run. As with regards to this capability, the results of the present study match Ince and Hahn's (2020) findings that suggested that the SEs were able to harness the tensions that came inherently by addressing them dynamically, stressing either the social or financial business model, or presenting an integrated picture. Then, according to Teece (2007), this can be done through enhancing, combining, protecting and reconfiguring the business enterprise's intangible and tangible assets. Results of this study did not show that much evidence for some micro-foundations proposed in previous studies for threat management. Nevertheless, it is true that some results pointed in the same direction as Teece's model, although we have identified new "labels" that have seemed more relevant.

Regarding Governance, on the topic of *minimization of agency issues*, results of this study are aligned with Teece's studies (1990; 2007; 2009). We saw evidence on this, mainly because of the personal attachment of managers to the company's mission and their willingness to protect it. This is achieved by crafting a strong identity for the company and recruiting the correct members to represent it. Then, our added contributions are the *sense giving and purpose*, as well as the *need of financial stability*. The analyzed enterprises employ people with intellectual disabilities or mental disorders with the aim to "normalize their situation". When they socialize, build relationships, develop and feel useful, they are *giving sense to the working environment*. This is essential in SEs and not always found in traditional ones. For this "sense giving" to be possible, the SEs have a deeper *purpose* than its business objective. Its existence must have a more transcendental reason, mainly manifested in their social impact. Additionally, SEs differentiate from charitable organizations in their need and seek for *financial stability*. For all the studied enterprises it was essential to be competitive and perform in the market as any other traditional company. This double nature is what makes SEs so unique.

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Regarding Decentralization, we maintained the same second order codes as in Teece's model. So, decentralization in SEs supposes a *loosely coupled structure*. Many traditional companies still have a highly hierarchical and departmentalized organizational model. Differently, as SEs are people-centered, they seek to work closely with them, regardless of their position in the organization. Thus, this allows a *development of integration and coordination of skills*, as there is more interaction and collaboration between workers when making decisions and in day-to-day activities. There is flexibility to propose and develop projects. This can be more difficult to do in a company with a more rigid model. Furthermore, a specific mention needs to be done towards *Leadership*. The research carried in this study shows how important it is for SEs to have leaders both rational and emotional. If the idea of the hierarchical boss was already outdated for a long time, the pandemic has ended this model. SEs are an example of the strengthening of the bond between the leader and the employee, by pursuing the well-being of people and the company. To achieve that, a humble leader is needed, one that it is not afraid of its own vulnerability, who listens, who shares and learns and who inspires the team to achieve what they considered impossible.

Regarding Knowledge Management, we found it difficult to detect the *knowledge transfer* and *achieving know-how and intellectual property protection* proposed in Teece's model. Even so, *learning and know-how integration* were constant and common for all the entities studied, in addition to the fact that we have introduced the *pursuit of innovation* in this category. This is because the study has shown that Social Enterprises closely link the ability to constantly learn with innovation. They consider that innovation is the result of all that learning and having truly integrated it. Furthermore, the seek for innovation is something they have in common with traditional companies, since in an increasingly competitive free market, constant updating and knowing how to adapt are key so as not to be relegated. Additionally, most of these businesses were during the post 2008 crisis era, when economic conditions in Spain were poor. As a result, their capability to learn from the challenges and threats, and face them with innovative and creative ideas, may have been shaped in part by these factors. Thanks to this, along with the growing digitalization and the COVID pandemic, the previously stated capability of SEs becomes increasingly important.

Regarding the Co-specialization, previous literature focuses more on the strategic fit of assets within the company. In this study, although evidence of asset combinations as value enhancing has been seen, the importance of *collaborations* between social enterprises and the *construction of a social ecosystem* for value enhancement has been much more evident. Specially in the COVID context, SEs have seen how partnerships are essential to survive in threatening settings, and how a consolidated social ecosystem would give them much more protection and stability. It would consist of a combination of the potential of each partner to add strength and be able to compete in environments that become increasingly changing and uncertain.

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After having discussed and taken a closer look at the new "labels" and their implications for Social Enterprises, we will discuss which are the *managerial implications* for the managers of these enterprises. Which are the conclusions they can draw from this study.

Looking closer into the meaning of Governance and Decentralization for Social Enterprises, the *sense giving* and the *purpose* help these enterprises overcome threats. As the workplace has a deeper meaning for all and it does them good, they will always try to protect it. Also, the purpose and set of values of the company work leads to a willingness that is vital in the face of difficulties. Managers really need to give meaning to the company's own activity to align all workers towards the same objective. If they feel part of the company, if they are comfortable in their job, if there is a more transcendental mission with which they feel identified, they will be motivated and they will work more comfortably and better. And that is already a very important step in dealing with a threat. Furthermore, emphasizing the democratic way of making decisions - thanks to the *decentralized* organizational model - helps to avoid internal conflicts. If there is an internal unit in which everyone feels they can participate, that is another common front in the face of difficulties.

The findings also revealed that there is not a single set of traits that ensures the company's survival, but rather a collective of dynamic skills that form the founders as leaders and the company as a whole. Managers will inevitably face ethical dilemmas when dealing with tensions in their decision making strategies. The new challenges demand *new leadership*, one based on authentically human qualities: empathy, listening, strong relationships based on principles, and purpose. It has become more urgent than ever to be sensitive to each other's situation, there is no more room for aggressive leadership. Social Enterprises, who lead in this way, promote leaders with emotional intelligence, which it is almost as essential as for a work team to feel comfortable, motivated and confident to give their opinion freely. It not only adds up on a personal level, but also professionally.

Finally, throughout the interviewing process a common perception arose after each interview on the importance of seeing that with a crisis, new *opportunities* come. This study has taken the COVID pandemic to investigate the capability of Social Enterprises to seize opportunities, although it has also been asked about the measures carried out after the 2008 crisis. Thus, to face threats and ensure the enterprise' survivability, managers must see crisis as an opportunity to innovate, a time when much can be learned. It is an exercise of change of perception. instead of being catastrophic, crisis situations should be treated as an opportunity to improve, and not as a threat. In this way, the situation is managed in a more positive way for the company, it can develop and grow, making it more difficult for this threat to sink it. It is another clear example of the resilience that characterizes Social Enterprises. In addition to ensuring its survival, the company grows stronger and is more prepared to face the next threats and crises that are to come.

6. Conclusions

6.1. Final remarks and implications

The objective of this study was to analyze SEs' valuable and unique capabilities that may facilitate their survivability when facing and managing external threats. The research was focused on studying dynamic capabilities of SEs shaping their potential for success as well as understanding how these capabilities can be identified and used appropriately. The factors and capabilities that shape SEs performance have been investigated in the literature review, although the focus of the previous research was more on the sense and seizing of opportunities. Therefore, in this paper a research focusing on the management of threads has been done.

We wanted to address the importance of the unique dynamic capabilities in SEs, and how they shape their organizational structure, experience with continuous challenges, and the fact of putting the person at the center of their activity and decision making. For the purpose of this research, we performed interviews with five Spanish WISEs - from various sectors - and an analysis was carried out using the methodology of cross-case study, to examine the cases more closely in the light of the dynamic capabilities framework as conceptualized by Teece (2007).

The results of the study pointed at the sense giving and purpose, the constant learning and innovation, as well as partnerships, as the most relevant dynamic capabilities a SE has in order to succeed in the market it operates. This takes its relevance mainly because of the need to ensure business survival. The company must accomplish not only social goals but also financial stability, therefore, as this entails more challenges than those of a traditional company, they must be faced with capabilities different from the traditional ones.

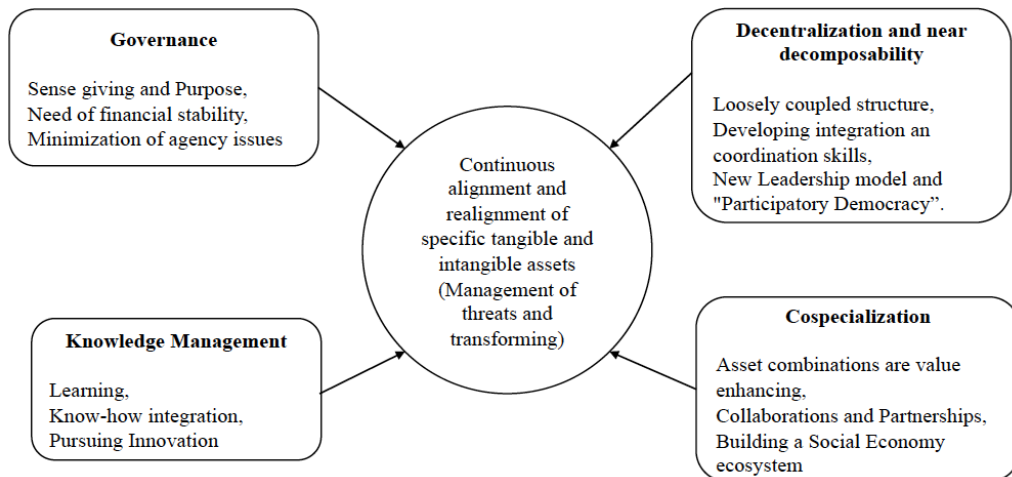
Afterwards, discussion offers a complete overview of the importance of these dynamic capabilities and the managerial implications of their application. The most relevant outcomes of this section are the new "labels" integrated in the micro-foundations proposed by Teece. In brief, they consist of common capabilities found in SEs that enable them to face threads in a different way than traditional companies. For this purpose, the main capabilities a SE has to succeed are the leadership style linked to the person and the capability to see opportunities in times of crisis, in addition to taking advantage of them to innovate. Although we could conclude that all these capacities would not be possible if it were not for the great resilience that Social Enterprises demonstrate every day to continue despite all the obstacles that are encountered.

Businesses with a social mission face both challenges and threats. There already are underlying tensions in pursuing social missions through corporate ventures. Therefore, understanding how to do that in an effective manner is key for SEs.

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Overall, the capabilities and micro-foundations analyzed in this paper seem to be critical for entrepreneurial performance and are consistent with the findings of the literature review. The most relevant finding lies on the growing importance of innovation. Additionally, resilience is relevant and results of this study give a hint on the importance this capability has, so that social enterprises continue with their activity, despite all the difficulties and threats that may arise. Figure 5 summarizes the main findings of the study.

Figure 5: Continuous Alignment and Realignment of Specific Tangible and Intangible Assets for SEs



6.2. Future research and limitations

The current study adds to the academic literature by identifying micro-foundations for dynamic capabilities that SEs share, as well as providing a more detailed understanding of dynamic capabilities in the form of SEs. Although we believe that the present study proposes a better understanding SE's capabilities of managing threats, the findings of this study need to be understood in the light of some limitations.

To begin with, the sample is made up exclusively of Spanish SEs. While focusing on a single area aids for internal validation and comparability, it is for this reason that results cannot be transferred to other settings, because of the concrete settings of the study and a sample of certain companies. Therefore, the results might be biased or not representative for all entities in the social economy sector, as in other settings the capabilities could be different. Further analysis could supplement the findings by looking at businesses from other economic settings. It could be interesting to perform this study in other settings, countries or cultures.

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To compare or apply it to different settings would enrich the current literature on SEs' dynamic capabilities and provide further insights on their role when managing threads.

To continue, the COVID-19 pandemic can be considered a very extreme case, and maybe it is so unique that what is analyzed in this context may be difficult to transfer to other contexts or settings. It has been a very good setting to be able to analyze different companies, because it represents a threat at the same level for all companies equally. Even so, we invite to do more quantitative and large-scale studies, to see if the findings of the study can be extended or if they are limited to a single case.

Finally, all interviewees were SEs. This has facilitated to delve into how these entities are, what their organizational structure is, their way of addressing challenges, and how they work to balance both their social and business nature. We have been able to spend time investigating their motivations, their decision-making process and the measures put in place this last year to face the COVID crisis. Nevertheless, in future studies, it will be interesting to interview traditional companies, in contrast to social enterprises. Following the same interview script for all of them, will allow to see more clearly the differences in their nature and way of acting.

Because of the previously mentioned limitations, further research needs to be carried. The most interesting future lines would include: larger samples and deepening in thread management, which is backed by little literature. We would suggest focusing also on other settings or threats apart from COVID, and consider traditional companies as well as SEs, in order to find concluding results on their specific differences.

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Appendix

Script of the interviews carried

1. How did (*Company*) come about? What is the strategic mission of the company?

- On what principles is the company based? What is the current work philosophy?
- What were the initial motivations of the founders?
- Currently, what is the organizational structure of the company? Who is on the Board of Directors (NGO profiles or commercial sector profiles)?
- There have been some changes in the initial strategic mission throughout the existence of the company, and if so, what were the reasons?
- Are the consumers of your company aware of the social impact generated by your company? If so, how does their perception affect you?
- As for 2020, what changes have occurred at the level of the strategic management of the company? How have the long-term and short-term goals changed? What are the current challenges of the company?

2. What does the policy for the selection, integration and management of the human team consist of?

- The human team, which workers does it include? What groups of beneficiaries does the team include?
- Which are the selection criteria? Normally, social inclusion companies collaborate with foundations that help people at risk of social exclusion to integrate into companies. Do you collaborate with any foundation? What does this collaboration consist of? How does the foundation help in the process of selection and integration of personnel?
- In recent months, have there been any changes regarding the management of the human team? What have been the main reasons for these changes?
- What have been and are the main challenges of the company at the level of human resources management in recent months (2020)? Have you observed the drop in productivity? If so, what are the reasons (mental health)

Managing Social Enterprises during COVID-19 crisis

A DYNAMIC CAPABILITIES APPROACH

FINAL DEGREE RESEARCH PROJECT

Author: Pilar Cano Serrano
Supervisor: Nina Magomedova
Delivery date: May 10th, 2021
Defence date: May 18th, 2021

Abstract

The purpose of this study is to provide deeper insights on the specific capabilities that enable Social Enterprises (SEs) to manage external threats.

The exploratory research was conducted during the pandemic of COVID-19. This setting revealed unique insights of the survival mechanisms of WISEs. The results reveal that SE's inherent hybrid tensions allow these entities to develop dynamic capabilities when dealing with the external threats.



Introduction

PART 1



Research Motivation

AND WHY IS IT RELEVANT

The academic literature that explores **Dynamic Capabilities of SEs** is still limited.

SEs exist under **multiple pressures**. Managing them can result in **superior dynamic capabilities**, as their successful management requires reacting dynamically, to secure **firm's survival**.

Thesis Statement

AIMS AND SCOPE

Not much is known about managing threats, so here it is explored further.

The objective is to explore how **dynamic capabilities** help SEs to **confront the threats** of the dynamic environment so they **achieve their financial and social missions** in the long run.

Review of Related Literature

PART 2



Dynamic Capabilities framework

BY D.J. TEECE



Managing threats & transforming

BY D.J. TEECE

DECENTRALIZATION

Near Decomposability;
Adopting Loosely Coupled Structures;
Embracing Open Innovation;
Developing integration and Coordination Skills

GOVERNANCE

Achieving Incentive Alignment;
Minimizing Agency issues;
Checking Strategic Malfeasance;
Blocking Rent Dissipation.

COSPECIALIZATION

Managing Strategic Fit, so that
Asset Combination are
Value Enhancing

KNOWLEDGE MANAGEMENT

Learning;
Knowledge Transfer;
Know-how integration;
Achieving Know-how and Intellectual
Property Protection

Methodology

PART 3

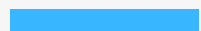


Methodology

DATA COLLECTION & ANALYSIS

To face the question of this paper and do a proper analysis, the methodology of the case study was chosen.

Specifically, a **cross-case analysis** was done of **5 Spanish Work Inclusion Social Enterprises (WISEs)**, through a series of **semi-structured interviews** with responsible managers.



Results

PART 4



Qualitative Results

FIRST ORDER CONCEPTS

"The **working environment is not just a job**. It is an environment where they socialise, interact, feel useful and develop".

"A company must understand that it cannot compete without having a **set of values, principles and a purpose**".

"SEs should not be seen as NGOs, but **enterprises with business management** that strive for excellence, that offer a product and service of quality".

"We want people to participate, if they are in any department and have an idea that could be great for another one, we want them to have the **freedom to participate and develop** it".



Qualitative Results

FIRST ORDER CONCEPTS

"A crisis can also be an **opportunity for growth**. It is necessary to get out of the victim-role and have the role of **learning and improving**."

"The disability sector was born in crisis, and therefore has **always been innovating**. But now with COVID, we have to really redefine the business models, the value it brings."

"We want to demonstrate that SEs can be related to private enterprises and public entities. Generate an integral development model in which **each one contributes**."

"We need to work on **community awareness and collaboration**. Many organizations in the social sector have already successfully collaborated. Let's try to maintain that."



Qualitative Results

SECOND ORDER THEMES

- Near Decomposability;
 - Adopting Loosely Coupled Structures;
 - Developing integration and Coordination Skills;
 - **New Leadership model and**
 - **"Participatory Democracy"**

 - Minimization of agency issues;
 - **Sense giving and Purpose;**
 - **Need of financial stability.**
- Asset Combination are Value Enhancing;
 - **Collaborations and Partnerships;**
 - **Building a Social Economy ecosystem.**

 - Learning;
 - Know-how integration;
 - **Pursuing Innovation.**

Qualitative Results

AGGREGATE DIMENSIONS

DECENTRALIZATION

Near Decomposability;
Adopting Loosely Coupled Structures;
Developing integration and Coordination Skills; **New Leadership model and "Participatory Democracy"**.

GOVERNANCE

Minimizing Agency issues;
Sense giving and Purpose;
Need of financial stability.

COSPECIALIZATION

Asset Combination are Value Enhancing;
Collaborations & Partnerships;
Building a Social Economy ecosystem.

KNOWLEDGE MANAGEMENT

Learning;
Know-how integration;
Pursuing Innovation.

COVID -19 as context

The exploratory research was conducted during the pandemic of COVID-19, that strongly affected general Spanish healthcare system and economy, as well as the psychological health of Spanish general population.

ECONOMIC EFFECTS

Fall of revenues and sales;
Teams reduced;
Uncertainty;
Economic setting in the country really harmed.

PERSONAL EFFECTS

Distance and lack of contact; social isolation; people without disability certificate have adapted worse to the situation.

POSSITIVE OUTCOMES

Business models in digital key;
Creative time, promote new projects, ideas, innovate;
Undertake challenges.

Discussion

PART 5



Academic contributions

IMPLICATIONS OF THE RESEARCH

This study contributes by detecting dynamic capabilities in SEs, and how different they are from conventional enterprises.

Sense giving and Purpose

- Aim to "normalize" the situation of their employees.
- Deeper mission than the business objective.

Need of financial stability

- SEs are not charitable organisations
- Essential to be competitive

Decentralisation

- SEs are people - centred
- Important to have leaders both rational and emotional.

Knowledge Management

- SEs link learning with innovation.
- Creative ideas to face challenges and compete

Co-specialization

- Partnerships essential to survive in threatening settings
- A consolidated social ecosystem means stability and protection.



Managerial implications

NOTES FOR BUSINESSES

The new challenges demand **new leadership**, one based on **human qualities** (promote leaders with emotional intelligence).

Crisis and threats should be treated as an **opportunity** to improve, be **resilient**.

The key findings of this study represent value for both academic research and practitioners that seek sustainable managerial strategies in this pandemic.

Managers need to **give meaning** to the company's own activity to **align all workers** towards the same objective.

Emphasise the **democratic way of making decisions** - thanks to decentralized organizational model - helps to **avoid internal conflicts**.

Areas of improvement

NOTES FOR FUTURE RESEARCH

IN TERMS OF SCOPE

Sample is made up exclusively of Spanish SEs. It could be interesting to perform this study in other settings, countries or cultures.

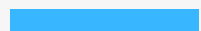
IN TERMS OF SETTING

COVID-19 pandemic can be considered a very extreme and unique case. So, more large-scale studies, to see if the study can be extended or if it is limited to a single case.

IN TERMS OF CASES STUDIED

All interviewees were SEs. It will be interesting to analysis traditional companies following the same procedure, to see more clearly the differences with SEs.

The earlier version of this study was accepted as a competitive paper at the **8th EMES International Research Conference on Social Enterprises** that will be hosted at the Universidad de Zaragoza, on October 4-7, 2021.



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