Social Enterprise: Applicability of the Competitor Identification Framework

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Statement of Authorship and Sources

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Abstract

Since government funding has significantly decreased, and the number of non-profit organisations has increased, it is inevitable that social enterprises will face greater competition which may threaten their social mission and sustainability. Therefore, the objective of this thesis was, firstly, to explore whether social enterprises understand that they face competition and, secondly, whether the model for competitor identification, developed by Chen (1996), is applicable to social enterprises.

This research used a multi-stage, random, purposive sampling technique to target social enterprises that had been operational for a minimum of 5 years. It resulted in 24 key informants from Australian social enterprises and 3 intermediaries being interviewed.

The issue of competition was relevant to the social enterprises represented in this study: all stated that their social enterprises are subject to competition and participants were able to identify their competitors. Interestingly, irrespective of the nature of the business, all participants categorised competition based either on product/service or resources. While the key informants had not necessarily been exposed to competitor identification models, this research provides limited support for the applicability of Chen's (1996) competitor identification framework for social enterprises.

This study was limited by the sample size, the sampling technique and the nature of the sample - while attempts were made to locate leaders of social enterprises that failed since 2010, these were not successful, so only representatives of survivor social enterprises were included in the study. However, it does provide a foundation for how social enterprises might understand their competition and facilitate their sustainability.

Keywords: social enterprise, competition, competitor identification

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Table of Contents

List of Tables

List of Figures

Chapter 1 Introduction

In the last decade, the services that governments have been willing or able to provide have not met the needs of society (Battilana & Lee, 2014; Borzaga & Defourny, 2001; Mason, 2010). Traditionally, conventional non-profit organisations have attempted to fill this gap, but there appears to have been a transfer of responsibilities for direct service provision to the community and to the market, and a more commercial approach to addressing social issues (Haugh, 2007; Mair & Martí, 2009). Both market and state mechanisms have been found wanting (Trivedi & Stokols, 2011) resulting in an unparalleled growth of a hybrid form of business, the "social enterprise" (SE), which has assumed a major role in addressing prevailing social and environmental problems. Sometimes social enterprises address the failures in government service provision and, at other times, the services are provided on behalf of governments (Moizer & Tracey, 2010; Ridley-Duff, 2008).

Social enterprises share characteristics of both "non-profit" and "for-profit" organisations but differ from conventional non-profit organisations as they primarily survive through income generated from sales of goods or services (Dees, 1998; Lehner & Kansikas, 2011) and have "multiple and inconsistent goals" (Gonin, Besharov, & Smith, 2013). Like other non-profit organisations, they often seek assistance from granting bodies and other donors, and compete for philanthropic dollars (Austin & Seitanidi, 2012). SEs also compete with for-profit organisations for social investments, loan funds and government grants (SEDIF, 2013), and, in some cases, they also compete for other resources, such as talented employees, supermarket shelf space (e.g. in the bottled water industry), and market share (ProBono News, 2013).

Dealing with competition is thus highly relevant to SEs (Considine, 2003; Wiklund, Patzelt, & Shepherd, 2009) but whether SE's even recognise the competitive nature of this part of the market, how they understand it and how they deal with it has not been studied in any detail. Given the growth rate of social enterprise and governments' withdrawal from direct service delivery, the survival rate of social enterprise becomes quite critical, especially as their demise is likely to have a greater impact on more people than the failure of the average small business. While no data on the survival rate of Australian social enterprises is known, we do know, however, that the failure rates for small business are around 95 percent in the first year and, for the remaining, more than 40 percent fail over a three years period

(ACER, 2012). Follow-up of the SEs that were featured in Kernot and McNeil's (2011) report revealed that four no longer appear to be operational. If this is in fact the case, it would suggest that the failure rate within this group is about 11.5%. It is possible that the failure rate is even higher as the online presence of some of the featured social enterprises has significantly decreased or become dormant since 2010, although the effect of failures and reduced activity is not known.

Academic attention has focused mostly on understanding the nature and needs of social enterprise (Bagnoli & Megali, 2011; Barrakat et al., 2010; Foster et al., 2009; Moizer & Tracey, 2010; Ridley-Duff & Bull, 2011). Although there has been some research on the perceptions of competition in "for-profit" organisations and, to a lesser extent, within the "non-profit" sector (Chen, 1996; Chen & Miller, 2011, 2012; Kim & Tsai, 2012), there has been little theoretical development related to social enterprises and no research has identified how social enterprises perceive and react to competition in their respective markets or, in fact, whether they even perceive that they are operating in a "competitive market". It might be expected that competitor identification models (Clark & Montgomery, 1999; Peteraf & Bergen, 2002) would apply. Chen's (1996) work on competitor identification has only been tested in a limited way in the for-profit sector (Chen, 1996; Chen & Miller, 2011, 2012) and not in the not-for-profit or social enterprise sector, potentially opening up new avenues for research on social enterprises. Therefore, this study will examine this issue of competition, primarily in an exploratory manner given that there is not a strong research base to guide such a study. However, Chen's competitor identification framework will be used to structure this initial study. Therefore, this study will address two key research questions linking social enterprises and competitor identification:

1. *Do managers of social enterprises have an understanding of competition?*
2. *Is Chen's (1996) Competitor Identification Framework applicable to social enterprises?*

Chen's (1996) model suggests that there are two primary forms of competition: "the perceived similarity of resources" and "market commonality", and dealing with each of these is important for survival of the business. The applicability of these two theoretical constructs, which are expected to influence the strategies employed by the managers of SEs, will be examined in this study.

1.1 Social Enterprise: An Overview

The non-profit sector globally has been relying on philanthropic and government grants in order to get financial support (Alter, 2007; Oster, Massarsky, & Beinhacker, 2004; Marwell & McInerny, 2005). The significant drop in government financial support to non-profit organisations has increased challenges for survival and requires a shift in the dynamics for social enterprises to mainly generate income from market-based performance (Tuckman, 1998). The increase in expectations from the community and the government has resulted in increased dependency on commercial performance to advance social missions but indisputably, social enterprises are struggling to survive in highly volatile market conditions (Battilana & Lee, 2014; Hasenfeld & Garrow, 2012) and are striving to become self-sustainable.

From a commercial perspective, it is notable that each social enterprise is distinct and survives by meticulously following established market norms (Battilana & Lee, 2014). These qualities include the ability to manage both internal and external market forces by effective strategic planning and consistent pursuit of new opportunities in the face of market competition.

Social enterprises face both internal and external challenges like other organisations but also strive to combine commercial and social value (Greenwood et al., 2011; Kratz & Block, 2008; Weber, 2005). The relationship between social and commercial value creation is not separate for social enterprises. Rather, these values can be observed to exist on a range from mostly 'social' to mostly 'economic aspirations' (Dees, 1998; Sundin & Tillmar, 2010). It is central for a social enterprise with a defined social mission(s) to transmit public goals (Dees, 1998; Garrow & Hasenfield, 2012; Battilana & Lee, 2014). They operate as non-profit organisations, legitimately receiving philanthropic donations (Anheier & Salamon, 1997). Social enterprises, by definition, do not distribute profits and the retained earnings are either reinvested for the longevity of the business and sustainability of the social mission (Simon, Dale, & Chisolm, 2006).

Definitions of social enterprise vary both within and across countries. There is no consensus on what constitutes a social enterprise and much of the literature on social enterprises focuses on the critical issues of value to the community and how such 'valuable organisations' might survive. Notable exceptions include Leadbeater's (2007) work on social

enterprises where the focus was largely centred on understanding the ability to deliver on social objectives and the measurement of social impact.

Due to the lack of consensus around the definition of social enterprises, many different forms of SEs have been described over the years (Dees, 2007; Seelos & Mair, 2007). In general, though, a social enterprise has been categorised as a non-profit entrepreneurial organisation that strives to solve social and environmental problems. The most common characteristics of a social enterprise include:

1. A social purpose, which is achieved by, at least in part, engaging in trade in the marketplace (Bagnoli & Megali, 2011; Barrakat et al, 2010; Cooney, 2011; Di Domenico, Haugh, & Tracey, 2010; Moizer & Tracey, 2010; Leadbeater, 2007; Ridley-Duff & Bull, 2011);

2. The non-distribution of profits to individuals (Barrakat et al, 2010; Di Domenico et al., 2010; Harding, 2004; Moizer & Tracey, 2010; Ridley-Duff, 2008; Smallbone & Lyon, 2005); and

3. Independent but accountable to a defined demographic as well as to the wider community (Barrakat et al, 2010; Bull & Crompton, 2006; Chell, 2007; Dart, 2004; Drayton, 2002; Kerlin, 2006; Leadbeater, 2007; Ridley-Duff & Bull, 2011).

While many definitions of social enterprise were considered for this study (Bagnoli & Megali, 2011; Ridley-Duff & Bull, 2011; Cooney, 2011; Di Domenico, Haugh, & Tracey, 2010; Moizer & Tracey, 2010; Leadbeater, 2007), Barrakat et al. (2010) definition of social enterprise has been employed. It has been widely used and identifies the most common characteristics highlighting the commercial imperative if social goals are to be achieved and underpins the Social Traders national online databases of Australian social enterprises. In fact, social enterprises predominantly assume the form of a support enterprise (e.g. working alongside the government in many countries) but they have been subjected to differing perspectives depending on the socio-economic contribution they generate while operating within the boundaries of the non-profit sector (Foster et al., 2009; Mason & Royce, 2007). For example, in the US, social enterprises are referred to as a "For-Benefit Business" to promote an entrepreneurial culture driven by both social and economic goals (Boschee, 2001; Chell, 2007; Emerson, 2006; Sabeti, 2011). In contrast, in Europe, social enterprises are

understood as an integral part of the Social Economy or third sector, driven by their social mission and assessed by their social impact (Mason, 2010).

According to McNeill (2010), social enterprise as a "recognizable movement", is still predominately underdeveloped and the reason behind this void is probably due to the risk-averse' culture that dominates the public sector. Nonetheless, a growing interest in the social enterprise sector can be witnessed in Australia, especially with the initiative of the Australian Government Department of Education, Employment and Workplace Relations (DEEWR) to establish 'Social Enterprise Development and Investment Funds' in 2011.

Recently, Australian social enterprises have received greater interest from public policy makers (SEDIF, 2013). However, with the introduction of the Social Enterprise Development and Investment Funds (SEDIF) initiative from the government, the level of awareness regarding SEs in Australia has also grown as has the number of social enterprises (Barraket et al., 2010).

In Australia, SEs include a wide array of organisational forms, which include sole proprietorships, incorporations, associations, cooperatives and firms that are limited by guarantee (Barraket et al., 2010; Eversole & Eastley, 2011). The legal framework of social enterprises overlaps with structures that are usually used by non-profit organisations and private firms. As indicated by Barraket et al. (2010), the profit-making intent makes it difficult to differentiate social enterprises from other kinds of social businesses solely based on their legal structures. Thus the SE sector in Australia has faced some crucial challenges in terms of its identification, creating a need for a better understanding of the commercial viability of social enterprises in Australia.

From a policy viewpoint, Australia's social enterprise sector has been analysed through a number of lenses. For instance, as asserted by Adams (2009), social enterprises in Australia contribute to social inclusion, helping generate employment opportunities as well as chances for increasing revenues in the intermediate labour market. More broadly, these enterprises, through their activities, provide value to the community (DEEWR, 2010). According to some observers, the role of social enterprises in Australia is also deemed to be transformational because it is designed for the promotion of social innovation by including unique approaches to address social needs and problems (DEEWR, 2010).

Mancino and Thomas (2005) described the importance of differentiation, especially in an Australian context, as the basic divergence between the terms 'Social Enterprise' and 'Social Business'. The major distinction is based on the resolve – Social Enterprise has more of a commercial intent while social businesses traditionally have relied on a charitable model (McNeill & Kernot, 2011). Campi and Grégoire (2006) argued that social businesses turnover are often small and frequently there is blended funding (some are granted, some are earned). These people tend to lean more towards social purposes than anything else when there is pressure. Now, in the case of social businesses, the major motive is the concentration around profit generation and hence they are initiated mainly by people in the private sector who see it as an opportunity to create a social statement or impact (Fukuyama, 2001). The turnovers are usually much larger, and they rarely resort to grant funding. As the main objective here is "earned income", the focus is, therefore, on the commercial motives when under pressure (Barraket, 2008).

Weerawardena and Mort (2006) maintain that these distinctions are blurring rapidly as many social enterprises are becoming large social businesses or, in other cases, are setting up supplementary social businesses. What is actually highly convincing about these social enterprises and businesses alike is that these enterprises have left the distinction of charity and non-profitability behind (Weerawardena & Mort, 2006). Social enterprises are generally different in the mission they undertake with their varying business structures and industry alignments. Like any business, social enterprises have faced an array of challenges and employ various characteristics to support their mission. Kerlin's (2013) empirical study identified the understanding of social enterprises in five countries and compared how this business model has evolved to meet the needs of the community. Table 1 draws on currently available empirical evidence to show the characteristics of social enterprise for these five countries.

| | Outcome Emphasis | Common Form | Variation In Types of Activities | Reliance On Commercial Revenue | Government Involvement | | Civil Society Presence |
					SE Policies/ Subsidies	SE Legal Form	
Zimbabwe Sustainable Subsistence	Individual self-sustainability	Microfinance/non-profit	Low	High	No	No	Moderate (works w/ international aid)
Argentina Autonomous Mutualism	Group self-sustainability	Cooperative/mutual benefit	Moderate	High	No	No	Strong
Italy Dependent Focused	Social Benefit	Cooperative	Low	Moderate-Low (reliant on government subsidies)	High	Yes	Moderate (partnered w/government
United States Autonomous Diverse	Organisational sustainability	Non-profit/business	High	Moderate (mixed w/ charity & government revenue)	No	No	Strong
Sweden Enmeshed Focused	Social Benefit	Cooperative/business	Low	Low (very reliant on government subsidies)	Very High	No	Low (highly partnered w/government

Table 1 Comparison of Characteristics of Social Enterprises in 5 Different Countries

Source: Masendeke & Mugova, 2009. (b). Roitter & Vivas, 2009. (c). Borzaga & Santuari, 2001; Nyssens, 2006. (d). Kerlin & Gagnaire, 2009.

(e). Gawell et al., 2009; Spear & Bidet, 2005; Stryjan, 2001, 2004

1.2   Rationale for the study

It has been argued that social enterprises have profoundly altered how non-profits conduct business for society (Drayton, 2002; Dacanay, 2004; Pearce & Kay, 2003) but there is a critical dynamic relationship between social enterprise's social action and the importance of resource generation and sustainability. Moizer and Tracey (2010) identified the failure of some SEs to develop a balanced strategy between the social and commercial objectives threatening their sustainability of the enterprise (Moizer & Tracey, 2010). This raises a significant issue over and above that for 'for-profit' organisations that mostly have profit as their major motive. Therefore there is an important question about how social enterprises compete (to survive).

This research will contribute to knowledge and practice of social enterprises in Australia by examining their understanding of competition. Chen's (1996) competitor identification framework, which uses two key constructs for competitor analysis, i.e. market commonality and resource similarity, will be examined from the perspectives of key informants, i.e. CEOs/Directors/Founders/Managers of social enterprises. Finally, given the limited literature on this topic, this research will contribute to the knowledge about competition in the social enterprise sector.

Chapter 2 Literature Review

Chapter 1 has provided an introduction to social enterprise (a form of non-profit organisation) and the rationale for this study. This chapter will assess selected models and theoretical perspectives applicable to competition, competitor identification and strategic response to competition. The chapter is organised into three main sections: Section 2.1 examines literature on the concept of competition which will assist in developing a link between social enterprises and market positioning. Section 2.2 will discuss various models of competitor identification. Finally, the research questions will be developed in the light of Chen's (1996) competitor identification model.

2.1   Competition

Competition refers to a condition or activity in which every organisation tries to get what other organisations are seeking such as revenues, profits, and market share (Chamberlain, 1949). Competition can take place when organisations offer the best possible blend of price, quality, and service thereby providing organisations opportunity to gain superiority over other organisations (Chamberlain, 1949; Porac & Thomas, 1990). New sources of competition (threats) are frequently arising for most types of business (Araujo, 2012; Christie & Honig, 2006; Weerawardena & Mort, 2006), e.g. between for-profit organisations or, increasingly, the result of either non-profit firms, like social enterprises, entering markets where public sector organisations and for-profit firms already operate, or even when for-profit organisations offer new products or services in competition with social enterprises, government services or other types of organisations (Tuckman, 1998).

One of the most important conceptual debates concerning competition revolves around the definition of competition as a process (Chamberlain, 1949; Tuckman, 1998). The competitive process is driven by self-interest of the organisation that has to make choices depending on information constraints and due to perceptions of present and future market conditions. The same is true for the other organisations in the market (Lim, 2012). This requires understanding of the linkage between competition and market rationality when seen from a conceptual perspective. When competition is treated in relation to the market, it

provides experiential significance and operational importance with regards to the behaviour of organisations in the market (Schumpeter, 1950).

One of the important things to note about competition is that it can extend beyond the product and service level to the resource level (Clark, 2011; Clark & Montgomery, 1999; Froelich, 2015; Porac et al., 2011), which we will see is of particular relevance to social enterprises. Theoretical contributions suggest that it is less likely that competition will be present when managers perceive their existing resources to be distinctive and where the organisation has sufficient resources to grow irrespective of the behaviour of competitors (Araujo, 2012). How managers categorise their competitors (Chen, 2006; Deshpande & Grinstein, 2012; Lim, 2012) defines how they analyse the environment and, thus, the decision making used to develop a competitive strategy for the organisation. According to Porac and Thomas (1990), an organisation's strategy drives the responsiveness of managers either to use a similar positioning strategy or to differentiate from other organisations operating in a common market (Lim, 2012).

The foundation of the categorisation of competition has its foundations in the psychological theory of cognitive categorisation (Chen, 1996; Porac & Thomas, 1990). This theory was initially applied in the context of identifying the most relevant competitor for any organisation (Porac et al., 1995). The identification of relevant competitors was an extension of Porter's (1991) model that places the structure of an industry as a significant influence on the strategy of the firm and its subsequent performance. Additionally, positioning of the firm is also a reflection of the strategic cognition where competitive advantage is the key objective for growth and sustainability (Porter, 1980).

Porter's (1980) Five Forces model, developed for private sector organisations, clearly identifies competition as one of the key factors to be dealt with in order to gain maximum benefits and in order to succeed; organisations have to adapt to competitive forces (Porter, 1980, 1991; Teece, 2007). Many researchers have used the five forces model to examine competition in the for-profit sector (Ritchie &Weinberg, 2000; Tuckman, 1998) and proposed a market-based approach as a means to counter challenges arising from competition (Macedo & Pinho, 2006; Nicholls & Cho, 2006). It is reasonable to deduce that the success of the organisation depends on the organisation's ability to interpret its environment effectively, to identify both its potential competitors and the behaviour of organisations operating in the same market (Chen, 1996, 2011; Kotler & Andreasen, 1991; Steinberg, 1987).

The perception of competition is highly subject to interpretation and varies from organisation to organisation (Aragón-Correa et al., 2008; Narayanan, Zane, & Kemmerer, 2011; Tsai, Su, & Chen, 2011). Managers address the competition that they perceive will have a direct influence on the running of their business (Zhao, Chu, & Chen, 2010).

Since private and government funding has become scarce, and the number of non-profit organisations has increased, there is greater competition among non-profit organisations for funds (Cunningham & Baines, 2014; Froelich, 2015; Khieng & Dahles, 2014). All organisations have to understand that competition is inevitable. Even where there is increased collaboration, competition continues to take place among non-profit organisations just like it affects for-profit organisations. This is because with the passage of time, new non-profit organisations may enter the "market" offering new and better programs and services aimed towards the same target groups (Froelich, 2015). However, new or weak non-profit organisations find themselves in a difficult position when it comes to competing for funds (Tuckman, 1998). Therefore, even in the non-profit sector, differentiation of product or service is probably necessary.

LaPiana and Hayes (2004) provided a description of the competition non-profit organisations encounter and also presented the political and ethical implications of competition in the non-profit sector. They further argued that there should be increased competition among non-profit organisations so that investors and donors can choose the organisations that perform the best. This approach would expose non-profit organisations to the challenges of the marketplace.

As organisations search for different markets to maximise their profits, it can be a rational choice to compete for the attainment of the social and commercial goals. Organisations (like social enterprises) are expected to reject pure profit maximisation (Di Domenico et al., 2010; Harding, 2004; Moizer & Tracey, 2010; Ridley-Duff, 2008; Smallbone & Lyon, 2005) and have the ability to extend their business to include correspondingly significant commercial needs of the market. Social enterprises need to understand the markets where productive and allocative efficiency is optimised. Therefore, the next section explores the different types of markets that exist.

2.1.1 Understanding the Market

According to Dees (1998), the idea of 'getting a grip' on the market needs to be deeply engraved in the strategy of social enterprises. One of the main features of the overall market is the existence of numerous competitive markets or sub-markets for goods, services and supplies, ensuring that scarce resources are allocated efficiently (Christie & Honig, 2006; Porac & Thomas, 1990; Weerawardena & Mort, 2006).

The types of markets where organisations operate can be arranged into categories in accordance with the level of competition they face. These include the following:

- Less (with either no few competition)
- Moderate (with low or modest competition)
- Intense (high and severe competition).

Depending on the level of competition faced by organisations, social enterprises are expected to adopt different strategies to maximise outcomes. The different strategies used by organisations in these markets include the following and will be discussed accordingly:

- Low Market Competition Strategy
- Strategy for Moderate Competition Markets to Enhance Difference
- Optimal Status Strategy for Intense Competition Markets

Low Market Competition Strategy is used by organisations to achieve strong market power along with complete or very high market share. Hence, they also enjoy high return on equity. For these organisations, sustaining this type of market structure is of immense importance. However, due to the monopolistic nature of the competition that these organisations enjoy, organisations like these are prone to criticism as well (Cheng & Yeh, 2013). Therefore, they tend to undertake corporate social responsibility activities and ventures involving charity to win hearts, to maintain their image and at the same time, maintain the highest possible return on equity. Total and high market shares are the features of these kinds of markets that lead to high return on equity. As a matter of fact, organisations have strived to maintain their market status and avail themselves of all the associated benefits, for instance, knowledge, technology, efficient network of sales, etc. (Cheng & Yeh, 2013). In summary, they do anything to maintain their market share (Chamberlain, 1933).

When the market is characterised to have moderate level of competition, some of the key characteristics of strategy in such environments are 'fairly-high' and 'high' market share,

high return on equity, product differentiation, strong image of the organisation, use of state-of-the-art technologies, brands, and business networks, etc. (Jacobson & Aaker, 1987). Therefore, these organisations operate in such markets where for to survive, organisations have to maintain uniqueness and difference. This practice helps organisations to continuously achieve financial sustainability as well as increase their products and/or service loyalty, and thereby enhance long-term power in the market.

In markets of 'intense' competition, there is either high or severe ongoing competition. Therefore, for the organisations operating in such markets, increasing the return on equity is very difficult. However, competing in such a market can be a serious blow to the return on equity, because once the market share increases, it negatively affects lower prices, marketing activities on which an organisation has heavily invested, and low-margin promotions (Jacobson & Aaker, 1987). As a result, it is crucial for an organisation to be operating at optimal status so that it can enjoy increased efficiency and avail themselves of the lowest cost of upholding normal or higher return on equity. Furthermore, for an organisation to strive to shift itself into markets with lower competition by entering new businesses, it is vital to maintain its optimal status in terms of its current business as market share does not play a very significant role (Jacobson & Aaker, 1987). Also, there is a need for the organisation to endeavour to shift towards markets with lower competition as then market share is significant, therefore understanding competitor dynamics becomes vital.

As mentioned earlier, social enterprises need to have an understanding of the various types of markets in which they operate. The next section discusses the concept of competitor dynamics for organisations operating in different markets.

2.1.2 Competitive Dynamics

Competitive dynamics include strategy formulation, implementation, strategic content and process (Chen, 2009; Smith, et al., 2001). It comprises internal as well as external concerns too. Many researchers (Lehmann & Winer, 1990; Karnani & Wernerfelt, 1985) suggest that complete information of rival organisations is essential. Kotler and Armstrong (1989) explain the organisations' actions and the responsible factors of these actions, topics of traditional strategy content research, macro industry forces, micro individual and

behaviours of the executive team and, to this end, competitive dynamics have often been studied (Boyd & Bresser, 2008; Chen & Miller, 2012).

Although, "competitive dynamics" are not completely understood (Brandenburger & Nalebuff, 1996; Baum & Korn, 1996; Chen, 1996; Miller, 1996; Smith, Grimm, & Gannon, 1992; Teece, Pisano, & Shuen, 1997), there is still a need for an integrative frame to analyse the competitive dynamics process using a micro and macro level approach within the subject. Figure 1 presents a process that identifies the need for organisations to identify competitors to understand the competitive dynamic process (Chen, 1996).
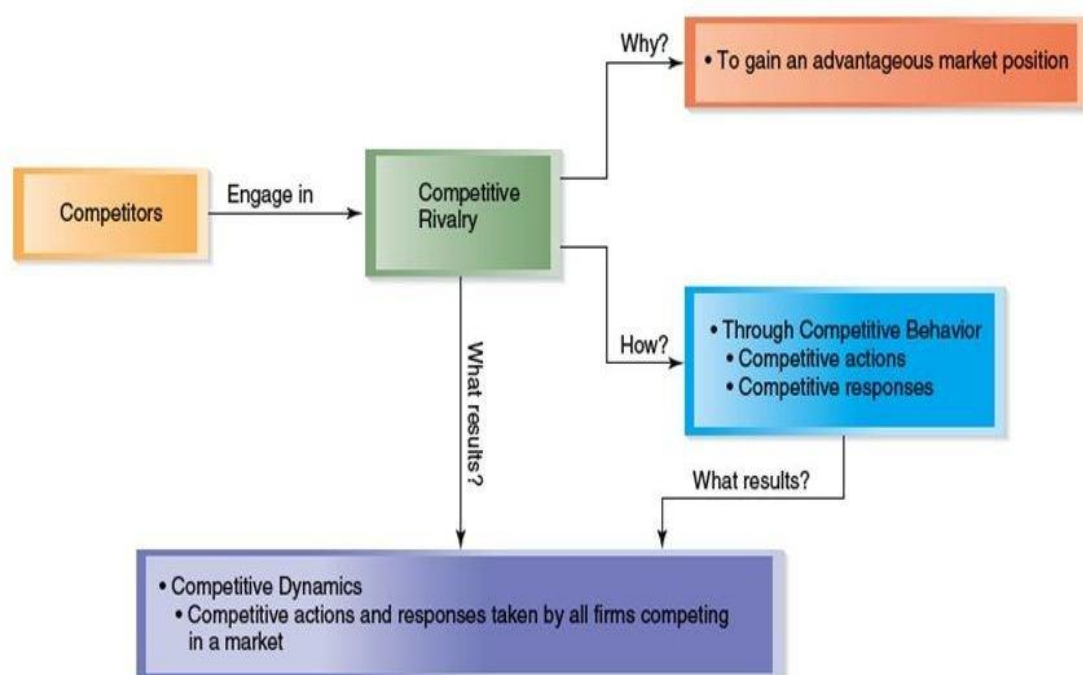
Figure 1 From Competitor to Competitive Dynamics (Chen, 1996, p.56)

Chen's (1996) conceptualisation of competitive dynamics uses study by Teece et al. (1991) to define competition, where identifying competitors is central to the process. Teece et al.'s (1991) research on strategy focused on questions like how do the industries compete and why do they compete? What are the bases of their competition and how does performance of the organisation affect the competitive behaviour?

Chen (1998) recognised competition to be dynamic as it explains actions and reactions of organisations. This process demands focus on the marketing aspect of the organisations like introducing new products and advertising, changing pricing policy and

capturing new markets (Lehmann & Winer, 1990). Moreover, in a competitive market, organisations are compared on the basis of their positions, approaches and assets. Mintzberg, Raisinghani and Theoret (1976) and Mintzberg (1978) specified every competitive affair between organisations as unique, just like each organisation is unique.

Competitive behaviour can be predicted by understanding its effects on the internal behaviour of the rival organisation (Teece, 1991). It is important that the competitor be aware of the actions of its rivals, otherwise it will not be able to defend itself. The AMC (Awareness, Motivation, and Capability) framework by Chen (1996) can serve as a guideline in this purpose. It is action- and competitor-specific, and the competitor in question, together with the action of interest, is the basis of the analysis. In the view of an attacker, competitive imbalance exists between two organisations that use different resources to achieve similar results (Chen, 1996). Strategists cannot guess the result of the competitive action on AMC (Chen, 1999). Rivals see every competition likewise but with difference in assumptions, strategies, success, market contacts and preferences, rivals may come up with different results. In short, competitive asymmetry plays a key role in engaging rivals (Chen, 1996).

Scholars identified five specific themes for competitive dynamics that have significantly contributed to the broader understanding of organisation strategy as well as the behavioural dynamics of competition (Amit, Domowitz, & Fershtman, 1988). These themes include:

a. Competitive interaction: action-level studies
b. Strategic competitive behaviour and repertoire: business-level studies
c. Multimarket and multi-business competition: corporate-level studies
d. Integrative competitor analysis, and
e. Competitive perception.

2.1.3 Competitive Interaction: Action-Level Studies

The main focus of the analysis of competitive interactions is the interchange of competitive actions and responses of an individual (Amit, Domowitz, & Fershtman, 1988). Researchers (Amit & Fershtman, 1988; Karnani & Wernerfelt, 1985) first analysed the factors which cause a competitive response and further explored the actions and reactions of organisations to competition using various competitor identification models.

When an organisation takes an action, for instance, they introduce a new product, change their market rates or enter in a new market (Zajac & Bazerman, 1991). This action may affect the market share and as a result, rivalry is likely to occur between organisations. As a reaction, the competitor may decide to respond (Ghoshal & Westney, 1991). This process is called competitive interaction or competition. Initially, scholars were limited to the approach that competition is only based upon encompassing organisations, industry, strategic groups and community (Lehmann & Winer, 1990). However, competitive dynamics were executed at a more micro level, for example Baum and Korn (1996) explained that competitive market and forecasting competitive behaviour are key points for rivals in a dyad. Scholars (Boyd & Bresser, 2008; Chen & Miller, 2012) measured focal points of competitive response by using game theory. These points are how frequently the rival responds and whether its response is similar to the action or not.

Chen (1999) described the results of different types of competition and further explained that rivals that take a long time to respond are not strong and affect the speed of the competitor's response. Responses can be well predicted by competitor dependence and the chances of a response being reversed (Chen, 1999). For example, competitors react vigorously in their key markets but they do not react immediately to secure their position (Karnani & Wernerfelt, 1985). Moreover, competitive interaction has a direct influence on performance. Irreversibility is more complicated than financial investments. Competition can have a positive impact on the performance of an organisation such as a resulting increase in market share of the organisation (Young et al., 1996). Smith et al. (2001) reviewed 30 industries and concluded that positive relationship between the competing organisations and the time it takes for the rivals to respond has a direct impact on the environment for all organisations. The irreversibility issue is also a crucial factor in competition (Boeker et al., 1994). Two types of irreversibility have been identified by researchers (Chen, Venkataraman, Black, & MacMillan, 2002), i.e. internal and external.

Chen (2002) outlines internal irreversibility as the internal processes that are controlled by the amount of coordination between the internal members of the department to perform an action. On the other hand, external irreversibility is defined as the amount of an organisation's endorsement for the action (Amit, Domowitz, & Fershtman, 1988). Irreversibility, whether internal or external, accelerates competition. Abel (1980) argued that the effect of competitive dynamics is that strategy has changed from concepts, themes and

abstracts to the dynamics of the decisions and reactions of an individual (Chen, 1999). Therefore, an organisation's strategic competitive behaviour becomes pivotal for organisations like social enterprises for survival.

2.1.4 Strategic competitive behaviour and repertoire

Caves and Porter (1977) analysed rival's actions and reactions to be the determining factors for organisations. An organisation's information-processing capacity, size and top management team help in understanding its competitive behaviour (Lehmann & Winer, 1990; Smith et al., 2001). It is vital to note that small organisations are more frequent attackers and execute their actions fast while small organisations that are under threat are expected to react slowly (Kotler & Armstrong, 1989).

Competitive strategy is abstracted as a collection of micro competitive behaviours (Hatten & Hatten, 1987). An organisation's competitive actions, like major price initiatives and market entries, constitute a competitive repertoire. The aim of a strategic repertoire is to study diversity and growth with reference to size and age. In 1994, Miller and Chen, in their study on competitive inertia, found that flawed performance failed to change strategic actions (Chen, 1996).

Competitive inertia and market growth are inversely proportional to each other in strategic activities (Young, 1996) suggesting that markets can influence an organisation's resources. Eliashberg and Chatterjee (1985) suggested that organisations keep their resources simple and rather focus on advertising changes and deductions in price. Furthermore, Smith et al. (2001) concluded that an organisation's strategy is based more on its past experiences in the market and the characteristics of industry diverseness compared to the resources that are mostly found to be identical to other organisations in the same market.

Scherer and Ross (1990) conceptually focused on how the property of an individual's competitive moves works to characterise strategy. Strategic action by any organisation should be taken very carefully and wisely because it can highlight its previous actions and binds future steps as well (Chen, 1996). Therefore, it is essential to understand social enterprises' strategic actions specifically in the face of competition when operating in one or more markets.

2.1.5 Multimarket Competition: Corporate-Level Studies

In the 1990s, various views about the theory of multimarkets were developed. Baum and Korn (1996) proposed that strong competitors do not take their competition too seriously, apart from the fact that organisations targeting the same market are more aggressive to each other compared to ones working in different markets. Lehmann and Winer (1990) concentrated much of their focus on understanding multimarket competition in different fields. The concept of a multimarket states that it minimises the chances of retaliation and organisations targeting the same market will spot their ability and therefore increase profitability (Young, 1996). Moreover, according to Gimeno and Woo (1996), the profitability of a unit can be increased by decreasing the experience of rivalry. Baum and Korn (1999) discovered that multimarket contacts differ from duo to duo. This effect is swayed by two things; one is the approximate size of focused competitors and the other is the approximate levels of contacts with the other dyads in different markets.

The research on corporate level competition has been extended by McGrath, Chen and MacMillan (1998). Their research suggested that rivals could be affected by the resource allocations. Smith et al. (2001) argued that organisations dealing in various markets should coordinate their circle of influence through resource allocation and start strategising against multimarket competitors targeting the same markets. Allocating resources efficiently beyond one market focus can provide tough competition to rivals. Studies have further suggested that decisions pertaining to strategy can be thoroughly understood only when aggressive interaction takes place (Chen, 1996).

Research (Hatten & Hatten, 1987) on the ground level has its focus on static strategic profiles or organisation capabilities but such research is questionable. In order to deal with this problem a model was introduced by Chen (1996) which incorporates market commonality and resource similarity. Through this model organisations and competitors forecast their market behaviour and the way in which they should deal with each other.

Chen's (1996) work on competitor analysis intertwined the organisation and market perspective, as previously described in the resource-based view and Porter's paradigm which has been used extensively. Pair-wise comparison of competitors reduced tensions between organisations and also predicted how they will act together in the market as every organisation has its own reputation and position in the industry (Yu & Cannella, 2007). Chen

(1996) recognised organisations as rivals but categorised them differently on the basis of the level of competition. The market commonality and the resource similarity approach gives prominence to competitive asymmetry of organisations that operate in the same market and face similar circumstances based on their respective capability and motivation of managers. The next section discusses the awareness, motivation and capability model which is a key part of the Chen's (1996) competitor identification framework.

Awareness motivation capability (AMC)

Three advantages affecting organisational performance have emerged from the combined consideration of the market similarity and resource commonality models and have been encouraged by previous competitive dynamics studies (Chen, 1996). The advantages include an organisation's knowledge about other organisation's activities, and its responding and acting capability. For example, if another organisation's market commonality with a focal organisation is higher, the chances of an action from the rival will be lower and the greater its resource similarity with another organisation, therefore, the more efficiently it will retaliate.

Matsuno and Mentzer (2000) studied the AMC model and its extensions which had significant implications for the motivation of leaders. As for its conceptual links, among the four main studies in the field of competitive dynamics, the most notable has been found to be in the area of competitor analysis (Vorhies & Morgan, 2003). The use of market resource and AMC lenses to determine the level of competition has been central to competitor identification (Chen, 1996). Secondly, the role of AMC in competitive behaviour proved to be advantageous in terms of predicting levels of inter-organisation competitive tension. Chen and MacMillan (1992) identified a rival's perspective as the main ingredient of competitive analysis. Their study of competitor analysis is based on investing in rivalry in markets and industries through resource dissimilarity and product-market dissimilarity.

Peteraf and Bergen (2003) included customers by extending the market commonality and resource similarity model. Eight years later, Markman, Waldron and Panagopoulos (2011) presented the concept of inter-organisation rivalry. Similarly, Chen and Miller (2011) introduced a model with different dimensions that explains the competitive perception of organisations which is yet to be known for social enterprises.

Competitive Perceptions

Human perception is argued to be the root of all research on competitive dynamics (Chen & MacMillan, 1992). The performance of business operations is linked to the managers' perception of the market, specifically competition. In the last two decades, many studies have been conducted to fully understand competition by including analyses of competitive positioning, examinations of strategy groups, and intra-industry rivalry (Chen, 1996; Chen & Miller, 2011; Smith et al., 2006).

Chen and Miller (2004) were the pioneers of perception in competitive dynamics. By using motivation in the management framework of Vroom (1965), a model was developed which would diminish the competitor's chances by forecasting the components of imminent action. It was suggested that the less similar the response, the more effective the attackers would be.

When Chen (1996) published the AMC perceptive, he asserted that perceptual components (or perception) play a significant role. Awareness, capability of action and motivation are nothing without perception. Secondly, capability-building resources can be used if the managers have perceived a rival or profit before. Hence, it is essential for managers to perceive the elements of the AMC within rival organisations to implement action. In short, the AMC model describes that altered rivals will help competitive asymmetries and perception, and motivation and capabilities - the components that vary among rivals.

The AMC model has emerged as a main point for managerial competitor identification (Chen, 1996). The central point in this work is that managers have to be clear in their understanding about rivals to manage the unavoidable competitive tension that might arise. Chen (1996) comprehends competitive tension as the tension between an organisation and a rival that provokes an action. The three components of the AMC model are involved in it. Awareness, motivation and capability play a role in perceiving tension and enhancing an organisation's chances to act against its rival.

Kilduff (2003) described perceptions in an alternative way where the focus was on the intensity of the rivalry between competitors. Proximity and prior competitive interactions are aspects that increase rival attention towards each other, in particular, rivalry increases the psychological engagement of competition but the emotional characteristics of competition,

which were not given much importance previously, are now considered to be more significant for organisation identity (Matsuno & Mentzer, 2000). Livengood and Reger (2010) stated an organisation's identity should not be affected. Any competitive action may expose fears and can affect the identity of the organisation. Competitive actions and reactions are predicted by the AMC model. Defending its identity increases the acumen of an organisation against its rivals.

A recent study by Chen (1998) highlighted that competitive acumen is equally important for an organisation. Competitive acumen is defined as the ability to see things from the rival's perspective and is seen to help when taking a decision to oppose a competitor. Competitive embeddedness means the life of an organisation or market is territorially rooted and this helps in configuring the challenger's behaviour and in gaining market share against rivals. Chen (1999) concludes that perception is the key point in competitive dynamics. Individual perceptions, given equal significance, cause actions which, in turn, affect corporate behaviour. Likewise, corporate behaviour also helps in building the perception of an individual.

Rivalry between two organisations leads to strategic competitive behaviour, repertoire and to multimarket competition (Chen, 1996). Integrative competitor analysis describes the relationship between competitors. In fact, this relationship leads to competitive perception. Integrative competitors connect different concepts and patterns in competitive dynamics (Chen & MacMillan, 1992). Furthermore, factors like interactions between stake-holders and customers and multi-level analysis at individual or organisational level have also enabled competitor analysis which is further discussed in the next section.

2.1.6 Overview of competitor analysis

A strategic-approach assists in recognising the importance of market position, which shows how an organisation is able to compete in the industry (Porter, 1980). From the perspective of forecasting competition and the prediction of rivalry in the market, limited importance on the consistency of strategic position results in a restriction on competitor analysis. Without considering the strategic attributes of a certain organisation in the market, where organisations interact, an organisation is left with only a vague idea of which rival organisation it is directly competing with amongst the many organisations that might not be

direct competitors due to their difference in how they approach the market. In case of a limited common market, organisations might not engage with each other in competition and therefore do not identify each other as competitors (Hatten & Hatten, 1987). Nonetheless, organisations frequently use this approach for competitor analysis and the results have been promising. Some of the research, however, depends upon the notion that when an organisation enters into a particular market, it sees the other members of that market as its competitors (Kotler & Armstrong, 1989).

This lack of focus in the market is regrettable in light of significant points made in the early literature on strategic groups which have been largely ignored: organisations in the same group [strategic] resemble each other and identify their mutual reliance more perceptively (Caves & Porter, 1977). Two organisations, of course, recognise their interdependence on each other closely if they enter into competition in the same set of markets. The literature on marketing emphasised the market importance and its competitive nature (Abel, 1980; Lehmann & Winer, 1990; Weitz, 1985) while there is still a lack of knowledge on social enterprises' understanding of its markets and how they behave in a competitive environment. In a market, brands that are competing with each other are usually considered as direct competitors and are further analysed accordingly. In addition to the market level characteristics, such as the number of organisations in the market and distribution of market share, emphasis on market competition implies that each market is unique.

Moreover, some recent multi-point competition research (Gimeno, 2004; Karnani & Wernerfelt, 1985; Smith & Wilson, 1995) has revealed key exchanges in competitive markets. However, as we will see, the concept of common markets is useful in comprehending the competitive relationship between the two organisations. In conceptualising mutual markets, many studies ignore the differences between various markets and do not capture the asymmetric nature of competitive relations between organisations. These studies have been additionally analysed only at market level and not on the level of organisations (Eliashberg & Chatterjee, 1985; Weitz, 1985). Therefore, with exception of a few studies, e.g. Abel (1980) and Day (1981), there have been some crucial issues that have been of core interest to strategy researchers, for instance, the overall strategies and resources of an organisation, and the consequences of rivalry, that have not been studied in depth.

As for the analysis of competitors at an organisational level, studies that adopted a resources-based outlook (Barney, 1991; Peteraf, 1993a) have tried to distinguish between organisations based on either supply or strategic business assets. Based on the assumption that each organisation is unique, it can be inferred that competitive analysis is the specific analysis of a single organisation. Another interesting, yet unexplored, finding of this school of thought is that organisations do not share a symmetrical relationship. However, despite this deep approach to business, the context in which organisations compete has not been included in their market research. As noted by Schoemaker (1993) and Porter (1991), the resource-based view should explicitly integrate the organisation's competitive environment.

Other researchers on strategy have dedicated a lot of effort to understanding many significant issues in the domain of competitor analysis. For instance, Porter (1980) took competitors' response profiles into consideration. Porac and Thomas (1990) understood every organisation entering market competition has a unique conceptualisation of its competitors. Therefore, an organisation can choose its own rivals in order to carry out its competitor analysis, without having to consider previous or even future market confrontations with competitors.

Zajac and Bazerman (1991) identified the concept of "blind spots" as organisations identify own rivals and demonstrate how their results include the overcapacity of the industry. Similarly, Prescott and Smith (1987) carried out their research on competitive intelligence, and Ghoshal and Westney (1991) determined systems for competitive analysis. Nonetheless, when predicting rivalry between organisations, there have been limitations in the research. First, competitors are considered as uniform entities and their identities are considered to be known. Second, all the research work done on competitive analysis has been either descriptive or normative in nature. Although important when viewed from a conceptual viewpoint, the projected framework has posed difficulties for empirical investigation (Zahra & Chaples, 1993). Moreover, the relational nature of competition and rivalries is almost non-existent (Barnett, 1997). Most importantly, there has been some research that has openly covered the conceptual links among competitor analysis and the forecast of their behaviours, which is a very significant objective of competitor identification (Chen, 1996; Porter, 1980) but to date, no research has been identified which suggests how social enterprises conduct competitor analysis or identify competitors. The next section discusses the importance of competitor identification for organisations.

2.1.7 Understanding the Competitor Identification Concept

Competitor identification is one of the most crucial tasks that managers have to undertake in order to scan their competitive environment and devise strategies to plan competitive actions and to counter competitive incursions (Chen, 1996, 2011; Clark & Montgomery, 1999; Porac et al., 2011). Furthermore, competitor identification provides a platform for organisations to acquire a sense of knowledge about the setting in which they operate. In the past, many researchers have relied on the framework of competitor analysis developed by Chen (1996), which focuses on key factors that demonstrate the importance of a greater recognition of customer needs and expanding awareness of competitive dynamics. Other extensively used competitor identification models were developed by Clark and Montgomery (1999) and Peteraf and Bergens (2002) to enhance competitor awareness and are discussed in this study.

One significant objective of the competitor identification model is to enhance the awareness of competitive threats and opportunities and prompt managers to design competitive strategies accordingly (Chen, 1996). In order to take full advantage of awareness, a necessary prerequisite is to conduct a survey regarding the competitive environment before embarking on the further stages of competitor analysis. Doing so can support organisations in the avoidance of potential dangers of a myopic approach to competitive strategy (Clark & Montgomery, 1999).

Organisations use specific attributes (Clark & Montgomery, 1999) to compare their organisation with others in the market (Chen & Miller, 2011, 2012; Clark & Montgomery, 1999; Kim & Tsai, 2012; Porac et al., 2011) in order to determine the nature of competition. Furthermore, organisations tend to apply the attributes Clark and Montgomery (1999) identified to evaluate a competitor's action that triggers a strategic response. Table 2 provides some of the current researches that further add knowledge about these attributes:

Attributes	Description	Authors
Size	Competitor's size in terms of sales, number of customers, number of employees, production capacity or number of locations	Clark (2011), Clark and Montgomery (1999), Deshpande and Grinstein (2012), Lim (2012), Porac et al. (1995, 2011)
Product Style	Product style refers to the industry defined or functional categories	Clark (2011), Clark and Montgomery (1999), Porac et al. (2011), Wright, Paroutis and Blettner (2013)
Product or market positioning	This reflects explicit statements about the value or benefits the organisation intends to provide for the customer with its products and is a result of the strategy and core capabilities of the organisation	Chen and Chang (1998), Clark and Montgomery (1999), Durand and Paolella (2012), Schmidt and Keil (2013)
Geographic Scope	This criterion refers to the geographic area where the organisation operates (local, regional, national or international)	Chen and Miller (2011, 2012), Clark and Montgomery (1999), Kim and Tsai (2012), Porac et al. (2011)
Organisation Success	This mostly refers to the market share or organisation growth	Clark and Montgomery (1999), Kim and Tsai (2012), Porac et al. (2011), Thomas and Wilson (2011)

Table 2 Organisational Attributes for Competitor Identification

Another model of competitor analysis considered was the model developed by Peteraf and Bergen (2002). Their model utilises Chen's (1996) constructs to conduct competitor analysis by evaluating the strengths of various types of competitors relative to a focal organisation. On the horizontal axis of the Peteraf and Bergen's model, organisations are categorised as high- or low-resource equivalence relative to a focal organisation. While on the vertical axis, organisations are categorised the three competitive types: direct competitors, potential competitors, and indirect competitors (see Figure 2).
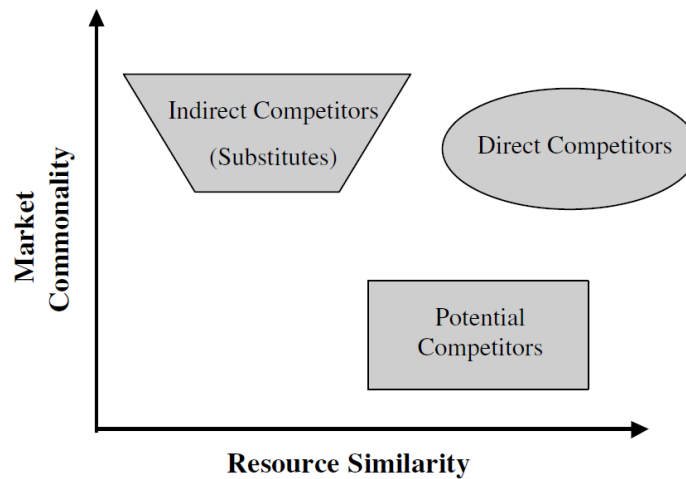
Figure 2 Recognising and Classifying Competition (Peteraf and Bergen, 2002 p. 160)

The perception of competition can develop rivalry that has long-term implications for any industry (Porter, 1980). This perception of competition increases with the growing likelihood of an action from the rival organisations (Chen, 1996). A number of studies have suggested that competing organisations are influenced by comparative attributes, such as relative size (Chen et al., 2007), market positioning (Baum & Korn, 1996, 1999), and resource similarity (Chen, 1996). Strategy and organisational research has an essential position in analysing competition (Hitt, Ireland, & Hoskisson, 2007; Smith, Ferrier, & Ndofor, 1999). This includes critical evaluation of the environment specifically with respect to sharing a common market or challenge for similar resources to sustain the business. One aspect of the competitor analysis is to comprehend how rival organisations interact with their environment and analyse behaviour of other organisations (Porter, 1980; Scherer & Ross, 1990). While identifying competitors in the market is a crucial but also a complex task, it involves comprehensive evaluation of its rival organisations (Chen, Su, & Tsai, 2007). Without such evaluation, it has been argued that an organisation is likely to underestimate the threat from its competitor (Zajac & Bazerman, 1991).

In fact, analysing the competitor has been central to strategy for organisations (Porac & Thomas, 1990; Porter, 1980, 1985; Smith, Grimm, & Gannon, 1992; Zajac & Bazerman, 1991). Chen's (1996) conceptualised competition is based on the conduct of an individual organisation's focus on characteristics of industry and the structure of the market (Hannah & Freeman, 1989) and, secondly, used competitive actions as a unit of analysis by studying actions and counteractions of organisations (Porter, 1980; Smith et al., 1992). Building on inter-organisation rivalry concepts, Chen (1996) developed a framework for competitor

26

analysis that shows the behaviour of an organisation in the state of competition. The framework integrates the response of an organisation when facing competition (see Figure 3).
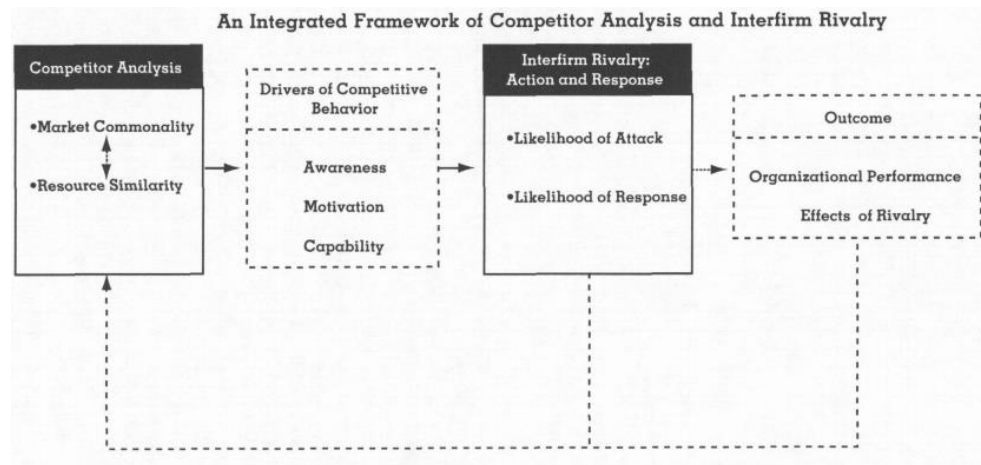
Figure 3 Competitor Analysis and Inter-Organisation Rivalry (Chen, 1996, p 111)

The study proposed two theoretical constructs for identification of competitors that the managers would perceive as relevant for their organisation: market commonality and resource similarity. Chen defined "market commonality" as the existence of a competitor in the market that it shares with the focal organisation. The rationale for "market commonality" is based on the strategic importance of the organisation sharing the market with either the competitors or exhibiting strength to counter a competitor's actions (Porac & Thomas, 1994; Reger & Huff, 1993).

In this, and other models (Chen, 1996; Day, 1981; Teece, 2012), the concept of "market" includes both customer-oriented and product-based concepts within an industry. An understanding of "resource similarity" in the market is crucial for social enterprises as they compete for government/private grants against traditional non-profits if they are to deliver effectively on their social objectives. Chen defines "resource similarity" as the level to which an organisation requires identical or similar resources such as professional staff, endowments, investments or suppliers.

The reason for adopting the competitor identification model by Chen (1996) is due to the model's generalised application. For instance, this model is used for defining the markets, which, in turn, helps the organisation in dealing with the government's antitrust regulatory policy. In the field of marketing, this competitor identification model helps organisations to analyse the development of product design, pricing policies, and communications and positioning strategies, and assesses the best channels for distribution. In the domain of

strategic management, the model is crucial in the provision of a basis for carrying out competitor analysis as well as the industry structure analysis. Moreover, it helps to provide the foundation for the analysis of the conditions of rivalry, and competitive advantage (Mason, 2010). This has been extensively discussed in the next section. Since social enterprises are understood to compete for social investments, therefore, they need to differentiate their strategic capabilities to minimise their vulnerability in the market in which they operate.

2.2   Chen's Framework for Competitor Analysis and Inter-organisation rivalry

There has been varied research on the analysis of competitors (Hamel & Prahalad, 1990; Porter, 1980, 1985; Zajac & Bazerman, 1991) as well as rivalry among organisations (Bettis & Weeks, 1987; MacMillan, McCaffery, & Van Wijk, 1985) while as earlier mentioned, there is no research identified on competitor analysis for social enterprises. Hence, this requires a thorough understanding of the topic. One of the main objectives of the topic of competitor analysis is to have an understanding of the importance of rivalry for an organisation (Caves, 1984; Porter, 1980; Scherer & Ross, 1990), how to predict it and how to counter it in order to achieve a competitive position in the market. To this end, various researchers have studied and determined factors that impact competitive responses and consequently, the implications of these factors in terms of performance (Chen, Smith, & Grimm, 1998; Porter, 1980). Moreover, researchers have also studied how organisations enter and exit from the rivals' markets and how this entry and exit becomes a pattern (Baum & Korn, 1999). Nonetheless, there has been little research regarding the competitive relationship that exists between rivals before the competition starts and how far this relationship can predict the rivalries of organisations in the market. Later on, however, Chen's (1996) theoretical integration on competitor analysis and inter-organisation rivalry contributed a great deal towards the understanding of the topic (Figure 4).

Figure 4 A Model of Competitive Rivalry (Chen, 1996, p.66)

On an industry level, Porter's (1980) popular five forces model for analysing industries and competitors has been considered one of the main theoretical frameworks on the topic, however, as the name suggests, it has been confined to an industry level. Similarly, when it comes to the analysis of competition among organisations in an industry, the strategic group is considered comprehensive in this area (Barney & Hoskisson, 1990; McGee & Thomas, 1986). Researchers however, in the use of the mentioned framework, have predominantly ignored the context of the market in which the competitors carry out their actions. Also, there has been no study on the degree to which two organisations come in competition with each other. Although the literature on marketing has acknowledged the significance of the market context, it has only contributed to the study of competitor analysis on an individual market level instead of organisation level (Weitz, 1985). Therefore, Chen's (1996) model on competitor analysis and inter-organisation rivalry remains the most comprehensive work which takes market context into consideration and answers some of the questions that have largely remained unexplored. For instance, the way in which researchers can differentiate between competitors in an industry and their individual market behaviour. Similarly, how can an organisation evaluate its relationship with a certain rival organisation before entering a competition with it and the consequent retaliation of the rival? Also, the important question of how can an organisation estimate which competitor is likely to act? How can strategists distinguish between a set of competitors so that an organisation can pay attention to and allocate resources towards each? Finally, how to systemically approach and integrate competitor analysis and inter-organisation rivalry? Chen's (1996) work attempted to answer all these questions through the provision of a conceptual link by suggesting two theory-based models that are specific to two organisations, i.e. the commonality of the market and the similarity of resources among two given competitors. By making the approach

organisation-specific, a competitive asymmetry arises that presents how two particular organisations may not pose equal threats to each other (Chen & MacMillan, 1999).

2.2.1 The two key constructs of Chen's Competitor Analysis

Competitors are defined as organisations that operate in the same industry, providing similar products and targeting similar clients. In order to capture the unique nature of each competitive relationship, competitive analysis is best performed when organisations are compared within the industry. Moreover, any kind of asymmetry that exists among organisations can be estimated only from the perspective of the focal organisation. Therefore, the main concentration of competitor analysis is not based on the understanding of organisations, corporate groups or individual competitors in isolation, but on the assessment of the competitive tension between two organisations and, therefore, the potential of these two organisations to participate in competition behaviour. This kind of competitor analysis, which is pair wise and organisation specific in nature, reflects the careful investigation of inter-organisation rivalry by taking an action/ response dyad into consideration, balancing the group approach in understanding the phenomenon of competition (Chen & MacMillan, 1992). This is the only type of microanalysis in which the niceties and intricacies of competition and rivalry can be discovered. A joint review of the dimensions of strategy and market is supported in the literature. For instance, Harrigan (1985) suggests there are many markets in an industry and each of the markets may have different strategies. When markets and competitors are being defined, an integrated viewpoint is required that can combine the "top-down" approach to specify the strategic capacity of markets and the "bottom-up" approach, that lays stress on the requirements of customer market requirements (Allison, 1971; Day, 1981; Kiesler & Sproull, 1982).

The available literature on the topic of organisational change decision making and learning propose three necessary components that trigger organisational action. These include the awareness of inter-organisation relations and the results of its actions, the motivation to act and lastly being able to take action (Lant, Milliken, & Batra, 1992). The attention on the two dimensions of the market also suggest the three mentioned qualifications, i.e. awareness and motivation are mainly due to the labour market and capacity is strongly dependent on the strategic allocation of resources. These three determinants are crucial in predicting inter-

organisation rivalry (Miller & Chen, 1994). Also, markets and resources, and, in fact, the competition itself, and can be defined as objective processes that all organisations will take into account in the same way or will carry out a subjective clarification of reality (Fombrun & Zajac, 1987; Porac & Thomas , 1994; Porter, 1980; Reger & Huff, 1993). Although both dimensions carry significance and can complement each other, the focus is, above all, on the objective viewpoint of competition. Likewise, the market commonality as well as resource similarity are considered here as two theoretically separate, loosely joined designs. The emphasis here is to accentuate its importance in the analysis of competitor identification and its role in the prediction of rivalry for social enterprises which has not been studied before.

2.2.2 Market commonality

The research regarding competition has highlighted the significance of common markets and the interdependence of different markets in terms of competition, using the concept of multimarket contact. While no research on social enterprises exist with respect to competition, the multimarket degree of contact between two organisations decides whether they are direct and immediate competitors.

Multimarket contact is usually the average number of markets in which the organisation enters into a competition with all its competitors in a particular market, except the focal market (Gimeno & Woo, 1994). One of the main goals of this research is focused on testing multimarket contact and its influence on rivalry in the market. However, Korn (1999) suggested that the majority of studies on this topic tend to explore variables such as the average price, the performance of the organisation and the stability of the market, which is either only indirectly related to rivalry or shows the result of rivalry, but does not explore the concept of rivalry in itself. In addition, researchers often see multimarket contact as the collection of assets of an organisation (Barnett, 1997) or the market (Evans & Kessides, 1994), and, as a rule, do not recognise the cases of competitive commitments or mutual forbearance (Boeker, Goodstein, Stephan, & Murmann, 1994; Edwards, 1955). Also, multimarket contact is considered not to vary from one market to another or from one organisation to another, but from one relationship to another (Baum & Korn, 1999).

More importantly, although the literature focuses on multimarket contact, researchers do not fully take into account that the intensity of competition may differ in a common

market where each of the two organisations compete. From the point of view of competition, different markets have different groups of competitors, and the market power that each competitor holds differs in these markets (Montgomery, 1985). From a strategic perspective, every market will play a different role in the global market profile of each organisation (Chen & MacMillan, 1992). In summary, every market is unique in nature. The two organisations compete directly and experience much tension when they are in direct competition in many markets and, especially, if each organisation is a key player in relevant markets for each other.

The mutual interdependence of markets, as suggested in the literature, involves reciprocity and symmetry by definition. However, the market relationship among two organisations may not be essentially symmetrical. The market framework of commonality is a more narrowly determined type of interdependence. That is to say that it is specific to the organisation, and is considered from the perspective of the focal organisation. The advantage of this refined concept of interdependence is that it can easily perceive the existing asymmetry in market relations between organisations. Market commonality is defined as the extent of a competitor presence in the market, some of which coincides with that of the focal organisation. While it is not known for social enterprises, the market commonality of a competitor with a focal organisation is due to both the strategic significance of the focal organisation in the shared markets as well as the strength of the competitors in the common markets. The market is an intricate and multidimensional design and different definitions for different strategic objectives are needed (Porac & Thomas, 1990). To allow generalisation, the market is generally defined here in order to include both products and customer-based concepts, such as market segment, and geographic market, or the brand (Day, 1981). Usually, in any industry, there will be general agreement on the concept of the market (Boeker, Goodstein, Stephan, & Murmann, 1994).

Social enterprises like any for-profit organisation requires creativity and innovation, as presented in the Chapter 1, by applying market-based solutions. Furthermore, a lack of resources also prompts social enterprises to innovate in the face of growing competition.

2.2.3 Resource similarity

From a strategic viewpoint, in order to differentiate between competitors, a resource-based view of organisations seems to be of particular importance to organisations (Amit &

Schoemaker, 1993; Mahoney & Pandian, 1992; Teece, Rumelt, Dosi, & Winter, 1994). The organisation is the central level of analysis in this theory of strategy; the fundamental makeup of an organisation is as an exclusive set of resources (both tangible and intangible) and capabilities (Penrose, 1959). A prime supposition of the resource-based viewpoint is that the capabilities and the tangible and intangible resources are distinct and scarce. A basic assumption of the resource-based work is that resource bundles and capabilities are heterogeneously distributed between organisations and each organisation is distinct because of the various assets and resources that it has attained over a period of time by developing different methods to control them (Peteraf, 1993; Patterson, Cavazos & Washington, 2014).

The competitive position of an organisation and its competitive advantage in a particular industry is determined by its unique bundle of resources (Patterson, Cavazos & Washington, 2014). More significantly, resources of an organisation are "sticky", implying they can only cater to the needs of a specific organisation and thus, they tend to limit the strategic decisions of the organisation (Teece et al., 1991). By definition, resource similarity is the degree and type of strategic endowments a competitor organisation possesses as compared to the focal organisation. It is of immense importance to understand the phenomenon of resource similarity because where organisations share a similar bundle of resources, the likelihood of possessing the same strategic competencies is increased. Also, due to this, the competing organisation becomes more prone to enter the marketplace as a competitor. Likewise, organisations whose bundle of resources is different to others can draw more varied competitive archives due to their specific profiles of strategic resources.

All in all, the organisation-specific frameworks of market commonality and resource similarity that evolved from the viewpoint of an individual organisation are essentially rooted in the resource-based organisation theory. Nonetheless, Chen (1996) argues that each organisation is unique from each other in terms of market commonality and resource similarity.

2.2.4 Inter-organisation rivalry: Competitive Action and Response

Based on the examination on rivalry among organisations, competitive actions and responses, many useful notions have emerged (Chen et al, 1992; Chen & Miller, 2015; Baum & Korn, 1994). Firstly, the research by Chen et al. (1996) acknowledges that the concept of inter-organisation rivalry and competition are distinct from each other. Whereas the former

lays stress on individual organisations, competition is a more general term which concentrates on market structure or the characteristics of a particular industry (Chen & Miller, 2015; Hannan & Freeman, 1989; Jacobson, 1988). Examination of moves and actions by using the competitive move as the unit of analysis (Chen & Miller, 2015; Smith et al., 1992) means rivalry can be analysed by studying the action and response (Chen, 2014).

The response/ action dyad is momentous in nature because this is the level at which dyadactual competitive involvement of organisations takes place (Chen, 1992). Also, at this level, competition, strategy, and organisations' mutual interdependence can be captured at their best (Porter, 1980). An action, also called an attack, is defined as a particular competitive move that an organisation initiates, for instance, the introduction of a new product in to the market that results in the acquisition of a rival's market shares or bringing about a reduction in their expected returns (Josefy, Kuban, Ireland & Hitt, 2015).

Likewise, a retaliation or response is a particular action that an organisation initiates after being attacked by the rival organisation in order to bring about an improvement in its market share or to defend its position in the market. The significance of an action in a competitive market has been widely recognised by concepts, such as the competitive initiative and the first-mover advantage (MacMillian, 1982; Lieberman & Montgomery, 1988). The importance of competitive responses, widely recognised as attacks, are seldom because there is not enough freedom and the usefulness of an action largely relies on the response of a defender (Chen & MacMillan, 1992). The organisation that launches the attack needs to consider the probable reactions of the rival because it is of immense importance in situations where the rivalry between two organisations is intense. Also, owing to the close interdependence of organisations, the actions carried out by a rival organisation can be quick and damaging (D'Aveni, 1994). Under these circumstances, the anticipation of a response is likely to drive competitive decision making. Therefore, the interactive and dynamic nature of rivalry is one of its key features and must be given much consideration (Weigelt & MacMillan, 1988).

Furthermore, studies have demonstrated that attacks and retaliations have a profound influence on performance (Chen & Hambrick, 1995), therefore, if a competing organisation initiates a greater number of competitive moves, it can perform better in the market (Young et al., 1994). Organisations that launch attacks and those who respond to attacks attain market share quicker as compared to those organisations that are late in responding to the attack

(Chen & MacMillan, 1992). Moreover, as per Smith et al.'s (1991) suggestion, if an organisation's tendency to respond is greater than other organisations, its performance would be, in turn, better compared to others. Lastly, if an organisation's attack results in greater number of responses from rival organisations, the performance of the attacker organisation becomes worse (Chen & Miller, 1994).

2.2.5 Identification of competitors and analysis

In a competitive market, identifying rivals plays an important role for the performance of an organisation. The topic has been the centre of recurrent studies both from the academic viewpoint as well as from a business perspective. Competitor identification has been practised more frequently these days with ever-changing market dynamics (Chen, 1996). Moreover, competitor identification is deemed the first step to determine the degree of rivalry between different organisations within a particular industry. To analyse this, most research (Ghoshal & Westney, 1991) has used aggregate indices and the market share of the largest organisations, etc. in which the rivalry is considered identical for all entities. These approaches can be understood from the perspective of the manufacturing sector, where the emphasis is normally placed on identifying the structural characteristics of industries as a principal determinant of businesses.

While in recent years, scholars (Amit & Domowitz, 1988) have attempted to recognise the role of corporations in influencing environmental conditions, the degree of detail with which the ratio of an organisation and its competitors is described, is still low. It is perhaps more surprising that the strategic direction has not been studied considering the recent features and peculiarities of rivalry between organisations. Although it is true that the theory of efficiency of resources is taken as the unit of analysis for organisations because it is considered comprehensive to study how organisations obtain a sustainable competitive advantage (based on their capability to develop valuable resources), studies on the subject have been scarce and difficult to imitate or be substituted (Barney, 1991). Also, the analysis tends to ignore the importance of the external dimension and the idea that the value of resources are generated from the market indirectly (Amit, Domowitz, & Fershtman, 1988).

2.2.6　Strategic responses to competition

There are various factors that determine the extent and intensity of competition taking place in the market (Hall & Weiss, 1967; Porter, 1980). These factors are called Porter's five forces and have been discussed earlier in this chapter. These factors put restraints on an organisation's strategy to deal with competition, and consequently, performance differentials start arising among organisations. Over the last three decades, the topic of competitive intensity (Porter's five forces) has been a prime focus to scholars. This is because these five forces help an organisation design strategic responses to influence the performance of the organisation (Porter, 1980, 1985) through the characteristics of the organisation. Porter (1980) argues that the competitive intensity (five forces) affect the strategic decisions that an organisation takes to achieve a competitive advantage in the market. For years, the use of Porter's five forces served as a prominent plan for organisation managers so that they could represent the competitive intensity of their own respect industries. An organisation's individual marketing competencies are related to its performance and it is actually the strategic posture of the organisation that drives these competencies (Woodside et al., 1999).

A review of the literature suggests that firstly, an organisation has an environment which fosters a certain degree of competitive intensity. This inherent characteristic influences its strategic decisions to counter competition which, in turn, enhances the performance of an organisation in the market (Matsuno & Mentzer, 2000; Porter, 1980). Second, the heterogeneous characters of an organisation cannot be solely explained by competitive intensity, hence, the type of strategy used to counter competition is also of immense importance (Vorhies & Morgan, 2003).

The success of strategies depends on the type of offensive manoeuvres that rivals employ to achieve a competitive advantage in the market. Therefore, it is imperative for an organisation to devise strategies that can deal with market competition. By formulating strategic responses, an organisation is able to achieve a more competitive advantage. Moreover, an organisation attains a better position in the market through its effective strategies to counter competition that can outperform the capabilities and strategies of its rivals. Porter (1980) suggested strategic responses to competition are a game of action and reaction.

The competitive strategy of an organisation allows it to have knowledge of the strengths and weaknesses of its competitors in the segment or niche market. In order to design an effective strategic response to competition, an organisation must first determine if they are a market leader or a follower (Porter, 1980). If the organisation finds itself in a leading market position, they should devise defensive strategies towards their competitors. If the organisation finds itself in the position of a follower, it has to devise offensive strategies in a competitive market. This practice should continue and if the organisation is neither a leader nor a follower and its business is small or of micro size, they should use guerrilla strategies (Ries & Trout, 1981).

The first significant advantage of designing strategic responses to competition is that an organisation can enjoy sustained participation in the market compared to those who enter the market later (Duro, 1989). However, the latter may be successful if they adopt distinct positioning strategies and marketing tactics. Entering the market as early as possible is an important strategy because the organisation that enters the market first enjoys a powerful position in the market, however, once they become complacent in the market other competitors sometimes take advantage of the gaps left by ageing market leaders (Duro, 1989). Moreover, the cost of being the first to enter a market is greater for two basic reasons. First an innovative product requires more R & D investment than an imitation. Second, the knowledge of the market and product positioning forces the pioneers to make further investments in advertising and promotion. Thus, the organisation that enters the market first is usually left with a greater market share (Porter, 1980).

However, all is not rosy for the first entrant, and not necessarily discouraging for those entering later. In some cases, the organisations that enter the market first have lost their position against other competitors for many reasons such as:

1) The first organisation no longer offers a higher level of service;

2) A new technology is used that changes the cost equation, so that a newcomer can offer a similar or better service with less cost; and

3) A newcomer develops a new way to reach the market with an innovative distribution strategy (Ries & Trout, 1981).

The most important strategies to retain a competitive advantage include the following:

- Increasing entry barriers;
- Innovating faster than the newcomers;

- Building a flexible organisation to market quickly and efficiently.

When the pioneering organisation has a distinctive presence in the market, they should be ready to react to or anticipate the attack of potential competitors and raise barriers to entry through a lower price of product. Some organisations also block the entry of new competitors through control of key distribution channels. Also, an organisation can enter with a lower price when it has measured the reaction of competition, hence they can still improve a product or service for a specific niche market (Ries & Trout, 1981). Moreover, an organisation can take advantage of being the last in the market, first by differing substantially in the minds of consumers through product changes or promotion strategies and secondly, through creative ways of increasing product trials, through demonstrations, new ways to deliver the product, interactive marketing or catalogue sales.

2.2.7 Effect of varying environment on Competition

Competition is considered as the conscious struggle of every organisation to establish its supremacy in a specific market (Amaldoss et al., 2000). Competition has been interpreted as the behaviour of individual organisations towards other organisations operating in the same market. In the atmosphere of competition, actions taken to maintain the position of the organisations is conflicting because normally, the interests of the parties cannot be met simultaneously (Sargeant & Lee, 2004). Thus, when interactions are based on the rivalry, no business exchanges occur between organisations. However, although these do not exist, there may be other exchanges of information and social activities (Morgan & Hunt, 1994).

Occasionally, competitors strive to maintain as little interaction as possible, which in some cases can lead to coexistence (Farrelly & Quester, 2003a). In this situation, the competitors have knowledge about other businesses and the position that each has, but they don't consider it a challenge. This type of relationship does not include any commercial exchange. Therefore, competitors rarely interact in rivalry, so that they are complementary parts, with good niches demarcated and defined for their operations (Morgan & Hunt, 1994). However, these relationships are not permanent. Bengtsson and Kock (1999) have found situations where competitors living in a coexistence scenario have begun to compete, either

because one of the competitors feels threatened by the other, or because it sees the opportunity to expand its domain business (Mistri & Solari, 1999).

Perhaps the most visible link between competitors is relationship cooperation. This type of relationship indicates a shared interest in working together toward a common goal. Exchanges in this case are usually legal, and involve information and knowledge, and can even be social (Svensson, 2002). These cooperative relationships among competitors can be "formal" such as strategic alliances and "informal" where the relationship is based on trust and mutual interests. Both are built on mutual interest in acting in cooperation when such interaction provides access to external resources and knowledge to agents involved in the relationship (Bengtsson & Kock, 1999). However, conflicts and disagreements can also arise in cooperative relationships.

Additionally, literature on the topic of coopetition shows that this phenomenon can be both disadvantageous as well as beneficial to an organisation. The most significant conceptual and theoretical approach to coopetition has incorporated key characteristics from game theory and resource-based views (Lado et al., 1997; Quintana-Garcı´a & Benavides-Velasco, 2004). The ideas that are derived from resource-based views and game theory explain why coopetition can turn out to be more profitable as compared to a mere cooperation among the non-competing (Soppe, Lechner & Dowling, 2014; Yang, Zheng, & Zhao, 2014).

As per these standpoints, at times, rivals can positively engage in sum games that are valuable for all competing organisations (from the viewpoint of the game theory). Also, at times, the competitors have the same market insight as well as technical know-how and a common market vision, which assists them in engaging in these kinds of associations (the resource-based viewpoint). The present day empirical and theoretical works on coopetition propose that the phenomenon can be appropriately used to improve relations with competitors. In the literature on management, a fusion of competition and cooperation has been termed coopetition. Many authors (Chen & Miller, 2015; Soppe, Lechner & Dowling, 2014) have laid great stress on the significance of coopetition in the contemporary world of inter-organisation dynamics. Through interactions with other organisations, a particular organisation can develop and expand their business (Jorde & Teece, 1989).

Hence, it is of great importance for organisations to consider and analyse these interactions between organisations. Traditionally, it has been considered that in a market, as opposed to competing organisations, researches focused on the study of networks and

strategic alliances have provided new insight into the different relationships that may exist between organisations immersed in an atmosphere of competition (Sargeant & Lee, 2004). Bengtsson and Kock (1999) identified four different types of relationships that can develop between competitors, depending on the way organisations interact with each other in the context of a market. These include competition, coexistence, cooperation and coopetition (cooperation and competition) (Ottati, 1994).

In coopetitive relations, organisations interact with two different methods of interaction, cooperation and competition (Ottati, 1994). In this way, cooperative relationships can help organisations gain access to external resources, such as experience or financial funds, while from the competitive aspect, organisations are forced to generate a relative competitive advantage over other players. Consequently, the coopetitive relationships simultaneously cover the benefits and drawbacks of cooperation and competition (Morgan & Hunt, 1994). It is considered that both the cooperative behaviour can positively or negatively influence the overall interest of organisations, based on specific situations where it takes place and its particular indicators (Ottati, 1994). Competitive behaviour can take different forms. On the one hand, an organisation can strive to emulate another organisation to develop a competitive stance common among organisations respecting the guidelines of "fair business" (Mistri & Solari, 1999).

Not only can competition force organisations to seek levels of lower costs, but also require them to invest in innovation products and processes (Mistri & Solari, 1999). However, competition may also be destructive, for example, when it allows predatory practices, in order to eliminate competitors with less market power or offering goods of better quality, often using fraudulent means (Ottati, 1994). In this regard, some researchers say that rivalry or local competition leads to greater competition based on prices (Enright, 1991). Also, organisations should look for constructive aspects of cooperation, which include working with organisations that allow associations and arrangements to ensure working with larger organisations on an equal footing (Gnyawali & Madhavan, 2001). Thus, cooperation can overcome obstacles that organisations are not individually able to overcome, especially small-scale enterprises. This is because small businesses have difficulties such as when they do not cooperate with other organisations, low growth or even survival in an atmosphere of great rivalry (Bengtsson & Kock, 1999). These difficulties can be seen in areas such as

procurement of raw materials, when there is a lack of local suppliers or there are difficulties in contacting suppliers from outside-the-funding barriers (Lado, Boyd, & Hanlon, 1997).

To address these difficulties, organisations can cooperate with each other, obtaining mutual benefits. In this regard, Oughton and Whittam (1997) indicate the need to form appropriate institutions to encourage cooperation networks between enterprises and institutions which can help significantly improve the potential for creating collective economies. This link indicates that a mechanism to encourage cooperation is the support of public-private partnerships and the promotion of the process of collective learning (Newlands, 2003).

Dimensions of coopetition

The conceptual work on the topic of coopetition has treated the dimensions of coopetition and competition separately (Dowling et al., 1996). The way in which an organisation competes with another is determined by the way organisations cooperate with each other. There are three dimensions of coopetition that must be considered in order to conceptualise the phenomenon of coopetition, however it must be within the context of competitive behaviour (Dowling et al., 1996). The three dimensions of coopetition are mutual benefit, trust, and commitment. All three dimensions are dual in nature because they are not only defined in terms of interaction between two organisations but also have a competitive context (Brandenburger & Nalebuff, 1996). The three dimensions are mutual benefit, trust and commitment.

Studies related to dyadic relationships show that commitment and trust are of utmost importance (e.g., Morgan & Hunt, 1994). An organisation can attain utility for itself by pursuing good relationships with other organisations. Dyadic relationships should be beneficial to both organisations in meaningful ways, irrespective of the equality of benefits (Adler, 1967). In his study on mutual benefits between partners, Svensson (2002) lays great stress on the significance of mutual benefit. Hence, without the element of mutual benefit in a relationship, organisations cannot embark upon a coopetitive relationship. In summary, the success of a coopetitive relationship between organisations lies in the fact that both organisations should be able to reap advantages from both investments as well as competitive conflict.

Trust is of crucial importance in a successful relationship, especially in long-term relationships (Farrelly & Quester, 2003). For organisations, trust is the basic element of developing mutual confidence. Studies have proven that in the vertical relationships that exist between organisations as well as their stakeholders, trust is of paramount importance. When seen from the perspective of coopetition, the relationships between organisations are considered to be horizontal in nature, wherein the concept of trust is intricate. In conventional competitive relations between organisations, trust implies that organisations would not behave unethically with each other or charge low prices in an artificial manner, etc. Coopetition has a unique context for trust, in which organisations must trust their partners in two arenas. Competition and cooperation can bring about both conflict and harmony among organisations (Bengtsson & Kock, 1999). By opting for coopetition, a partner organisation can start trusting its counterpart in the way it shares its resources, uses information, and carries out communication along with other characteristics of the relationship's cooperative dimensions.

Commitment amongst organisations is defined as the desire of organisations to strengthen relationships by continually making investments (Sargeant & Lee, 2004). This desire also comprises the willingness of an organisation to make both financial as well as non-financial investments. Garaffo (2002) suggested that in coopetition, the levels of commitment among organisations revolve around sharing developmental activities, cooperative research, exchange of knowledge, engaging in collaborative contracts, etc. Some authors assert that the levels of commitment are related to a sharing of benefits. For instance, when two organisations share benefits equally, benefits increase (Amaldoss et al., 2000). However, when it comes to coopetitive relationships, partners commit to each other at a level that does not include mutual benefits because of the self-interest of the individual organisation (Jorde & Teece, 1989).

2.3 Summary and Research Questions

In summary, like any other business, the most crucial point for any organisation is to attain a competitive advantage in order to analyse the strengths and weaknesses of its competitors and position itself in the industry accordingly. Organisations with social missions have a greater chance of building up customer loyalty, commitment from its employees, are more likely to receive favourable press and receiving improved scores of brand recognition. Additionally, social enterprises, like any for-profit organisation, need to expand its reach beyond just the mission at hand. Competitive advantage not only contributes to the betterment of society, but also the financial wellbeing of the organisation (LaPiana & Hayes, 2004). Provided that the competition is authentic, a social enterprise business model is actually a very effective tool for competition in a market.

Competition has been argued as central to any organisations' strategy (Clark & Montgomery, 1999; Kim & Tsai, 2012; Porac et al., 2011; Thomas & Wilson, 2011) and it helps in identifying the relevant market for private businesses and their likelihood to achieve sustainability (Chen & Chang, 2010; Deshpande & Grinstein, 2012; Lim, 2012; Schmidt & Keil, 2013). Organisations tend to look at how competitors behave and strategise their response accordingly (Chen, 1996, 2011; Porac et al., 2011). As social enterprises rely on business success to achieve social objectives (Barraket, Collyer, O'Connor, & Anderson, 2010; Mason, 2010; Leadbeater, 2007), it would seem that there might be a growing need to understand and formulate concrete strategies to integrate the perception of competition. Social enterprises need to collect information on the market and feedback on the products or services they offer in order to manage their businesses. Thus, this study will examine the applicability of Chen's (1996) framework for competitor analysis in order to examine whether social enterprises apply the two theoretical constructs: market commonality and resource similarity to identify their relevant competitors and comprehend the strategic response of social enterprises in the following 2 research questions:

RQ1:   *Do managers of social enterprises have an understanding of competition?*

RQ2:   *Is Chen's (1996) competitor identification applicable to social enterprises?*

Chapter 3 Research Method

This research adopts a realist/constructivist epistemological paradigm which explains the existence of reality. This paradigm is helpful when planning a study in a setting where both internal and external processes have a significant impact on the reality (Brannen, 1993; Bryman, 1993; Guba & Lincoln, 1994; Proctor, 1998). This epistemological paradigm focuses more on explanation than prediction and supports the qualitative approach of this research. Realists accept that information is not value free, but that it is influenced by many complex internal and external processes. This requires higher levels of researcher awareness about their influence on the research process and, with regard to the nature of data collected, a greater sensitivity towards the data and research process (Corbin & Strauss, 2014). Realists, while acknowledging the role of constructivist approaches, also recognise the importance of structure and organisation of the constructs through development of models and rigorous testing (Proctor, 1998). This is also allows for quantitative aspects of this research. Thus, this study is situated within a realist/constructivist epistemological paradigm which allows for the use of mixed methods.

Therefore, qualitative, quantitative and mixed methods will be discussed before presenting which approach was most appropriate for this study. The advantages and disadvantages of each of the three approaches were also examined and the ethical considerations of the proposed research outlined.

3.1 Qualitative Approach

Numerous studies on social enterprise (Battilana & Lee, 2014; Borzaga & Defourny, 2001; Dart, 2004; Dees, 1998; Defourny, Borzaga, & Defourny, 2001; Defourny & Nyssens, 2008; Leadbeater, 1997; Ridley-Duff & Bull, 2011; Tuckman, 1998; Weber, 2005) as well as studies on competitor identification (Chen, 2014; Chen & Miller, 2011, 2012; Clark & Montgomery, 1999; Lim, 2012; Porac & Thomas, 1990; Porter, 1980; Porter & Miller, 1985; Porac et al., 2011; Peteraf & Bergen, 2002; Young, Smith, & Grimm, 1998) have used a qualitative approach. As mentioned earlier, none have addressed the applicability of Chen's (1996) competitor identification framework to social enterprises. Most of these have used a case-based approach, focused on individual social enterprises.

The qualitative method aims to provide an in-depth knowledge of people's perceptions and how they act (Attride-Stirling, 2001). It allows for 'why' questions to be asked with in-depth probing. Respondents are free to answer in any manner they deem fit and are not influenced by pre-determined options (Filstead, 1979). The focus of qualitative research is on who is affected by the problem, why, the factors involved, whether the problem requires a response from the individual or organisation. It is often used where no prior research exists and a foundation has to be created through in-depth information gathering (Patton, 1990).

The qualitative approach can take a variety of forms in its endeavour to obtain in-depth knowledge about the individual's beliefs and perceptions (Bryman & Becker, 2004; Corbin & Strauss, 2014; Silverman, 2010). The researcher can employ various tools such as case studies, documentary analysis, focus groups, participant observation and semi-structured interviews. The researcher listens to every detail respondents share and, in a way, observes the world through the respondents' experiences. Direct observation is also possible when using focus groups and interviews. Face-to-face interaction assists in developing a connection between the participant and the researcher such that participants are likely to feel more comfortable in sharing their experiences and views (Berg & Lune, 2013). Through face-to-face interviews, participant observation can help disclose the process by which people attach meaning to changes in attitude or behaviour with respect to the focus of the study (Seidman, 2012). In fact, direct observation during focus groups or interviews can help further explore certain actions or responses to a situation which might be difficult for the respondents to recall (Becker, 1958; Guest & Maxwell, 2012; Namey & Mitchell, 2013). In such cases, the qualitative approach allows the participant to provide additional information even after the interview which they deem important and might have been missed during the interview for any reason. Gathering and filtering of relevant information is time consuming, before factoring in the time required for scheduling interviews, transcribing recordings or notes, and analysing and reviewing data.

A qualitative research approach requires more time of both participants and researchers for in-depth information gathering. Sometimes, however, face-to-face interviews cannot be arranged, therefore interviews can be conducted via phone or by video conference. There are instances where consent to participate is received but due to business and personal engagements an interview cannot be arranged, in which case written answers to questions

may also be obtained and also classified as qualitative data. Given the time involved, many researchers, such as Defourny and Nyssens (2008), Defourny, Borzaga and Defourny (2001) and Dart (2004), have been restricted to using a small sample. Though generalisability of outcomes commonly applies to specific types of quantitative methods, transferability can be applied to most types of qualitative research (Patton, 2005). Unlike generalisability, transferability tends to build a connection between the readers and their own experience (Marshall & Rossman, 2010). This becomes a challenge for the researcher as they need to develop and impose their own framework to decide what might be considered as important and relevant information. Since the discussion with the participants is in-depth, it is a challenge on the part of the researcher to limit the conversation to the scope of the interview using sophisticated interviewing skills. The responses tend to include information which the participants view as important to the subject but might not be relevant for the researcher. An additional disadvantage of this approach is that it may not be possible to replicate the results.

Maggs-Rapport (2001) argues that qualitative research lacks transparency regarding the analytical methods used, thereby obstructing the capability of the reader to analytically review the findings from the research. The researcher has to identify participants based on a set selection criteria compared to a quantitative study where participants are recruited using a selection criteria but are usually anonymous (Bryman, 2006; Merriam, 2002). This becomes a challenge for the researcher to ensure credibility of the sample chosen so it does not generate biased or skewed results.

Keeping in mind the advantages and disadvantages of the qualitative approach, the next section discusses an alternative approach: the quantitative approach.

3.2 Quantitative Approach

As discussed earlier, most studies on social enterprises have used a qualitative (case-based) approach. In the broader field of business research, quantitative research has been used extensively in both the for-profit and non-profit sectors (Aguinis & Glavas, 2012; Kiel, 2007; Sarstedt & Schloderer, 2010) especially for studies on competitor identification and analysis (Chen, 1996, 2010; Clark, 2011; Chen, Su, & Tsai, 2007; Kim & Tsai, 2012; Porter,

1991; Tsai, Su, & Chen, 2011). However only one quantitative study on social enterprise has been identified (Christlieb, 2012).

The quantitative approach is generally accepted as a method to test and validate existing theories (Morgan, 2007). Applying a quantitative approach is considered to be an efficient method to gather information from larger number of participants and at a lesser cost compared to a qualitative approach (Bryman, 2010; Hopkins, 2008). With the introduction of online data collection techniques, fewer controls and monitoring mechanisms are required, thereby further decreasing the overall cost of data collection. Burns (2000) argues that quantitative research can produce results with greater reliability and stability [Reliability and stability is attained through quantifiable and consistent measurement, while control is achieved through sampling and design].

Quantitative research enables investigation about the relationship(s) between two or more variables. In a quantitative study, variables can systematically be manipulated while eliminating or controlling other variables to establish, test and validate a cause-and-effect or associative relationship between the variables (Creswell, 2013). Data analysis may take less time especially in the age of computerised statistical tools like SPSS (Muijs, 2010). The results are relatively self-determining in a quantitative study with measures of statistical significance able to be applied to minimise the researcher's influence.

While quantitative methods have their advantages, there are challenges that the researcher needs to address. Firstly, a purely quantitative approach precludes an in-depth examination of some research questions. It generates information which is abstract; for instance, "one out of ten organisation does not conduct a competitor analysis" and does not answer the "why" to describe the results and rather simply states them (Lewis-Beck, Bryman, & Liao, 2013; Neuman & Robson, 2004). Mathematical and statistical models are usually needed to analyse and make sense of the data. Another drawback is that typically, in a quantitative (survey) approach, a limited set of responses is presented to the respondent such that an in-depth understanding of their experiences and perceptions is not possible (Newman, 1998; Onwuegbuzie, 2000; Robson, 2011). This is referred to as a confirmation bias where the researcher searches for or only interprets information which can endorse existing presumptions resulting in statistical errors (Black, 1999; Bryman, 2007). Therefore, given the advantages and disadvantages of both qualitative and quantitative methods, a mixed method approach which integrates both methods needs to be considered.

3.3   Mixed Methods

A mixed methods approach provides more evidence than just exploring a research problem compared to a quantitative or qualitative research. It is understood that the researcher can use all of the tools for data collection available, rather than being restricted to the categories of data for different types of research (Mayoh & Onwuegbuzie, 2013). As a result, a mixed methods approach ensures the questions are addressed in detail and in-depth backed by quantitative data unlike those answered by a purely qualitative or quantitative approach.

Mixed methods research is increasingly becoming a common choice in methodology for researchers across a range of disciplines, especially in business and management. Creswell and Clark (2007, p. 18) state that:

"Today, we see cross-cultural international interest, interdisciplinary interest, publication possibilities, and public and private funding opportunities for mixed methods research".

Interestingly, recent studies on social enterprises (Desa, 2012; Crossan, Ibbotson, & Bell, 2011; Ferguson & Xie, 2007; Roy, Donaldson, & Baker, 2013; Ritchie & Lam, 2006; Short, Moss, & Lumpkin, 2009; Smith, Cronley, & Barr, 2012; Teasdale, 2009) have increasingly employed this approach as it enables backing up qualitative data with quantitative measures. As discussed earlier, most research on social enterprise has been case-based; a mixed methods approach provides stronger results which can be generalised. On the contrary, research on competitor analysis has been found to be either purely qualitative or quantitative; therefore, studies using mixed methods with this approach have not been identified.

Creswell and Clark (2007) define the mixed methods approach as:

"A research design with philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches

in combination provides a better understanding of research problems than either approach alone." (p. 5)

A mixed methods approach integrates both qualitative and quantitative fundamentals (Teddlie & Tashakkori, 2009). Applying a qualitative approach, collection of in-depth knowledge related to an individual's beliefs and understanding based on respective experience can be achieved (Creswell & Clark, 2007; Morse & Niehaus, 2009). A quantitative approach will enable collection of numerical information for other questions, such as using a Likert Scale to complement the qualitative information. Another reported benefit of applying a mixed methods approach is to use qualitative analysis for an exploratory study and quantitative analysis to further strengthen the results (Östlund, Kidd, Wengström, & Rowa-Dewar, 2011). Furthermore, a mixed-methods approach will use the strengths of both qualitative and quantitative methodologies to develop a broader view. The qualitative data aims to provide the background information and will assist in interpreting and understanding of the responses. The two ways of thinking (qualitative and quantitative) create a stronger model (Teddlie & Tashakkori, 2009).

While this approach has its advantages, it can also be time consuming and expensive. The most important challenge of using a mixed methods approach is to interpret differing results and analysis of quantitative and qualitative data. Thus, this approach is relatively difficult and can become time consuming in terms of both data collection and analysis.

In general, interpretation is achieved in a quantitative approach through controlled practices that test and validate concepts (Frels & Onwuegbuzie, 2013). A fundamental assessment of quantitative research models is that it is statistics dependent, thereby expanding the importance of mathematical models which are unable to capture complex human behaviour (Goertzel & Fashing, 1981; Mayoh & Onwuegbuzie, 2013). By solely relying on numerical data, the quantitative approach fails to take into account the depth that is assigned to a specific phenomenon by the participants. Different to quantitative research, qualitative research tends to focus on the possible interpretations of the same data (Gasiewski, Eagan, Garcia, Hurtado, & Chang, 2012). Considering the research questions for this study, an in-depth examination of experiences and perceptions of participants is required while explicitly and involuntarily recognising their respective personal preconceptions. Therefore, after

examining the three methodologies, the following section sheds light on the chosen methodology for this research.

3.4   Justification for Using Mixed Methods

For this research on social enterprises, mixed methods were deemed the most appropriate. The choice was based on the need for an in-depth examination of the research question. As there had been no prior study identified which examined social enterprise managers' understanding of competition and competitor identification, a greater emphasis needed to be put on qualitative techniques to determine themes. However, some quantitative data was also sought to reduce the time needed for interviews and enable a comparison across social enterprises on a number of variables. To make the approach more effective, quantitative data was combined with qualitative data to provide more contextually useful results while qualitative approaches were used to understand results.

The next section outlines the research design to enable the collection of data using a mixed methods approach.

3.5   Research Design

This study used a mixed methods approach. The question then was what research design should be used that would generate meaningful results to address the research questions. In an ideal setting, access to management, time and travel factors determine whether the chosen research design will address the research questions. Research design depends deeply on the nature of the research question and it is imperative to know what kind of information is required from the key informants. Therefore, the two research designs considered to examine the research question in depth were cross-sectional and longitudinal.

Firstly, a cross-sectional design examines and compares different groups at a specified point in time by taking a snapshot. At the same time, a cross-sectional study provides the advantage of comparing different variables. However, a cross-sectional study is limited in providing complete information related to a cause and effect relationship. Before or after the

snapshot is taken into consideration at the time of the study, it provides only a portrait of a particular instance when the data was collected.

Consistent with the cross-sectional, a longitudinal study is also based on observation. Observations are taken as a cross-section of a long research at multiple time periods. Similar to the cross-sectional study design, the researchers follow a predetermined set of questions and data is collected over a period of time, sometimes a few years, to generate multiple observations of the same object. While the two research designs were considered, cross-sectional designs allow collection of information in less time compared to longitudinal design. However, in order to assess true developmental change, longitudinal approaches enable testing of the same sample over time. As this research is limited by time and monetary factors, a cross-sectional study was deemed fit. Following the determination of the cross-sectional research design, the next section identifies the participants for this study.

3.5.1   Sample

Compared to a quantitative research, sampling techniques are not as firmly decided in a qualitative research. The flexibility in sampling has been perplexing for some researchers indicating an absence of guidelines on the values for sample selection (Morse, 1991). As a result, a set of selection criteria was developed for identifying the social enterprises to be invited to participate in this research. The set of selection criteria for social enterprises participating in this study included:

- Operating in Australian markets
- Existed in, or before 2010, and are still operational

Multiple attempts to locate and invite failed social enterprises were also made to address the research question in depth. Furthermore, intermediaries that have been engaging with social enterprises were also invited to participate, primarily due to their knowledge of the social enterprise sector in Australia in general. These intermediaries were planned to be interviewed after all participants had been interviewed as a contingency in case the number of social enterprises expected to participate was not reached.

The process of identifying social enterprises of interest for this research and developing a sample was not based on prior knowledge in order to increase credibility and minimise conformity. Based on the assumption that the prevailing recruitment rate for a qualitative research is no more than 20% (Powell, 1995), at least 100 social enterprises were be invited to participate in this study with the aim of recruiting at least 20 CEO/Founders/Managers. The CEO/Founder/Manager from social enterprises to be interviewed was chosen randomly from the Social Traders public database of social enterprises accessible online (see Appendix B).

A multi-stage, random, purposive sampling technique (Bryman, 2012) was used to select a sample of social enterprises for this research. The sampling process was undertaken in three stages and after each stage, the social enterprises were subjected to the selection criteria.

In the first stage, a cluster sampling of social enterprises was conducted, whereas subsequent stages involved purposive sampling based on the predefined selection criteria as mentioned in the previous section. A random number, between one and ten, will be selected for each stage. In order to maintain the confidentiality of the identity of participants, the random number will not be disclosed. Social enterprises were randomly selected from each page of results returned by the online database. An initial pool was generated with a total of at least 76 social enterprises operating in metropolitan cities of Australia.

In the second stage, the same process was repeated as in stage one but with the use of a different random number. The Social Trader database was accessed again and a random number between one and ten selected again. Once again, social enterprises were selected from each page of the results returned by the database based on the undisclosed random number. At least 60 more social enterprises were identified which excluded those operating in regional areas of Australia and they were further subjected to the same selection criteria. Another pool of 40 prospective participants was planned to be generated to further add to 76 social enterprises identified in stage I. This increased the potential number of participating social enterprises to 154 which were then subjected to the selection criteria; thereby a total of 78 social enterprises was achieved.

If a third stage was needed, the database would have been accessed again and the same method as employed in stage II applied, but this time the selection would have also

included social enterprises from regional areas of Australia. Once again, a random number would be selected and social enterprises selected from each page of results returned by the database. This stage would be expected to generate another 74 social enterprises to be tested against the selection criteria. The final pool would generate another 39 social enterprises which meet the selection criteria.

As a result, a total of 117 social enterprises was invited to participate. The selected social enterprises for this research were then subjected to secondary research (any publically available data online) to understand their social mission, their vision and most importantly, their strategy if available. The organisations' websites were a fruitful resource to learn about their history and business. LinkedIn was used extensively to gain access to the owners and managers of these social enterprises. Their willingness to be interviewed indicated an interest in the research on social enterprises. The most senior person in each social enterprise was invited to participate. They are referred to as key informants or participants hereafter.

Table 3 presents a description of the participants who consented to contribute to this study and are grouped by their position, age, industry focus of their social enterprise and education.

Participant	Position	Industry Focus	Age	Education
P1	CEO	Manufacturing	60+	Postgraduate
P2	Founder	Retail	30 – 39	Postgraduate
P3	Founder	Retail	40 - 49	Advanced Diploma
P4	CEO	Financial Services	60+	Postgraduate
P5	CEO	IT	30 – 39	Postgraduate
P6	CEO	Financial Service	40 – 49	Postgraduate
P7	CEO	Administrative Services	50 – 59	Year 12
P8	CEO	IT	40 – 49	Postgraduate
P9	CEO	Financial Services	40 – 49	Postgraduate
P10	Manager	Financial Services	40 – 49	Postgraduate
P11	CEO	Administrative Services	40 – 49	Postgraduate
P12	Founder/CEO	Administrative Services	50 – 59	Certificate Level III/IV
P13	CEO	Administrative Services	40 – 49	Postgraduate
P14	CEO	Administrative Services	40 – 49	Year 12
P15	Director	Administrative Services	50 – 59	Certificate Level III/IV
P16	Manager	Art and recreation Services	50 – 59	Postgraduate
P17	Founder/CEO	Accommodation and food services	40 – 49	Higher Degree Research
P18	Manager	Art and recreation Services	40 – 49	Postgraduate
P19	CEO	Professional Services	40 – 49	Postgraduate

P20	CEO	Professional Services	40 – 49	Higher Degree Research
P21	CEO	Professional Services	40 – 49	Postgraduate
P22	CEO	Professional Services	40 – 49	Postgraduate
P23	CEO	Professional Services	40 – 49	Postgraduate
P24	Founder/CEO	Manufacturing	40 – 49	Advanced Diploma

Table 3 List of Participants

Most CEOs/Founders/Managers were found to be between the ages of 40 - 49 and had completed at least a higher degree. Figure 5 and 6 summarises the categorisation of participants based on age and education respectively.

Figure 5 Categorisation by Age

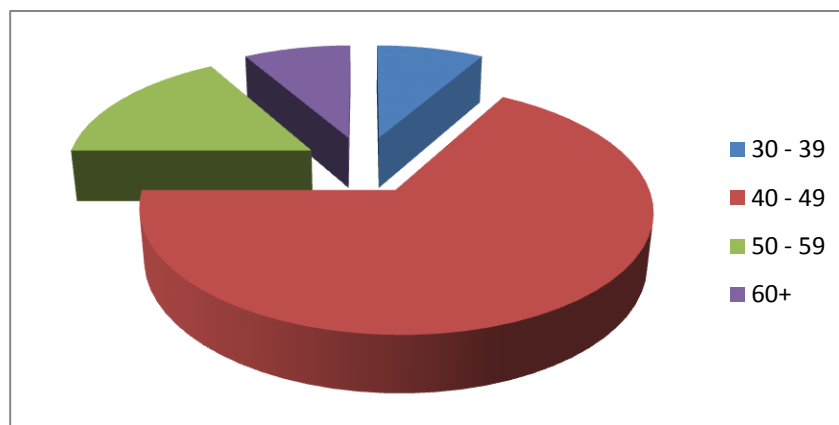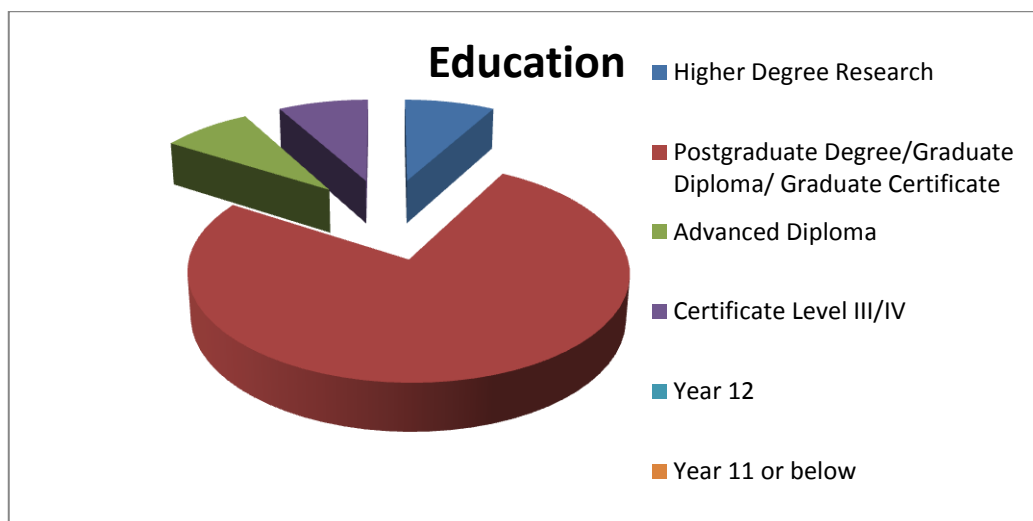*Figure 6 Categorisation by Education*

Participants were provided a summarised information letter which highlighted what the study was about. The letter also stated the importance of the contribution of each respective participant. A consent letter was also provided to confirm the intent to participate. After obtaining written consent, social enterprises that met the common characteristics of the

sample specified earlier, were considered to be eligible to participate in the study. After screening, a structured interview (SI) will be administered to the final sample of social enterprises to obtain data on understanding of competition. Social enterprises' assessments, baseline, and follow up data will be collected.

The data collection was conducted on a cross-sectional basis over a period of 3 months involving visits to each social enterprise in Melbourne for a face-to-face interview preferably. Social enterprises outside Melbourne were contacted and interviewed via phone. Phone interviews in isolated cases were necessary where face-to-face interviews could not be arranged. However, these were mostly due to geographical limitations or in cases where participants were unavailable due to their busy schedules.

3.6   Evaluation of research tool selected

This study also used semi-structured interviews (Merton & Kendall, 1946) that were complimented by any available documentary analysis of information provided by the participants identified in sampling. This approach allowed the investigation of important new issues and questions with respect to competition and competitor identification faced by the social enterprises in general or respectively. Many scholars in the past have used this approach in business research (Gubrium, 2012; Chapman & Gajewska-DeMattos, 2004; Chidlow, Plakoyiannaki, & Welch, 2014; Wilkinson & Young, 2004), while only a few scholars have used this approach in studies on competitor identification (Baum & Lant, 2003; Few, 2007; Kemp & Hanemaaijer, 2004).

The semi-structured interviews enabled questions without demand characteristics to be asked, e.g. can you describe the environment in which your SE operates? In contrast to closed-ended questions or survey questionnaires that provide optional answers and thus potentially influence the cognitive approach of respondents to a specific question, this approach is more "neutral" and should elicit and deepen or enable more complete responses. Semi-structured interviewing provides the opportunity to generate rich data, enabling an understanding of participants' perspective considered essential in gaining insight into their perceptions and values. Additionally, related and interpersonal aspects are significant to understanding others' perceptions and the data generated can be analysed in different ways to

achieve useful results. The interviews were aimed to produce an account of the social enterprises' owner/manager. Willig (2013) suggests this should help to generate real perceptions of competition, while at the same time enabling the researcher to keep the interview on track and the original research question in mind. Interviewing becomes like a dialogue between the social enterprise's manager and interviewer. The success and validity of an interview relies on the degree to which the researcher's opinions are a true reflection of the respondents "voice", which directly communicates their perspective (Jones, 1985; Punch, 2001).

Furthermore, the documentary analysis was used to complement any information on how social enterprises view themselves and their competition. This included information available on the web and business plans (if available).

Johnson and Onwuegbuzie (2004) argued that the strengths of the qualitative approach include its usefulness for describing complex phenomena, usually collected in representational settings, highly responsive to the conditions and the needs of those studied and those who are informed by the study. The word of the participants enables further study into how and why a particular phenomenon occurs (Johnson & Onwuegbuzie, 2004). Personal languages and the terms respondents used to respond for the interview questions are considered as data. The accomplishment and validity of a semi-structured interview relies on the degree to which the respondent's views are accurately reproduced; the interviewee's "voice", communicating their perspective. However this same vulnerability and use of simplistic words and avoiding technical business terms produced a rich and deep data worth many of the risks. Additionally, by implementing a participatory approach in which the transcribed interviews are co-created and evaluated increases internal validity.

It is important to realise and describe issues that might arise due to employing the semi-structured interview technique during the course of this study. Research has demonstrated that the interviewer effect, "in particular, the sex, the Age and the ethnic origins of the interviewer have a bearing on the amount of information people are willing to divulge and their honesty about what they reveal" and how people answer contrarily subject to their perception of the interviewer (Denscombe, 2008). This problem is very dependent on the nature of the topics being discussed by Gomm (2008), who describes demand characteristics, which is when the interviewee's responses are influenced by what they think the situation requires. This is one reason to make clear at the beginning of an interview what the purpose

and topics are and seek to put the interviewee at ease. In the current interview, it is impossible to fully evaluate these effects. Despite this, it is feasible to examine the internal consistency of what the interviewee said and any hesitations they have. In the interview guide, which in this case is the indicative script, Patton (2005) mentions that some key topics may be inadvertently missed. The method significantly relies on the interviewer's skill as even participants tend to state what they perceive the interviewer wants to hear or the opposite. The researcher's concerns here may depend on the nature of the topics discussed, and checks and probing can be used where there are doubts. But in the end, it is the responsibility of the researcher, to pull evidence from the data which when interpreted sounds convincing, credible and reliable. This raises potential tensions, however, if the researcher seeks respondent validation for interim findings. The interviewee may ask to retract comments seen as valuable, data which in turn is essential to providing credible evidence to justify the research as a whole.

Responses could be made to each of the weaknesses stated above. For example, some degree of comparison may be possible depending on how structured the questions are. Documentary analysis can be used even with many unstructured interviews and provide comparable data. The comfortable nature of the interview can also be referred to as a "fact-producing interaction". From a different perspective it could be argued 'facts' are always socially produced and the influence of a responsibly engaged researcher helps interviewees describe perceptions they would otherwise think irrelevant and in their normal social context, feel inhibited from mentioning (Gomm, 2008). Some people underestimate the force of finding similar perspectives from a small sample of individuals interviewed in depth. Semi-structured interviews provide rich, original voices which can be used to construct research narratives that give the method its invaluable quality. The current interviews could have been better in terms of question structure, however, rather than having less opinion sharing, I can see the value of further probing in the direction of conversation.

Semi-structured interviews allow individuals to disclose thoughts and feelings which are clearly personal (Merton & Kendall, 1946). This method relies on the inter-personal skills of the interviewer, the ability to establish a relationship and rapport. These qualities are valuable but ethically very sensitive. The types of questions to be asked, issues of confidentiality and at times anonymity have to be thoroughly assessed and discussed. As mentioned above, trust is fundamental and must be maintained through professionalism and

respect for each person whose perspective through this method should be recognised as unique and valuable.

The data collection began with contacting the social enterprises' managers and board members for suggestions of beneficiaries, government employees and representatives of other community organisations who might be willing to participate in the research. Semi-structured interviews were initially held with social enterprise directors, CEOs, founders and managers in order to provide the opportunity for snowball sampling to complement the random purposive sampling for identification of additional participants. Document analysis involved desktop research and the collation of hard/soft copy data as well as material provided by the participants. All interviews were recorded using a digital recorder and then transcribed. In total, the three studies contained 24 interviews.

3.7   Interview technique

With respect to semi-structured interviews, a face-to-face interviewing technique was deemed appropriate as depth of meanings and responses is important, and the study largely focuses on acquiring insight and understanding (Gillham, 2000; Lewis & Ritchie, 2003). In the cases where face-to-face interviews could not be arranged, interviews were conducted via phone.

It is possible to recognise the collective qualities of research data while maintaining a belief in the validity of knowledge highlighted beyond the social world within which the interview event occurs (Banfield, 2004). Semi-structured interviewing therefore provides a reliable approach for participating social enterprises and the existing model of competitor analysis.

The interview was managed based on verbal communication and thus, the effectiveness of the interview strongly relied on the effective communication skills of the interviewer (Clough & Nutbrown, 2012). The interview illustrates the ability of the interviewer to articulate semi-structured questions (Cohen et al., 2007; Gilliam, 2000; Lewis & Ritchie, 2003) which requires paying close attention (Clough & Nutbrown); pause, probe or if required prompt aptly and encourage the interviewee to talk freely and in detail (Lewis & Ritchie, 2003). Interpersonal skills such as the ability to institute a connection (Opie, 2004)

using humility and humour are also essential. Another key point brings to attention the relational aspect and trust which is highly recommended between participants.

An effective concept to describe an interview can be easily placed between the category of "structured" and "unstructured" interviews. Usually, the general expectation is the closeness of "unstructured" interviews to the observation, contrary to "structured" interviews which are usually closed questions looking for a specific type of response from participants such as those expected from a questionnaire or survey based response.

Cohen et al. (2007) point to various models for interviews applied in the methodology literature. Patton (1980) describes the use of developing an "interview guide" which provides a close resemblance to the pattern of questions used in interviews while having differences in terms of the extent to which these interviews can be compared to others. This is similar to a point suggested by Cohen et al. (2007) for extensive questions about qualitative and quantitative methodologies. The interview schedule discussed here could be described along the continuum as 'semi-structured'.

Patton (1980), for example, describes four types including the "interview guide approach". This closely resembles the interview guide (see below). What is common amongst the differing approaches is the extent to which one interview can be compared with another. This ultimately relates to broader questions about qualitative and quantitative methodologies, a point suggested by Cohen et al. (2007).

The decision to conduct interviews means that the personal language of the respondent will be valued as "data". Face-to-face interviewing is deemed as an appropriate technique where the depth of the stated responses and their meaning is the key and primarily focuses on gathering perception and understanding (Ritchie, Lewis, Nicholls, & Ormston, 2013). Another argument for choosing face-to-face interview is the ability of the technique to recognise the significance of context that can be derived from the conversation and there has been a debate with respect to 'naïve' realism and constructivist perspectives. From a realist position it is possible to critically recognise the collective qualities of research data while maintaining a belief in its validity in order to reveal knowledge beyond the circumstances within which the interview has taken place (Banfield, 2004). Semi-structured interviewing is therefore considered most consistent with participatory models. Interviewing was chosen for this research on social enterprises for the following reasons:

a) It has the ability to generate rich data;

b) The language used by participants was considered essential in gaining insight into their perceptions and understanding;

c) Contextual and relational characteristics were seen as significant in understanding CEO/Founder/Manger perceptions of the environment they operate their social enterprise in;

d) Data generated can be analysed in different ways to examine Chen's (1996) Model.

The driving factors framing the face-to-face interview are based on perceptual relationships between the senior managers of the participating social enterprises, the social mission and the idea of becoming self sufficient to support the social mission undertaken. These are considered with respect to the range of personal reasons, future scope for social enterprises in Australia and a sense of the interest social enterprises have created in reforming the non-profit sector in Australia.

The research aimed to recruit social enterprises belonging to diverse sectors to positively affect the sector at large and acknowledge the importance of understanding the perception of competition and opportunities for collaboration. The interview's purpose was to utilise semi-structured conversation, discussion, and streamlined questioning of the CEO/Founder/Manager of the participating social enterprises to share key insights on the theme around competition that was being examined. It was also of interest to discover the ways in which a participant's "voice" can influence expectations and from the social enterprise's perspective, how and why these senior managers perceive the existence of competition.

3.7.1   The Indicative Script

An interview schedule was designed with key questions. These were assembled in accordance to the theme of the research to be used for reference and as prompts wherever necessary. It was assumed that writing these questions down beforehand would enable unprompted, in-depth probing in the interview without the need to explicitly refer to the schedule. A different group consisting of peers and faculty looked at the questions earlier in order to check that the language and terms of reference were clear. The most important thing to consider when structuring the questions was to be sure not to use technical terms or words which could result in a biased response from the participants, such as "competition" or

"rivals", as they are not generally well received in the non-profit sector. Also, the use of the term "profit" needed careful consideration as it is another term generally not well received.

Although with respect to sampling, this may represent a limitation. In relation to the quality and depth of the comments there were positive expectations through adopting this approach. I arranged to meet the interviewees at their respective offices as arranging a meeting on campus was an issue due to the availability of the participants. I was able to break the ice with light conversation about the respective social enterprise and the social mission it is working for in order to establish a comfortable rapport for the interview.

The interview begins with a question related to the background of the participating social enterprise and its history with an open-ended content mapping question. The focus of the question is to gain in-depth knowledge related to the history of the social enterprise of the interviewee in order to build a foundation for the understanding of competition questions to follow. It has been established that the strategic outlook of the senior managers is represented on an organisation level. Therefore, it is important to understand the motivation of the senior managers behind the creation of the social enterprise with a follow-up question:

What motivated you to start/be part of this social enterprise?

Lewis and Ritchie (2003) described some inquisitive styles, such as the application of content mapping and mining techniques, which were present, including explanatory probing:

Interesting, what background did the people who started this enterprise belong to before embarking on this social enterprise journey?

And exploratory probing:

Any family members involved in founding this enterprise?

The interview, after the initial questions, evolved into a natural exploratory conversation. Reading the transcript, I was struck by how willing the interviewees were to share their experience and knowledge gathered over time. During the interview, I gave the impression of stimulating information through naturally occurring questions. However on examination, many of my questions were closed-ended and the interviewee could have responded with one word or phrase. Thankfully, the interviewee generally elaborated further and seemed to use the questions as prompts to share their thoughts. Often the closed-ended questions were probed for more information or checking the meaning of utterances. For

example, earlier an interviewee had said with regards to the motivation of being part of the respective social enterprise, "Something I'm interested in, really, and I'd enjoy it as it gives a sense of contributing to the society." However the idea was linked to their perception of success: "So I thought, if I use my commercial experience, I'm more likely to do better at contributing to society." The semi-structured nature of the interview allowed probing of this later.

I am also interested in the background of people who run these social enterprises. For example, have you had previous experience in the non-profit/private/public sector before this social enterprise?

It is evident from the responses, that the commitment to structured questioning could have prohibited this point being thoroughly examined. The open-ended questions seemed to follow a sequence where the questions were organised in a way to make the interviewee feel comfortable and thus, started with the social aspect and background of the social enterprise in itself, moving from the introduction of a new idea/theme. Here, used for content mining and as a clarifying probe:

Other than what you have already told me, can you describe this industry/market a little more please?

- Number of players
- Number of suppliers
- Type of customers
- Opportunity for increasing market share

Potential for financial gains

Labour cost/Wage rates/Volunteers

Availability of financial support

Other : _____

And what are the major challenges faced in this industry, and are these faced by your social enterprise as well?

A 5 point Likert scale was used which was balanced on equal sides of a neutral choice, thereby generating a reduced amount of biased measurement. The Likert scale has

been extensively used for any rating scale designed to measure attitudes (Saunders, Lewis, & Thornhill, 2000). Here, though, this study limits the attention to agree-disagree, level of importance and least effective-most effective questions. The key point is that Likert items anticipate the extent of agreement or disagreement with predefined knowledge or information (Albaum, 1997), and therefore, when supplemented with in-depth interviews would enable a deeper examination of the research question. This type of scale can be found in question 12, 16 and 18 of the indicative script. For instance, the respondents are required to rate how important aspects of business are that they think have the most effect on the strategy of their business? The use of the Likert scale enables developing the conversation to deeply probe the understanding of competition for the responding social enterprises:

What two of the following aspects of business do you think have the most effect on the strategy of your business? Can you please rate on a scale of 1-5 with 1- least important to 5- most important?

- o Price
- o Product
- o Packaging
- o Positioning
- o Promotion
- o People
- o Place
- o Collaborations

The Likert scale based questions where followed up with a probing question to elaborate on their response?

Another instance during the semi-structured interview where the Likert scale provided a meaningful conclusion to in-depth interviews was when respondents were asked about keeping their SE in mind and respond to the following statements. Please think on a scale of 1 – 5 with 1- strongly disagree to 5- strongly agree:

- Competition in the market affects my business positively.

There were instances where I stepped in to express an opinion in relation to something said by the interviewee to foster a rapport which could better enable deeper probing of the questions. In terms of conversational analysis these can be termed as a positive evaluation of a statement of opinion (Fairclough, 2005). Many of the researchers digress from the interview from data collection for comparative purposes, but on the contrary, I felt these comments

created a sense of shared interest which resulted in a filled discussion of topics. The set of standards for validating the response of an interviewee to the questions have been argued to be not the only ones existing in the traditional scientific community. Reliability in contrast can be accomplished through the transparency and openness of the interviewer about the theoretical perspective they are using and by allowing interviewees to comment on explanations drawn from analysing the interview. It has been observed that the personal relationships developed through a sharing of ideas significantly increase the trust between the two parties. And it is this trust and respect which helps legitimise the premise of the research in the public domain.

3.8 Data Analysis

The purpose of this research was to understand how social enterprises perceive and understand competition. Therefore, the unit of analysis is at the level of the organisation, the social enterprise. Yin (2010) argued that the selection of an appropriate unit of analysis should be aligned to the specification of the research questions or objectives which is consistent with this research. Given that there is little to no research into the role of social enterprise in delivering on its social objectives, social enterprise CEOs, directors and managers are considered to be the key people to provide knowledge for exploring the primary research objectives. In particular, pertaining to the research questions, these participants were well-positioned to share their experience and insight into the understanding of the market they operate in, and how social enterprises strategically respond to it and secondly, as this research sought to examine Chen's (1996) competitor identification model for social enterprises for developing and understanding competition. The research objectives and the subsequent methodology were designed to examine the idea that social enterprises may be identical to small and medium enterprises sharing similar issues with respect to market, rather than proving social enterprises' role to be limited to the not-for-profit sector. As such, the level of analysis was aimed at the firm in order to uncover the key indicators for competitor identification for social enterprises. This may then lead to further informed enquiries into market-based opportunities which are more suited to a longitudinal study in the future.

An iterative technique was followed to analyse qualitative data to examine the existing theoretical model (Corley & Gioia, 2004; Miles & Huberman, 1994; Pratt, 2009;

Pratt et al., 2006; Strauss & Corbin, 2014) by Chen (1996). An open-coding technique (Pratt et al., 2006) was employed to identify statements regarding our participants' view of the market. Transcribed data was thoroughly analysed first and key ideas or themes, from each statement by the researcher, were identified. This process began to paint a picture of the key concepts emerging from the data. The data could not identify key words as much of the information generated from interviews resulted in broad statements. The interview questions were developed in a manner which would not influence or be leading to prevent a biased response. It's critical to note that the word cloud can give a visual representation of the frequency of the key words used by the researcher based on self-interpretation of the data but it would not be able to separate the number of times the key words were repeated by the interviewer. Additional coding iterations were required to systematically examine the data and develop the theoretical categories.

The examination of leaders' understanding of competition for social enterprises was enabled through in-depth interviews with twenty four social enterprises, emphasising each participant's responses for themes relevant to the undertaken research. Quotes representative of each theme are presented using pseudo names, for the purpose of confidentiality.

3.9   Ethical Considerations

The goal of this research on social enterprises is to add to the knowledge and develop an understanding of competition in the light of Chen's (1996) Competitor Identification Model. While undertaking this research, I will frequently seek information from CEO/Founders/Mangers of social enterprises that are not normally part of the educational process. I will ensure that no harm occurs to participants who volunteer to assist with this research after receiving full information as to what is required and what, if any, potential issues may arise along with the benefits from such participation. A complete information letter will be sent that highlights the ethical role of the participants and their rights. Participants who are willing to contribute to this study will be required to sign a consent form before the interview and they will also be required to provide consent for the interview to be recorded.

Data gathered will be handled with extreme care and kept confidential as required by the research ethics guidelines provided by ACU Human Research Ethics Committee. After outlining the research method to be undertaken and ethical issues to be considered, the next chapter will present the findings of this research.

Chapter 4 Findings

This chapter provides an analysis of the results from using the semi-structured interviews which were designed to address the research questions developed at the end of Chapter 1. Firstly, data related to managers of social enterprises understanding of competition will be provided. Secondly, there is an examination of the two key constructs of Chen's (1996) Competitor Identification Framework for competitor analysis: market commonality and resource similarity. Additionally, contextual information of key informants of social enterprises for this study will be presented.

4.1   Understanding of the competition

As outlined in Chapter 2, open-ended questions were used to establish a sense of the participants' understanding of their business environment. Without exception, all participants stressed the importance of understanding market competition. Participants P3 and P12 went as far as to say it is "imperative" for SEs to be aware of other organisations offering similar products or services because competition arises from both non-profit and private sector organisations. Another participant, P4, stated:

> *Competition is inevitable and the growing number of social enterprises in [the] for-profit space will result in the need for social enterprises to understand markets better. We maintain an updated CRM to keep track of competitors as it is necessary to keep ahead of competition for us.*

While other managers of social enterprises may have an understanding of the market, they also perceived themselves as "different" due to their social purpose and, thus, have no need to track competitors. All but one participant asserted that they have a clear understanding of the market competition and direct/indirect competitors. In this case, the purpose of the social enterprise is, in fact, to provide training for those who may become employees of those organisations that appear to be competitors. According to participant P16:

> *We do not see any similar organisation as a competitor. We believe all similar businesses are potential employers for the homeless we train and can ensure they are integrated in the society. We have*

cases where a new business opened in our area and yet they contacted us to appreciate what we do and would be willing to collaborate in the long run.

Social enterprises operating in the hospitality and service industry were found to have a particularly high level of competitor awareness. In this sector, participants also indicated their openness to diversification and expansion into new markets in order to target specific niches that they perceive will add value to existing products or services focused on their target consumers.

As the key focus of social enterprises' managers remains to deliver on their social mission, some detailed the need for other parallel for-profit businesses to finance the social enterprise grows. The founder of P8 stated:

We can't go after people who aren't drinking the AAA . . . We can't convert people to buy our services, that's expensive. We need to go after people who are completely bought into what we do and what we represent.

Thus the participants highlighted their social enterprises engagement in market research and post-venture creation and maintained 'laser-like focus' on meeting the expectations of their chosen markets. In another example of strategic development, a subsidiary of P8 was launched by acquiring two existing publication businesses with core values similar to those of the soon-to-be launched venture to financially support P8 in the long run. Interestingly, at the other end of the spectrum, not all participants perceived themselves in a market space many other organisations share. These social enterprises stated that they enjoy almost a monopolistic position and work alongside for-profit organisations. In many cases, they reported collaboration with other organisations that catered to the need of the market. For example, P8 stated:

There are very few firms in our market space. We have enjoyed a much better position and most of our business relies on government contracts. Being a social enterprise, smaller contracts are easier to get and in case of large business opportunities we collaborate with other for-profits in this space and work together for mutual benefits.

To describe this market would be to identify the manager's understanding of the market, but the researcher accords with their views. So far, general comments on the market competition have been provided. A greater understanding will occur in the following sections which addresses four specific aspects of the market:

1. Number of Suppliers
2. Type of Customers
3. Opportunity for increasing market share
4. Labour cost/Wage Rates

4.1.1 Number of suppliers

All participants reported that there is an abundance of suppliers in their markets but they pointed out that they are not treated any differently compared to their private sector counterparts, and have no leverage with their suppliers by virtue of their social enterprise stakes. As such, most of the participants believed that in order to be effective, they have to bargain with suppliers like any other private sector firm.

In order to gain an understanding of each market that these social enterprises operate in, the importance of participants' long-term relationship with suppliers was gauged using 5 point Likert scales. Figure 7 shows that most participants indicated the importance of long-term relationships with suppliers.
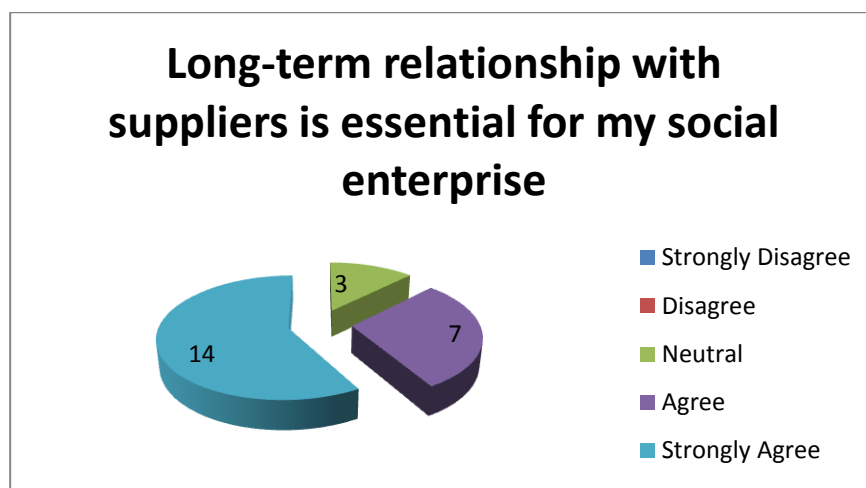

Figure 7 Supplier Relationship

4.1.2 Type of Customers

Participants stated that the industry or sector in which their social enterprises operate plays a significant role in determining who their target customers will be. Over time, though, their customer base has broadened. Social enterprises in sectors such as administrative support, hospitality and finance have expanded, thereby targeting customers/organisations not only in the non-profit sector but also organisations in the for-profit sector. Specifically, P17 and P13, in the hospitality industry, stated that any person who is willing to use the product/service offered is considered a customer. However, social enterprises in the financial markets have usually been restricted to managing equity and funds of non-profit organisations which are relatively less profitable then they would be if they operate in a general market. As a result, P11 and P19 are now considering broadening their horizons due to the "rapidly shrinking economy".

Social enterprises from the financial industry, particularly dealing in ethical investments, articulated that since the financial industry has shrunk significantly in the last few years, this has resulted in the need to develop more customer-specific products. This has helped social enterprises to target a broader market segment beyond the traditional non-profit sector. For example, participant P22 stated:

> *While our passion is to work with other non-profit organisations which we are currently doing, this segment of the market does not provide sufficient returns to sustain in the long run. Being a non-profit and serving a non-profit means a lot of times doing pro-bono work which is not healthy for the business. We definitely are exploring the mainstream market these days and would want to increase our presence not just in the not-for-profit, but also in commercial space, which would also provide an amazing exposure and learning for the disadvantaged youth we work with.*

On the other hand, some participants have identified non-profit organisations as their key customers. For example, P8, a social enterprise operating in the highly competitive and profitable IT industry, made a choice to direct all its attention to delivering service to the non-profit sector. According to its CEO, there are more than 600,000 non-profit organisations, which include more than 60,000 that are economically significant and are considered large enterprises as defined by the Australian Bureau of Statistics.

In summary, participants indicated that for their social enterprises to survive and progress, it is vital to expand the customer base.

4.1.3 Opportunity for increasing market share

Participants identified that the strategy of their social enterprise was market specific. Almost all stated that while their social enterprise aspires for a greater market share, they tend to be more inclined towards a business strategy which enables increased profitability. Most participants (21 out of 24) explained that in order to become profitable, as an organisation, they have to meet industry quality standards to ensure market competitiveness.

They mentioned that for an effective business strategy, education and experience plays a significant role. Similarly, education and vast experience of the market were reported as facilitating social enterprises' success when they approached intermediaries for financial and management support. Furthermore, managers of these social enterprises in general are constantly looking for financial support in the form of grants or philanthropic donations. While they suggested that they have been seeking alternate means of financial assistance, participants indicated that there is a growing trend of social enterprises to compete for various awards run by different organisations (both for-profit and non-profit). This new trend has resulted in many social enterprises stating that they are directing their efforts to "selling the social impact" which has made this space even more competitive.

4.1.4 Labour cost/Wage rates

Participants reported that they had faced mixed fortunes, which it seems can be viewed as "pre 2010" and "post 2010". As a result, most of the participants mentioned that they had a mix of employees with approximately 50% or more full-time staff post year 2010. Participants reported that wage rates were determined based on the industry norms and were relatively competitive compared to non-profit organisations in general, to attract professionally skilled staff. One participant, in particular, stated that it was necessary to offer "competitive wages", which were relatively low from what was being offered in the for-profit sector. The necessity arose from various reasons but particularly from growth and expansion. Another perspective reported with regards to employment was that many of the social enterprises still believe that being in the social sector provides them the "leverage to pay relatively lower rates" compared to the market.

For example, participant P11 says:

Our salary structure is high by not-for-profit standards and a bit lower if you compare it to the industry standards. The good thing that happened post-economic recession was a lot of job cuts in the financial services sector, as a result we were able to attract highly experience quality staff at a relatively lower cost than they used to work on. I think even they understand as they are getting employed and we as an organisation are providing an opportunity to understand ethical investment side of this sector."

Participants noted that after the slowing down of the economy post 2010, many of them had to amend their business strategy and as a result, had to lay off much of their staff. Therefore, with the exception of some participants, many of the social enterprises have part-time senior managers with a high number of casual staff which are employed on a needs basis. Intriguingly, the economic downturn has particularly benefited one participant in the financial industry. According to him, his social enterprise has access to highly skilled prospective employees laid off by the private sector. He can hire these potential employees with significant experience of working in the private sector at a lower wage compared to the market.

4.2 Applicability of Chen's Model

Both open-ended and Likert scaled questions were used to examine themes and variables pertaining to Chen's (1996) Competitor Identification Framework. In the early stages of each interview many participants reported that market understanding alone is not sufficient to address both the commercial and social objectives. When they were specifically asked to identify two organisations which they deem as competitors, interestingly, more than half responded with a mix of both social and commercial organisations with the exception of one participant. Her response was based on the fact that for her social enterprise, all cafés and restaurants are prospective clients. The homeless people trained from her organisation can be employed by any of these competitors, therefore, she does not categorise them as 'competitors' but on the contrary, as 'prospective collaborators'.

As previously mentioned half of the sample indicated that competition has a positive effect on the business. Furthermore, only 9 social enterprises out of 24 agreed that identifying competitors is necessary for productivity and profitability (see Figure 8).
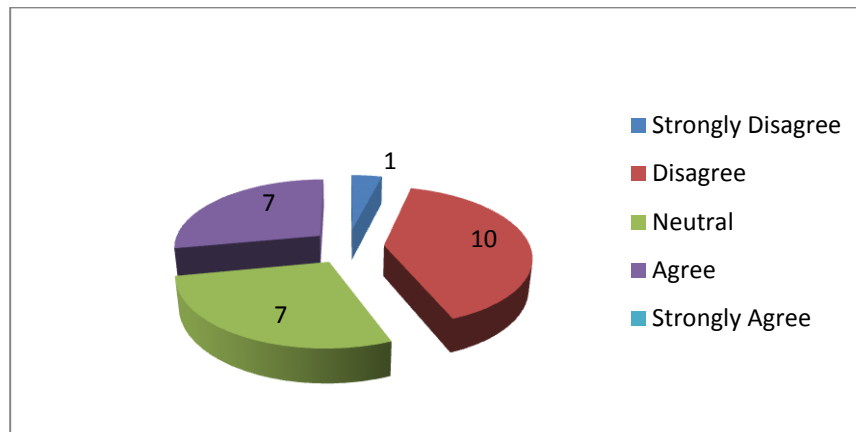
Figure 8 Effect of Competition of Business

Participants were asked to identify and name at least two organisations which they deem as direct or indirect competitors. The data collected shows that almost all participants' initial responses were identifying similar non-profit organisations as a competitor, so participants were asked to not limit their response to the non-profit sector. With respect to for-profit organisations in similar businesses, all organisations were considered as competitors by the participants with exception of one. This only participant identified all other similar businesses as potential clients due to the nature of business of her social enterprise as quoted in Section 3.2.

While participants identified their respective competitors, no social enterprise conducted competitor analysis with the exception of one social enterprise. Only 9 participants stated that competitor identification is an important area of strategy and would help enhance performance of the business (see Figure 9).
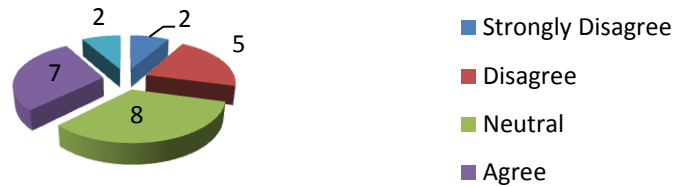
Figure 9 Identifying Competitors

The market component of Chen's model was examined using a mix of open-ended and Likert scale questions to understand the thinking behind how/why they label other organisations as competitors. For example, participants reported that they use certain aspects to select organisations present in their market space, and categorise them as competitors. Half of the participants interviewed considered price and people as the "most-important" aspect for the strategy of their business. They further added that social enterprises competing in a highly competitive market have to compete on price in order to generate profit to sustain and deliver on the social mission (see Figure 10).

Figure 10 Price Influencing Strategy

Participants stated that any firm that is present in their respective markets are labelled as 'competitors'. However, five participants saw themselves operating in more than one market. They reported having categorised and prioritised these markets into the more important to the least important on the basis of the revenue the product/service is able to generate for the business. These participants noted that they may not view all "competitors" as significant. SE16, for example, stated that while the café is not financially significant and

has been operating at a loss, they still operate it as a platform for the organisation to train and hire homeless people.

According to participant P9, once they are able to identify their key market(s), the strategy starts to develop around the management's perception of competition. Whether the firms are present in markets important to their organisations is reflected in various aspects of the business such as price, or promotions.
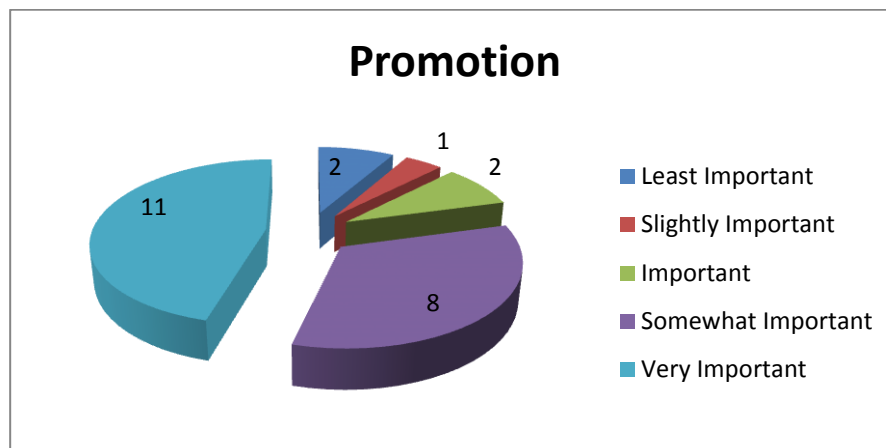
Figure 11 Promotions Influencing Strategy

Only 5 out of 24 senior managers of social enterprises did not consider promotion and marketing to be significantly important to consider as part of their strategy. These social enterprises mostly deal with B2B clients and rely on word of mouth through existing clientele where, as social enterprises operating in retail and services, they rely heavily on marketing and promotions.

Many of the responding social enterprises aspire for media partnerships in the longer run as they identify it as a medium to increase awareness of their social impact and expand their social and commercial reach. P21, for example, identified the changing tides in the social enterprise sector:

> *Initially we used to think social enterprises should be 100% focused on the social objectives as they are the key to social enterprises' success. When we used to look at SE16, we thought P16 is wasting her too much energy running after media partnerships and collaborative work with the for-profit sector. Now looking back, the success of SE16 has proven that social enterprises have a role to play on a much bigger scale and we promote social enterprises to*

strategise their business well while ensuring not to compromise on
the social objectives.

With the exception of one CEO, all participants agreed that positioning is one of the key driving forces. One participant emphasised that if a social enterprise sees itself as serving only one market, then by default, positioning becomes central to this market or the most important aspect for the strategy. Accordingly, if a social enterprise is present in markets important to the managers, it is highly likely that the social enterprise will attempt to position itself closer to other organisations in order to at least be competitive enough to break even and sustain its social mission. The only social enterprise which did not see the need for marketing and promotions was operating in the IT sector because of industry dynamics. According to P7, as their market focus is to target customers from the non-profit sector, they heavily rely on their professional expertise and word of mouth to attract new customers.
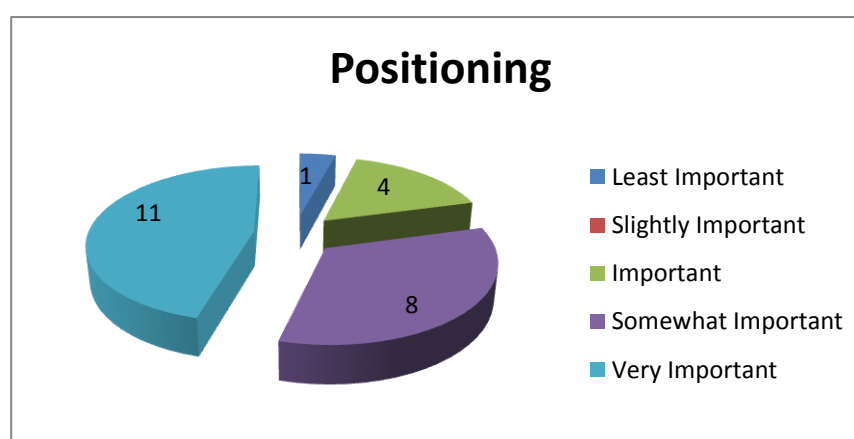
Figure 12 Positioning Influencing Strategy

The logic behind market focuses affects the likelihood of competition. Participants noted that it increases if an organisation is present in markets important to them. All participants agreed that a market that is considered important will be more actively pursued. With respect to these participants, P9 conducted a comprehensive competitor analysis to identify the gap and scope of her social enterprise's level of penetration in the market.

P8 claimed that "an IT professional service is still a niche" and the "not-for-profit sector would be a bigger niche for the Company." Similarly, participant P4 suggested that his social enterprise understood the importance of a market-based approach when they were not able to deliver on its social mission. Their business was not doing well and resulted in job losses over the last few years. Specifically, he identified P23 as "a big competitor in the

social enterprise" space, as P22 is "really strong in terms of being industry focused". However, the comment made by P5 about P23 does not contain particular information that would indicate whether P5 is focused (or not so focused) on the media and non-profit markets collectively. Instead, participant P4 merely stated that his social enterprise competes with P15 and any other media organisation which works for disadvantaged youth.

More than half of the participants agreed that risk taking is necessary for their respective social enterprise. Six of the participants strongly disagreed with taking risks which was due to the nature of their business they operated in or the level of charity these social enterprises were able to attract. Participants stated that risk taking was highly influenced by the market these social enterprises operate in. P13 gave an example where the group, after the success of one social enterprise, heavily expanded and created three more organisations on similar model. The decision to expand, while backed by the board of directors, both financially and strategically resulted in all three social enterprises failing badly. On the contrary, P8 expanded heavily into other domains but strategically limited them to their area of expertise in the IT sector.

We have to take risks occasionally to keep ahead of competition

- ■ Strongly Disagree
- ■ Disagree
- ■ Neutral
- ■ Agree
- ■ Strongly Agree
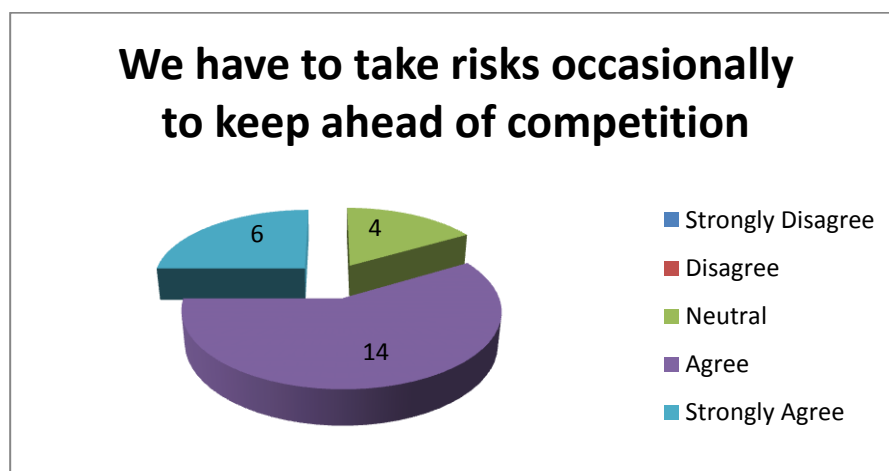
Figure 13 Risk Taking

Some participants included for-profits in their competitor sets along with any other non-profits that held resources which offered an edge in the market. Participants' perception of their competitors as "possessing key resources" provided them a certain advantage in the marketplace such as skilled labour, financial support and favourable laws. Participants agree that these resources are shared but some also implied that these resources are declining and that each participant's social enterprise did not possess all of these resources. Participants stated that they were likely to see other organisations as close competitors if their resources

increased the likelihood of unfavourable consequences. For example, P17 indicated that her social enterprise seeks resources such as donations or grants which could give her organisation an advantage in the art space to support their social mission. Mostly, in terms of resources, all social enterprises were open to financial assistance as specified by participant P8:

> *While we have significantly grown in the last few years, still we have to rely on government funding. Our income model is developed in a way that 88% of the income is self-generated through business operations while the remaining 12% are in the form of government disability funds. If we remove the 12% from our revenue model, our business would start making losses as there would be a significant impact on cost of training and supporting the workforce.*

When asked why the social enterprises are so competitive, P8, P9, P16 and P17 stated that they were expanding their social impact by integrating socially challenged into the core of their respective businesses. This gave a perception in the market that they were growing which implied that they were able to do something right. They aspire for more employees. The size of competition gives these social enterprises somewhat an advantage as size prompts a perception of competence and attainment. P17 shared her experience of social inclination and need for financial assistance. Her café operates in a cut-throat industry and provides marginal profits. She further explained that her café was already running on losses and she needs external financial support to ensure survival.

Many participants noted that strategic plans highlight different requirements such as professional staffing and infrastructure that attract funding bodies. In order to apply for the funds, participants informed that they needed to submit plans that included their social objectives, nature of business, and social values, product and indicators. On the contrary, very few participants were self-financed social enterprises. Nine participants had developed comprehensive strategic plans to apply for government funding. These social enterprises, like any small and medium enterprises (SMEs), also prepared marketing plans, and conducted an industry analysis and pricing strategy in their business plans.

Participants were then asked about the different types of resources that they perceive important and apart from financial resources, they all stated that skilled staff was the most effective resource. These social enterprises have senior management with strong

qualifications and enriching past commercial experience which could help further the cause of the social enterprise.

4.3   Collaboration and Coopetition as a strategic response of social enterprise

All participating social enterprises stated they were involved in the collaboration with other organisations irrespective of being a for-profit or not-for-profit. These collaborations were found to not be limited to the transfer or exchange of knowledge but were also strategically implemented to increase the social reach and revenue generation through various projects.
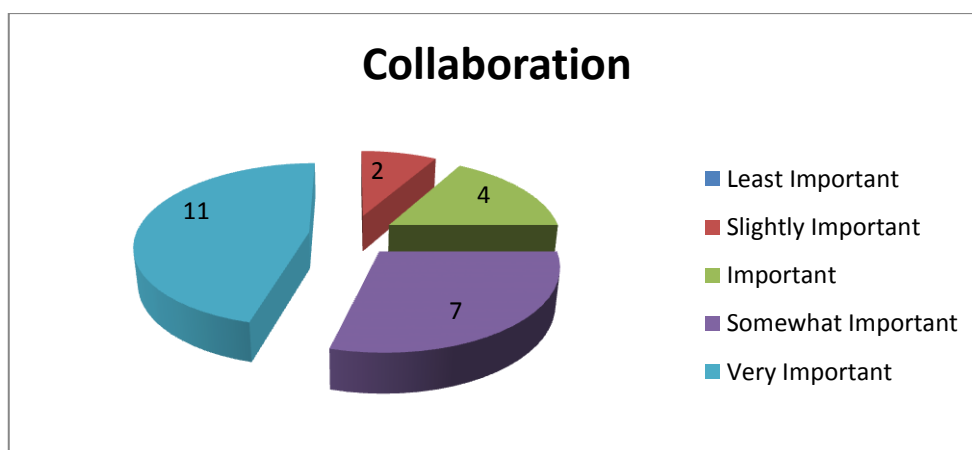
Figure 14 Collaborations Influencing Strategy

Participants were asked to indicate why they collaborate and what kind of outcomes they are expecting from these collaborations. Two of the participants indicated they were not satisfied with the level of current collaborations and expected an increase in their market presence. One of these two social enterprises indicated that being in the financial industry, collaborations were not that useful and in the past resulted in issues related to compliance and policies. P17 indicated that by being a non-profit in the hospitality sector, they already were facing perception biases. In order to counter these biases and to ensure employability of the trained homeless youth, collaborations with other organisations in the same industry were helpful. As mentioned earlier in section on understating of market competition, P17 reiterated:

> *We do not see any similar organisation as a competitor. We believe*
> *all similar businesses are potential employers for the homeless we*

train and can ensure they are integrated in the society. We have cases where a new business opened in our area and yet they contacted us to appreciate what we do and would be willing to collaborate in the long run.

On the other hand, some social enterprises are open to collaborate with their competitors for the sake of a bigger goal which is the social impact in this case. Some social enterprises are sceptical of their competitors, especially other social enterprises in a specified demographic. In simple terms, according to some participants, social enterprises have started to mark their territories and do not appreciate competitors if they encroach on their territory.

Another perspective identified from the interviews was that while social enterprises want to increase the level of collaboration, they are limited by their organisational structures or size. For example, three of the social enterprises desire a more strategic level of involvement in order to exercise and efficiently work. Social enterprises are limited by resources and one social enterprise, P14, has now taken the decision to merge or amalgamate with a larger firm than to shut down completely. According to P14, she understood that collaboration in her case would have resulted in losing the ability to make decision or define strategic directions so it was better for her enterprise to merge and ensure she remains a part of her organisation.

Two social enterprises stated that they aspire for a further integrative association but are unable to institute an equally satisfying relationship.

4.4 Additional Contextual Information

Information pertaining to background of participants was found to be important as it influences perception and understanding of competition for the social enterprise on an organisational level. Similarly, participants' information such as age and education were also found to be vital characteristics that highlight their respective professional experience and vast knowledge of the market brought to their respective social enterprise. The experiences of these social enterprises' senior managers were presented by the participants as a mix of both commercial and social sectors. Most of the participants emphasised their experience in the for-profit sector and how it has become applicable to their respective social enterprise. While

21 CEOs interviewed have attained Post-graduate/Graduate Diploma/Graduate Certificate, the other 4 CEOs/Managers highlighted their understanding of market structures based on the vast experience gained over the years. All participants communicated a clear mission and vision for their respective enterprise.

Participants specified that they strategised based on respect for the norms and policies of the respective industry they operate in. Participants from the manufacturing industry specified that the strategy of their social enterprise was in compliance with the regulations and quality standards of the industry they operate in. In terms of the social purpose, the majority of the social enterprises stated that they were not sure if the balance between generating profits and delivering on the social purpose was "realistically possible". Since theoretically the sole purpose of the social enterprise is to generate social outcomes, only one social enterprise strongly agreed that it was achievable. On the contrary, 3 social enterprises' representatives disagreed that being able to realise commercial objectives and at the same time delivering on social goals was realistic in the current market conditions.
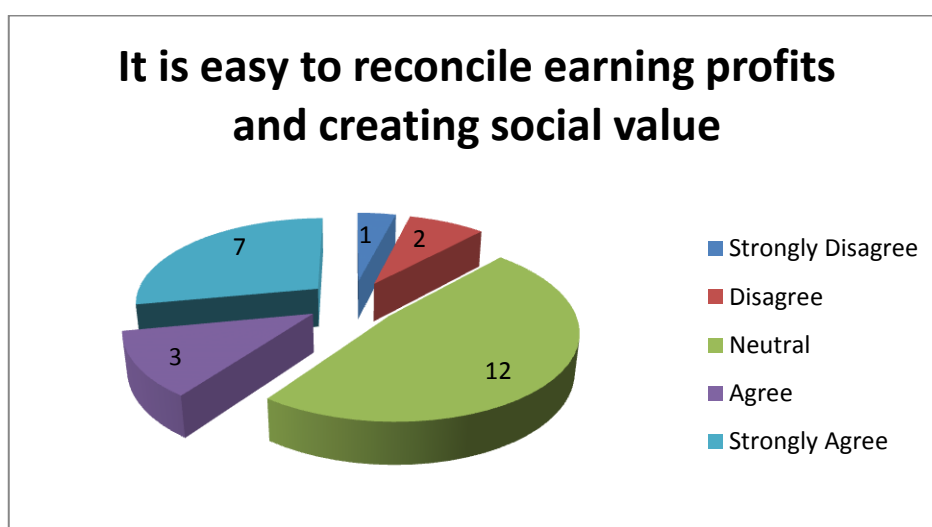
Figure 15 Reconciling Profits and Creating Social Value

All participants clearly stated their business was driven by their aspiration and motivation to contribute to society. Self-sustainability required decision making and a strategic approach which were influenced by financial considerations. While the interviewees acknowledged the presence of challenges from the socially and financially significant components, analysis indicates that developing a clear understanding of mission and vision to integrate values, social proposition, and business propositions facilitated the enterprises' ability to capitalise on their hybrid structure. All the participating social enterprises structured

their social values in such a way that it is combined with commercial objectives. Therefore, when a social enterprise established its business, for example by growing within its market and increasing its sales, the growth in financial value generated is ushered by an equivalent increase in social value created.

Figure 16 Financial Considerations and Strategy

Almost every participant recognised the need for social justice as motivation to continue their work in changing the world. The participants established the need for transformative learning in their ability to be autonomous, which in turn leads to action and change. Participant P9 says:

> *We as an organisation have taken a step back from traditional non-profit disability service and shelter workshop model and see where the jobs of the future are going. Therefore, if we want to make sure we are able to provide support to the disadvantaged communities and people out of jobs, we need to see what we can do on a local level to create jobs and opportunities for these people.*

"My interests were always inclined towards helping people...what's interesting are nature teaches humanity more than almost anything". Four of the participants believed they were transformed at some stage in their lives, and following that moment, the steps unfolded that led to their vision for the social entrepreneurial venture. Through this transformation or life change, these participants became empowered and were able to make a positive impact.

Most of the participants have drawn on their lived experiences to construct a personal narrative which is a combination and compilation of entrepreneurial experience,

characteristics, personal life experiences and stories. Out of 24 social enterprise interviews, more than half were employed as CEOs/Managers while 8 of the participants were social entrepreneurs, in principle. Although the specific details included in these stories with respect to motivation are distinctive, recurring patterns were observed in the narratives' content, i.e. the characters and motivation. There was no systematic difference found across the responses received from the participants on how they viewed competition as all of them had experience working in the for-profit sector in the past. This was stated to have a strong influence on their respective understanding of the market their social enterprise operated in.

In most of the stories, the participant shared their journey in which they overcame the dilemma to choose between career and their social drive. Almost all of the participants indicated that they have been involved in the non-profit sector in various capacities for more than 10 years. The personal drive to contribute to the society led them to pursue the social enterprise pathway. The main reason identified by all the participants for contributing through a social enterprise was the "self-sustaining" nature of this enterprise form. Participant P7 noted:

> *The purpose of social enterprises is to ensure effective business operations to generate sufficient profitability for to sustain. The whole idea is to differentiate these organisations from traditional non-profits which heavily rely on external support. The model provides leverage for managers to go out in the market and understand how they can achieve self-sustainability.*

Founders of participating social enterprises showed distinctive characteristics in personal narratives compared to employed senior executives. Although they all share the same social drive and motivation, in some cases differ on the basis of commercial outlook of the business. In the case of multiple founders, it was observed that one is often implicitly or explicitly designated as the focal character.

4.4.1 Growth potential of social enterprise

Twenty four of the responding social enterprises strongly believe in the potential of this enterprise. There was one participant who categorically stated that his organisation has

shifted from a social enterprise model to a "collaborative" enterprise model while having the similar characteristics of a social enterprise. P13 stated that:

> *I have not changed my view in the past three years that social enterprise is a conceptual term not a definitional one, there is no one definition upon which all agree. We have decided to walk away from the term in as much as we now use collaborative enterprise which we describe as a group of people working together to achieve a common goal, with the recipients of the rewards or dividends from that effort ranging from the group themselves through to the entire community. Our keywords are ownership, transparency and accountability."*

When the interviewees were asked about the potential of social enterprises to innovate and grow, all participants strongly agreed that while there are challenging circumstances, the potential of their social enterprise model has the ability to induce innovation and expand the social impact beyond immediate communities or societies they operate in. A series of justifications and understandings were levelled over the contradictions intrinsic to the combination of entrepreneurial and social goals, by this means developing the system for a genuine strategic approach.
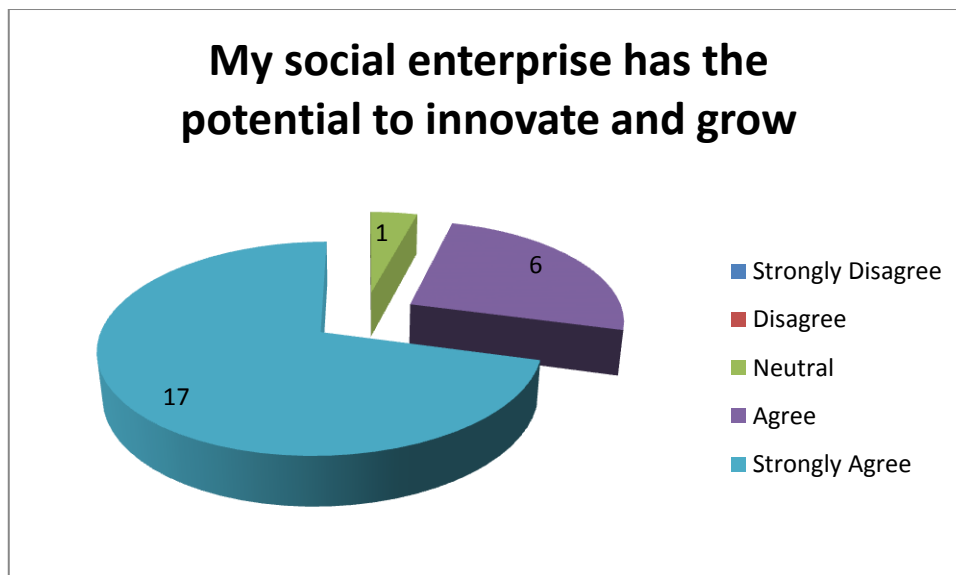

Figure 17 Potential to Innovate and Grow

In order to develop the social enterprise model, it was observed that a strong business integrates social consciousness. For example, P16 had entertained the possibility of pursuing

the desire to help homeless people. Yet, in order to do so, non-profit sector knowledge and skill sets were needed. Thus, upon reflection, she noted, *"I realised that I need to take what I know and just implement it for good."*

The social entrepreneurs participating in this research, attempted to articulate, further than their domain of experience, how they utilised their skills in social enterprise development, and often expanded it with research to support their cause.

All of the participants believed they were the agents of change and were confident that they could make the change happen. They all strongly believed in human potential and the possibility of change. Two of the participants expressed being exhausted from the struggle of continuously convincing people of the importance for what they were trying to accomplish. However, both of those participants ended their statements with the belief that social enterprises are for the benefit of the people and they were determined to continue. These responses echoed with other 23 social enterprises which unanimously believe all business strategies and policies implemented are people-centric.

People

■ Least Important
■ Slightly Important
■ Important
■ Somewhat Important
■ Very Important

2

22
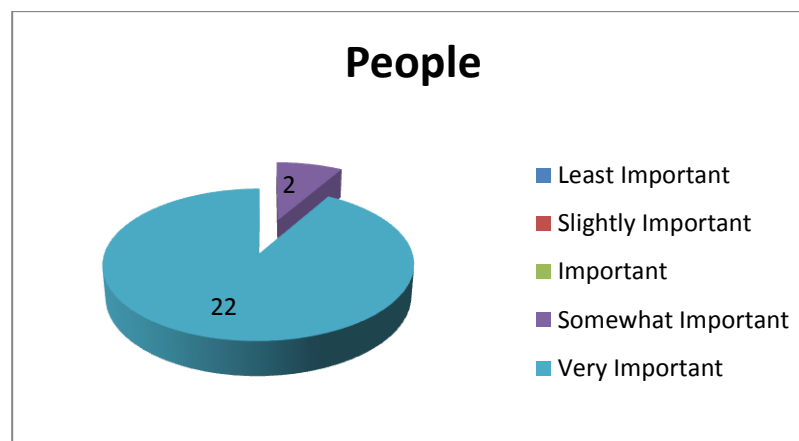
Figure 18 People influencing strategy

4.4.2   Major challenges

Of the 24 participants, 20 were of the view that their social enterprise being perceived as a non-profit organisation had a direct effect on their identity in the market. Managers of these social enterprises further detailed that access to financial support to grow their business was difficult. As a result, managing growth has been one of the biggest challenges, e.g. one participant in particular shared his experience about growing the social enterprise into multiple businesses. He explained that as his social enterprise was "doing well"

commercially, the stakeholders decided to expand rapidly. He further mentioned that his team lost focus and as a result failed to manage the growth and as soon as one business failed, his social enterprise lost credibility in the market and funding opportunities shrank significantly. Furthermore, now like most participants, he too identified access to financial assistance as a greater challenge.

Many of the participants identified that financial assistance has been directed more towards start-ups compared to assistance for existing social enterprises by the government and intermediaries. They reasoned that competition, demand for quality services and increasing cost of business are key indicators adding pressure on social enterprises that are now looking towards intermediaries for help as the assistance from the government continues to decrease. Participant P18 raised the increasing problem of isolation for existing social enterprises in policy matters and as a result, more and more social enterprises have started to go out of business. According to her:

> *Initially social enterprises like ours were consulted frequently on policy matters and industry issues, but in the last decade, organisations like ours which have been doing it for quite a while, are suddenly outcasted by these intermediaries. All financial and management assistance is being diverted to new start-up social enterprises. Even the government has shifted its funding and support predominantly to disability services and somehow we do not qualify for funding anymore.*

On the contrary, three intermediaries for the social enterprise sector were also interviewed for this research to understand a broader sector perspective. According to P22, she agreed that her organisation charged relatively higher than the market rate, but in their defence it was due to their ability to finance projects with a higher risk profile. P21 reiterated the same point but further explained that as more commercial banks have started, the social enterprise funding has significantly increased the opportunity for social enterprise to utilise a leverage-based financing model. P21 was identified as the only intermediary specifically working to help social enterprises, while SE22 and SE23 have broadened their client base to include commercial organisations. The changing trend has been largely due to the increase in commercial organisations proving to have a social impact associated to the business. According to P22:

We spend a lot of time with these start-ups which are not easily recognisable and try to understand them as we have faith in them. They cannot approach commercial banks and financial services for assistance. Thus, we had to broaden our base of customers to include organisations with environment or social outcome to ensure effective returns on investments for viability of the business.

The analysis of the findings will be discussed in the next chapter.

Chapter 5 Discussion

This research was undertaken to examine whether managers of social enterprises (SE) understand competition and whether Chen's (1996) Competitor Identification Framework is applicable in the social enterprise sector in Australia. Qualitative research study was conducted to gain an in-depth understanding of managers' perspectives. This was complemented by data based on Likert scales which was also collected during the interviews.

The context, background and motivation of the participants will be discussed before directly addressing the research questions. As indicated in the findings chapter, most participants were between the ages of 40 and 49 years and had at least 10 years' experience working in for-profit organisations. Twelve of the participants stressed that their experience working for non-profit organisations which they argued motivated them to either start a social enterprise or work for a social enterprise. They believed that knowledge of the commercial sector and their motivation to "do good" for the society "directed" them towards becoming involved with a social enterprise. It was their view that the motivation to start a social enterprise is usually based on family tragedies, personal experiences or societal issues. Consistent with the findings of Kernot and McNeil (2011), these leaders of social enterprises were found to have a strong belief in the need for social justice which was also the most common motivational factor. Other factors such as family issues, social problems of the community and mostly compassion has been argued by Miller et al. (2012) to act as a motivational tool for leaders of socially oriented organisations which varied across the participants from "primary objective to create social value" to "primary objective to create financial value'.

Consistent with the varying motivation of leaders, there was a distinct difference in approach based on the market their respective social enterprises operate in (see Dees, 1998). In highly regulated business sectors, such as finance or manufacturing, managers were highly motivated to achieve commercial viability and financial sustainability. On the other hand, those operating in service-based sectors such as hospitality and administrative services, reported experiencing a constant struggle between their motivation to deliver on the social mission and commercial objectives, not dissimilar to the American findings (see Miller, Grimes, McMullen, & Vogus, 2013).

Given the need to balance the commercial and social objectives, prior experiences working in either the government or commercial sector appear to have generated a strong understanding of commercial challenges. Some argued that their social enterprise is aiming to achieve self-sustainability without compromising on the social mission. Their social enterprises were performing well compared to other participants' social enterprises and this appeared to be associated with their motivation to achieve self-sustainability in order to deliver on social mission. On the contrary, some participants totally focused on delivering their social mission and, as a result, had compromised on their commercial objectives. Almost all stated that balancing the social and commercial objectives is a 'daily' challenge for their social enterprises. This was attributed to societal expectations of social enterprises as well as expectations of customers to deliver products or services which are at par or better than other organisations. The frequent tension between the social purpose and the business operations usually occurs when stakeholders (such as employees or customers) struggle to maintain a balance between social objective and operating the business, and in the long term, they fail to comprehend the commercial aspect of their SE. This was found to be consistent with Burkett's (2010) study which identified confusion around the function of the social enterprises when compared to private businesses. They were of the view that in order to survive, social enterprises must function like any for-profit business and they need to respond to market conditions like any commercial business. Additionally, they indicated that it is also important for social enterprises to make quick decisions and take care of the bottom line when faced with commercial challenges. In fact, cases of financial mismanagement have added to the commercial challenges, consistent with Park and Wilding's (2013) observation of social enterprises.

With respect to management of social enterprises, participants highlighted their respective education and experience as being useful to address the commercial challenges. Most stated that having at least a university degree assisted in starting the social enterprise and argued that at least an undergraduate level of education provided a sound understanding of different market characteristics, and specifically of competition. Most had a business/management education qualification and, as a result, had a better understanding of organisational management structures and business planning. This was supplemented by their past work experience. It was suggested that having prior work experience in the private sector enabled collaborations with other organisations including for-profit organisations, thus increasing the prospects of financial self-sustainability (Ottati, 1994; Jorde & Teece, 1989;

Mistri & Solari, 1999). Additionally, based on the expertise and skills gained over the years, they also stated the need for the social enterprises to understand the market for financial sustainability which will then help in delivering the social mission. To be categorised as a social enterprise, an organisation has to rely, minimal to the total, on commercial activities (Doherty et al., 2014; Foster & Bradach, 2005).

The next section discusses competition from the participants' perspective.

5.1   Competition and Competitor Identification

While much research on the understanding of competition in the for-profit sector has been identified (Araujo, 2012; Chen, 1996; Christie & Honig, 2006; Porter, 1980; Weerawardena & Mort, 2006), the first research question attempted to understand whether social enterprises also perceive that they face and understand competition.

Consistent with many studies on competition among for-profit organisations (Aragón-Correa et al., 2008; Narayanan, Zane, & Kemmerer, 2011; Tsai, Su, Chen, 2011; Zhao, Chu & Chen, 2010), the social enterprises represented in this study were found to experience similar market pressures. Managers specified that their social enterprises faced competition in the market just like any for-profit organisation. Interestingly, though, many identified at least one characteristic of their social enterprise to be unique in the face of competition. Out of the 24 interviews, few used their social mission as a strategy to become 'competitive'. It is worth mentioning that, in general, participants that effectively delivered on their social mission perceived their social enterprises as 'competitive' consistent with Porter's (1980) Five Forces Model. The Five Forces Model identified the need for the managers to scan their environment and create uniqueness to gain competitiveness as managers 'strongly' believed that in order to achieve the desired outcomes; strategies that focus on commercial objectives have to be employed. One participant, in particular, stated that at the time of founding the social enterprise, the focus was only to deliver on the social mission, whereas in the last 5 years as competition has intensified, survival has become the challenge. Initially her social enterprise solely focused on its social cause and then faced considerable financial hardship. This female informant was aware of the concepts of competition and market dynamics, and therefore has

recently started to focus on exploring new channels for financially sustainability and effective delivery on the social mission.

In order to develop a deeper understanding of competition, participants were asked to identify any two organisations which they perceived to be competitors. Responses indicated that while social enterprises are registered as non-profit organisations, irrespective of their nature of business, they identify other organisations as competitors. All of them easily identified organisations offering similar product or service as "competitors". Almost all participants' first organisation they perceive as a 'competitor' was a for-profit organisation. Additionally, all noted that they perceive other non-profit organisations and social enterprises as direct competitors as they compete for similar resources, both monetary and non-monetary. An interesting trend was brought to light when participants were asked how their social enterprise differentiated itself from other organisations. Most were content to use their social mission as a distinctive tool for differentiation in the face of competition.

Participants' understanding of competition was further explored in depth when they were asked to describe the market. Three different types of markets were identified from prior studies, i.e. low market competition, moderate competition and intense competition. While the data collected provided no sufficient evidence to link to these specific types of markets, understanding of the market, in general, could still be determined as desirable for social enterprises.

It was reported by many participants that they shared the market with many other organisations. According to P5 and P9, their social enterprises faced 'greater' competition since they operated in the hospitality industry. In such markets, they emphasised the fact that being identified as 'a social enterprise' increases challenges as they not only have to ensure survival in the market but at the same time deliver on their social mission. Almost all participants echoed similar challenges and concerns and stated that competition is not just limited to product or service but has also extended beyond to resource level.

While some participants acknowledged that they pay lesser wages compared to the market, they still were expected to pay high enough to attract skilled workers. All mentioned that their social enterprise generally has a higher cost of business in terms of training and the social mission. As a result, many participants described government funding, which has been subsidising wages and training expenses, as an essential part for their social enterprise. Due to a significant decrease in funding over the years, participants also stated that survival has

become difficult in the face of competition and 3 participants specifically projected that they do not see themselves operational in the long run if the government's financial support continues to decrease.

While the managers of social enterprises in the sample understood that they face competition, Chen's (1996) was also examined to determine its applicability and usefulness. Before discussing results pertaining to Chen's (1996) model, participants were asked generic questions to ascertain how they perceive other organisations as competitors. Most managers were of the view that competition is an "unavoidable" phenomenon, but only one participant was found to have conducted a thorough competitor analysis process in order to determine the market for the product and service they offered. This participant, in particular, categorised organisations in to two broad categories, i.e. organisations that require similar resources and organisations that cater to the same target market.

This role of categorisation in the competitor identification process is necessary (Chen, 1996; Chen & Miller, 2012) due to the limitations of social enterprises as stated by the participants. The process of competitor identification might not be as simple for social enterprises compared to for-profit organisations or even conventional non-profit organisations. There is a need for managers to explicitly integrate categorisation in their strategy, which also incorporates the commercial and identity views. This finding is significant because it contradicts a current claim made by another participant who stated that competitors will more likely reside in the manager's perceived category (Porac & Thomas, 1990). The data shows that competitors are ranked based on having direct or indirect influence on their social enterprises, e.g. one participant shared his experience of an organisation he believed to have no direct influence on his social enterprise simply because they thought it was a private business. It resulted in his social enterprise losing customers and they had to reduce their prices significantly to "break even" for survival.

In Chen's (1996) model, the competitor analysis perspective is offered as an additional component to illuminate how the framework applies to organisations. Given the limitations of the social enterprises characteristically, beliefs and understanding of competition play a pivotal role in competitor identification for the commercial sector at large. With respect to competitor identification, some participants noted that they rely strongly on their respective experience and perception to determine if other organisations as competitors. Participants argued that they rely on their generic understanding of the category in which

their social enterprises reside with respect to 'market commonality' and 'resource similarity'. This process of categorisation is consistent with the theory that suggests categorisation of competitors can act as a sense-making tool (see Peteraf & Bergen, 2002).

The reason that the competitor category is limited to participants' tendency to label organisations as a 'competitor' is based on their perception of a 'likelihood' or logical justification as to why other organisations can be included. This concept of 'likelihood' in competitor identification means that participants produce a limited view of competition for their social enterprise, ultimately leading to the creation of a 'competitive blind spot' as conceptualised by Zajac and Bazerman (1991) in their study on for-profit organisations. As mentioned earlier, most participants indicated that they do not use a system to identify competitors, and as a result, can be subjected to competitive blind spot. A myopic view of competitors due to their observation of likelihood can also create blind spots as they tend to eliminate organisations from the competitor category that in the first place should have been included or excluded. Some argued that in order to avoid issues construed to blind spots, they tend to review their social enterprises' strategy consistently. Data revealed that some participants took steps to review their environment to discover challenges about competition (Peteraf & Bergen, 2002). Participants stated that they have a thorough understanding of the competitive nature of the market, thereby developing an effective strategy for their social enterprise (see Bergen & Peteraf, 2002).

Competitor identification models suggest that the process involves establishing the organisation's legitimacy which is vital for social enterprises. All participants recalled that organisational identity of their social enterprises linked to their social enterprises' reason for existence (see Di Domenico et al., 2010; Harding, 2004; Moizer & Tracey, 2010; Ridley-Duff, 2008; Smallbone & Lyon, 2005). From a social enterprises' perspective, discussions of its competitors and competitive environment has deeper implications than legitimacy and survival. All participants noted that configuration of the competitor category is well connected to the conceptualisation of organisational identity and there have been instances when social enterprises related to the "crisis of identity". Participants stated that this issue is mostly due to the challenge of social enterprises being perceived as any other business offering product/service while still being an organisation working for environmental or societal issues.

On the contrary, categorisation of competitors can also be used by participants to bypass the organisational identity issue. It was stated that social enterprises heavily rely on identity, therefore categorisation of competitors can enable social enterprises to adapt to market conditions (Chen & Miller, 2011, 2012; Clark & Montgomery, 1999; Peteraf & Bergen, 2002). For example, P1's organisation gains its sense of legitimacy through providing clients services at a market competitive fee-based model. Consistent with Gioia's (1998) study, P1 reported that her social enterprise understood that other organisations offering similar services have a significant role in determining their social enterprise's identity. Since the social enterprise's identity is mostly connected with its social mission, it creates a paradox between the commercial and social identity. As illustrated in this example, categorisation can have important implications as they can use the results of this study to understand competition. Categorisation can also be used as means to identify competitors who can have influence on their social enterprise and strategise by developing a connection between any organisational identity and competitor identification.

Each participant drew attention to the existence of such a connection when they described the market their social enterprises operate in. Most of them described the size of the market, i.e. number of organisations in the same market space to be the greatest concern for their social enterprises. Managers shared various challenges their social enterprise have faced over the years for survival due the presence of many for-profit organisations in the same market. The cost of doing business is relatively higher for their social enterprises compared to for-profit organisations as not only do they have to meet the industry quality standards but they are also expected to pay market competitive wages to attract skilled staff. It was evident that all participants strongly believed that there is potential for financial gains while operating in a competitive market. Furthermore, each participant was asked questions regarding different aspects of the business specifically designed to understand how social enterprises strategise while operating in competitive markets. Therefore, the next section discusses the 'market commonality' construct for competitor identification.

5.2   Market Commonality and Social Enterprises

The Market Commonality factor is placed in the Chen's framework as a key construct that any organisation uses to identify competitors. Market commonality for participants was

explicated as one or more markets that participants identified that their social enterprise and other organisations are involved in. It also relates to the magnitude of importance of the respective markets for social enterprises. There are many organisations that are competing with organisations in more than one market, referred to as multimarket competition. Like any for-profit business, social enterprises are expected to be less likely to initiate competitive action in a multi-market competition, but are expected to respond strongly when attacked. It is evident from the literature that the level of competition, including multimarket, determines social enterprise managers' perception of labelling organisations as direct or indirect competitors.

According to the Chen's (1996) model for competitor identification, as market commonality between organisations increases, the likelihood for the social enterprise to interact with other organisations also increases. The data suggests that participants determine how their social enterprise is different from their competitors in both commercial orientation and legitimacy of social mission. In other words, when assessing a social enterprises' competence, a participant is basically evaluating the magnitude of their social enterprises' value creation and legitimacy. Therefore, any organisation which is comparable to their social enterprise is usually considered a competitor. When there is a high level of market commonality, however, their social enterprise constantly changes positions which were found to be consistent with the need of the market. Some stated that initially their social enterprise enjoyed a relatively high market share, resulting in their SE becoming limited in their choices in terms of getting involved in competition. It is also indicated that social enterprises consider risk in relation to expected outcomes which is consistent with Porter's (1980) observation for private businesses.

For any manager of social enterprise to understand competition there is a need to develop a link between their organisation's identity and how it identifies competitors. Data further suggests that other organisations present in markets are perceived to be competitors based on one or more combination of characteristics defined by Clark and Montgomery (1999) for for-profit organisations. It would be illogical to interpret any organisation as a competitor, either for-profit or non-profit, if its presence is not in markets directly or indirectly served by the respective social enterprise. Therefore, it requires an assessment of whether or not an organisation is present in a social enterprise's markets.

Participants were asked about different aspects of business and the effect of these on the strategy of the business. In this study, the 7 P's of Marketing Mix, discussed by Booms and Bitner (1981) and further discussed by Armstrong and Kotler (1989), were used. The use of the marketing mix during interviews with participants was necessitated by the fact that it has been used in a limited way by Clark and Montgomery (1999) to identify different characteristics of organisations for competitor identification. In addition to the 7 Ps, participants were asked how important they perceive collaborations. The idea behind asking participants about collaborations was embedded in the literature on non-profit organisations collaborating with other organisations to expand their social impact. Fascinatingly, all participants shed light on the existing collaborative work their social enterprises are doing along with the projects they have completed in the past. Some of them further explained that collaborations are key to social enterprise survival as it assures financial sustainability along with increasing its level of professionalism in terms of delivering its product/service.

In the midst of growing competition, participants explained that their social enterprises have not limited themselves to collaborate with just non-profit organisations, but also have collaborated with for-profit organisations as well. The idea behind these collaborations is to link the social missions of for-profit organisations' corporate social responsibility (CSR) initiatives. One participant has pushed the boundaries of collaborations to include organisations that her social enterprise deems as competitors. This concept is referred to as coopetition where social enterprises collaborate with competitors to achieve a common goal which in this case is the social mission. The social enterprise organises its business and management aspects to attract organisations which are looking for social organisations with strong management structures. The accountability and transparency is of most value for these private businesses collaborate. Therefore, the participants need to focus on the key aspects of the business to ensure large businesses are willing to collaborate with them in the long run. In most cases, competitors are willing to collaborate with these social enterprises as the organisational identity of the social enterprises can assist in building up their image in the market and become a marketing tool for these businesses.

Predefined aspects of business were listed and participants' views were taken to rate and explain why each these factors were important. The responding social enterprises were assumed to apply these factors in determining the possibility of getting engaged in competition with a particular organisation. Factors that the social enterprises were asked to

rate and explain were price, promotion, people, product, positioning, place and packaging. Almost half of the respondents identified price as the key factor for competition. Consistent to Clark and Montgomery's (1999) categorisation of characteristics for competitor identification, product or service was considered as the 'most important'. Data collected revealed that participants focused their social enterprises' strategy on three particular aspects - product/service, price and people. The price element was dominated by the industry standards that were found to be mostly driven by the number of organisations in the market. All participants described the pricing element as essential for their social enterprises as it not only affects the financial sustainability but also the customers' perceptions of quality. Most believed that the place of operation has minimal influence on the social enterprise. Participants detailed that their social enterprises use various channels for promotion of their social enterprises' social mission. As mentioned earlier, categorisation of competitors is used as an alternate tool by organisations, as a result, it is essential for participants to reach out to the masses to attract new customers. Some participants, P16 and P21, specified that they have used media and other marketing channels to expand their reach of social impact. It was further highlighted by one of the intermediaries that a decade ago, social enterprises were assumed to focus on their social mission and did not rely on promotions. Nowadays, social enterprises have significantly grown and were reported to enjoy high market share in the market.

Some social enterprises were found to operate in more than one market and considered at least one market as significantly important. Participants' social enterprises were more likely to perceive other firms as close competitors when another firm is present in a market that is also important to the participant's organisation. From a likelihood viewpoint, categorisation of customers suggests that participants can detect the level of importance their organisations' market is for competitors. If it is perceived that other organisations are not focused on the same markets, then these organisations are considered as indirect competitors irrespective of the nature of the business. For example, another social enterprise with the same social mission but operating in other markets can be construed as an indirect competitor. Therefore, the likelihood of interacting with other organisations considered as indirect competitors significantly reduces or diminishes.

Participants indicated that there social enterprises do not need a system to identify competitors, while some participants described competitor identification and analysis

necessary for survival as they deem competitive interaction as an inevitable process. Competitive interaction is described as a participants' perception of the frequency with which their organisation engages with other competitors. While the participants were only asked to broadly identify two other organisations they perceive to be competing with, this perception can be categorised as direct and indirect competitors as well. Interestingly, most participants identified a for-profit organisation as a direct competitor since they offer a similar product or service and exist in the same market. Their likelihood to interact with these organisations was perceived to be relatively higher, therefore a direct competitor. On the contrary, some identified organisations with similar social missions or having a social mission to be their indirect competitors as their focus is on the market, which is relatively higher than their focus on their social mission. For example, P10 stated that the market they operate in, has thousands of other organisations, resulting in cut-throat price competition. In order to survive, they are focused on market-based strategies and have minimised their dependency on government support specifically. This participant further explained that government support is less than 10% of the total revenue for his social enterprise. Therefore, while this funding and support is a non-significant amount, they still perceived other organisations with social missions as also competing for that limited amount.

The element of competitor analysis for Chen's (1996) competitor identification model emphasises on the question concerning the likelihood of social enterprise to face competition. If a participant's social enterprise experiences numerous competitive interactions with other organisations, it becomes logical for the participant to develop a trend. On the contrary, if the past activity is infrequent for their social enterprise, participants can conclude that the likelihood of their social enterprise experiencing competition will be low. This deduction of likelihood of interacting with competitors was based on Q9 in the interview schedule. Thus, the higher the frequency of competitive interaction with another organisation, the greater the likelihood for the social enterprise to consider them as a close competitor.

Another aspect participants described was their perception of other organisation's ability to compete in the market place. Perceptions of other organisation's capability can have significant impact on competitor identification. If the participants believe that other organisations have similar capability to deliver on the product or service their social enterprise offers, it is likely that these organisations will be seen as a close competitor. With respect to the question about identifying other organisations as competitors and describing

how they differentiate themselves, all participants termed various characteristics and highlighted their capability to deliver on social and commercial objectives by managing competition from the market and also competition arising for resources. Therefore, the next section discusses the second construct for competitor analysis identified in Chen's (1996) model.

5.3   Resource Similarity and Social Enterprises

There has been extensive research on competition for resources in social enterprises (see Baines, Cunningham, Campey, & Shields, 2014; Froelich, 2015; Khieng & Dahles, 2014). Chen's (1996) competitor identification framework identified resource similarity as the second construct for competitor analysis. Resources that are considered competitive are mostly associated with the increase in the sale of product or service in the market. If an organisation in the market possesses a particular resource that could assist in increasing its competitiveness in the market, such a resource will then result in increasing the likelihood of the social enterprise, labelling it as a close competitor. Another significant side to this factor is that such resources should provide the social enterprise with some advantage over other organisations. When participants were asked to rate certain resources such as 'Social Venture Capitalists/ Government agencies, Skilled Staff, Business Incubators, Management Consultancies and Universities', they described one particular characteristic to be most effective for their social enterprise, i.e. whether the resource has 'significant financial outcomes for their social enterprise'. All participants were of the view that while government support has been substantial in the past, it has declined in the last decade. Competition for resources has intensified and as a result, many social enterprises have not been able to survive. When participants were asked about competition for resources other than monetary, they identified skilled resources as the most important. Some participants stated that they do not pay market-competitive salaries and therefore, find it difficult to attract highly skilled staff. One participant, in particular, described the shrinking economy as an opportunity for his social enterprise as they can now pay less for highly skilled staff who are struggling to find work in the private sector.

Participants belonging to the information technology sector further stated that resources are not easily replaceable across markets. They identified two key characteristics of

resources that are difficult to manage, i.e. reconfiguration of physical resources and sharing of knowledge resources. In terms of resources, all participants emphasised that their most important resource is "people". It was found that social enterprises, due to their nature of business, heavily rely on people to achieve their social mission.

For participants, it is necessary to consider their social enterprises' strategy in the face of resource similarity. It is equally important to understand their social enterprises' position against the competitors as any non-profit organisation with high resource similarity can be argued to be a competitive threat which is consistent to Bergen and Peteraf (2002) and Chen's (1996) study of private businesses. On the contrary, an organisation can be a greater competitive threat if they have a high market commonality along with a high resource similarity. For example, participants whose social enterprises operated in the hospitality industry noted a very high level of threat from other organisations. Furthermore, competence similarity to utilise the resources effectively also results in social enterprises labelling organisations as competitors.

The concept of competence similarity assists in understanding how participants perceive other organisations in terms of having similar capabilities. For a social enterprise, any organisations that hold related abilities are likely to produce similar quality of products with similar value. From a participant's point of view, organisations with similar business models and utilising similar resources are stronger rivals as it is for the social enterprise to differentiate itself from these similar firms. Finally, participants noted that in terms of resources, it is mostly social enterprises that are concerned with monetary resources. During the course of interview, participants' frustration was evident from their description of the challenges they face to gain government and private funding. Most view these findings to be directed to entrepreneurial ventures and as a result increase the challenges for existing social enterprises to survive in the face of rising competition.

The study by Doherty et al. (2014) highlights collaboration in terms of resources as an effective strategy which was reinforced by the participants. Managers believed that collaboration for resources not only provides access to funds but also allows their social enterprise to share knowledge, expertise, administrative set-up and existing business and social networks as supplementary resources for social value creation (Doherty et al., 2014; Sakarya et al., 2012). Regarding the impact of collaboration, social enterprises need to expand their reach in terms of the quality of social transformation for a greater number of

people. Due to a profound understanding of the problems, environmental or societal, in comparison to the non-profit organisations and for-profit businesses, social enterprises have the ability to have a wider social reach along with commercial sustainability.

5.4   Conclusion and Contribution

In summary, this study has examined whether leaders of social enterprises understand competition and whether Chen's (1996) Competitor Identification Model might be applicable. This study does make a modest contribution to the management literature on social enterprises, at least in Australia. Data collected from the key informants suggest that while most leaders of social enterprises do not use a model for competitor identification and analysis explicitly, despite having some blind spots (e.g. for-profit organisations), they are well aware of competition in the market. Moreover, in general participants were able to broadly categorise competitors into two main categories, i.e. based on the market commonality and the similarity of resources. Thus, it might be argued that they implicitly apply Chen's (1996) model.

5.5   Managerial Contribution

While research on competitor identification has been conducted for private organisations (Chen, 1996; Clark & Montgomery, 1999; Porac & Thomas, 1990), the literature has not addressed how leaders of social enterprises identify and categorise competition. The results of this study provided two important contributions to existing knowledge on social enterprises: firstly, social enterprises do face competition based on product/services as well as resources and therefore their financial viability cannot be overlooked.

The basis for studying social enterprises and competitor identification is rooted in the opinion that competition is 'inevitable' and all firms, irrespective of their nature, have to face it (Chen, 1996; Porac & Thomas, 1990). Furthermore, the ability of social enterprises' managers to understand their environment for competition is an important aspect in the formation of its strategy as studied by Porter (1980) for private firms.

This thesis showed those competitor categorisations impact participants' decisions and is also perceived to assist in identifying distinctiveness in the face of competition. The role of competitor categorisation was found to vary for participants with respect to competitor identification. In line with existing literature (Chen & Miller, 2011, 2012; Kim & Tsai, 2012; Porac et al., 2011; Schmidt & Keil, 2013), some firms assume that a comprehensive environmental scanning is required for understanding competitors and identifying competitors. Only about one-third of the participants underlined the application of competitor analysis and they were of the view that using the competitor analysis process in their strategy positively affects the outcome. Such information assists in positioning their social enterprise effectively in the market and therefore 'is the main driver of competitive attack and response' (Chen, 1996). On the other hand, others believe that while they know their competitors, competitor identification is not the focus of their strategy. Therefore, they do not believe that a decision based on information on competitors provides any advantage to their social enterprise - this is supported by Bergen and Peteraf (2002).

5.6   Limitations and Future Research Implications

In general, this study makes a contribution to practice because it is the first in-depth study of competition and competitor identification in the social enterprise sector, at least in Australia. This study develops a foundation for the applicability of competitor identification for social enterprises upon which further research can be conducted, which hopefully can produce richer knowledge. A longitudinal study would be useful as it would provide the opportunity to examine both successful and failing/failed social enterprises to determine whether the role of competition and competitor identification is a major factor in the survival of social enterprises.

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Appendix A
Indicative Script

1. Thank you for taking out time to meet with me. I wonder if you would begin by telling me a little more about your social enterprise (name of the responding social enterprise).
2. What motivated you to start this social enterprise?
3. I am also interested in the background of people who run these social enterprises. For example have you had a previous experience in the non-profit/private/public sector before this social enterprise? (Linking question to motivation to start this social enterprise) Or any family member or friend involved in this or a similar social enterprise?
4. I just want to make sure I have your social enterprise classified in the correct way. Which industry(s) do you identify or categorise your social enterprise in correctly? Would you say your social enterprise operates in: [Checklist based on ABS]
   - Agriculture, forestry and fishing   _____
   - Mining   _____
   - Manufacturing   _____
   - Services
       - Electricity, gas, water and waste services   _____
       - Construction   _____
       - Wholesale trade   _____
       - Retail trade   _____
       - Financial and Insurance Services   _____
       - Accommodation and food services   _____
       - Transport, postal and warehousing   _____
       - Information media and telecommunications   _____
       - Rental, hiring and real estate services   _____
       - Professional, scientific and technical services   _____
       - Administrative and support services   _____
       - Public administration and safety (private)   _____
       - Education and training (private)   _____
       - Health care and social assistance (private)   _____
       - Arts and recreation services   _____
       - Other services   _____

5. Other than what you have already told me, can you describe this industry/market a little more please? [Prompt- For example:]
   - Number of players
   - Number of suppliers
   - Type of customers
   - Opportunity for increasing market share

o   Potential for financial gains

o   Labour cost/Wage rates/Volunteers

o   Availability of financial support

o   Other : _____

6. What are the major challenges faced in this industry?

6.1.   Are these the same challenges faced by your social enterprise in this industry/ market?

7. Can you tell me if you have ever faced a challenging situation about running a/this social enterprise?

7.1.   Was there ever an instance when you felt that there was a tension between earning profits and doing good?

8. Would you be able to give me an example of an instance when your social mission outweighed your financial mission?

8.1.   What about when your financial mission outweighed your social mission?

9. Can you name any 2 specific organisations that you are in direct competition with?

9.1.   Why? Can you please elaborate.

9.2.   How do they differentiate themselves?

10. Do you get any preferential treatment from your suppliers because of your social enterprise? Maybe offered better deals or discounts? In your opinion, how important are supplier relations for your business?

11. Are the relations with suppliers influenced by competition? What kind of issues had to be addressed?

12. What two of the following aspects of business do you think have the most effect on the strategy of your business? Can you please rate on a scale of 1-5 with 1- least important to 5- most important?
    o Price
    o Product
    o Packaging
    o Positioning
    o Promotion
    o People
    o Place
    o Collaborations

12.1.   Can you please elaborate?

13. I am curious about the relationship that your organisation has with NPOs/for-profits. Do you have any relationship with such organisations or do you rely on any philanthropic foundation?

14. With respect to industry/market, I am also interested to know what forms of support is available to assist social enterprises? [Prompt: financial support]

14.1   How difficult is to access these supports?

15. Other than monetary resources, can you tell me about other forms of resources your social enterprise requires? (e.g. supplier/professional employees)

16. Please rate the following resources on the scale of least effective (1) to the most effective (5) in assisting you:
   o   Social Venture Capitalists/ Government agencies   Yes/No   _____
   o   Skilled Staff   Yes/No   _____
   o   Business Incubators   Yes/No   _____
   o   Management Consultancies   Yes/No   _____
   o   Universities   Yes/No   _____
   o   Other: _____

17. Do you think there is competition from other businesses (NPO/SE/For Profits) with respect to these resources as well for your social enterprise? (Follow up in-depth question) How?

18. Keeping your SE in mind, I would like you to respond to the following statements. Please think on a scale of 1 – 5 with 1 - strongly disagree to 5- strongly agree:
   -   It is easy to reconcile earning profits and creating social value.
   -   In my social enterprise, financial considerations influence strategy more than the social goals.
   -   Competition in the market affects my business positively.
   -   We have to take risks occasionally to keep ahead of competition.
   -   Long term relationship with suppliers is essential for my social enterprise.
   -   Implementing a system to identify competitors would improve my social enterprise's performance.
   -   My social enterprise has the potential to innovate and grow.

Are there any other things that you would like to mention that would help in my understanding of the challenges faced by either your social enterprise or the sector generally?

I would just like to spend a minute or two to get some information about your demographics to draw a clear picture of the background of this social enterprise, which I will refer to you in any reporting of the findings from my research.

Demographics (researcher to tick):

Gender:

Male / Female

Title that you use (provided at the time of contact with the organisation):

- CEO
- Director
- Manager
- Other: …………………………………….

Highest level of education:

- Higher Degree Research
- Postgraduate Degree/Graduate Diploma/ Graduate Certificate
- Advanced Diploma
- Certificate Level III/IV
- Year 12
- Year 11 or below

Age Grouping:

- 20 - 29
- 30 - 39
- 40 - 49
- 50 - 59
- 60 +

[Prompts]

What advice would you give someone who is in the early stages of starting a For-Profit Social Enterprise?

If I find a gap in my information, do you mind if I call you back for some additional information? It has been a pleasure talking to you. Thank you for your contribution.

PARTICIPANT INFORMATION LETTER

PROJECT TITLE: Challenges in the Social Enterprise Sector
PRINCIPAL INVESTIGATOR: Professor Lynne Bennington
STUDENT RESEARCHER: Salman Rizvi
STUDENT'S DEGREE: Masters of Philosophy (Business)

Dear (name of participant),

You are invited to participate in the research project described below. Before you decide to participate please take time to read the following information carefully.

What is the project about?
This study will focus on challenges facing the social enterprise sector.

Who is undertaking the project?
This project is being conducted by Salman Rizvi and will form the basis for the degree of Masters of Philosophy (Business), at the Australian Catholic University in Melbourne, under the supervision of Professor Lynne Bennington.

Are there any risks associated with participating in this project?
There is no foreseeable risk associated with participating in this research project.

What will I be asked to do?
You will be asked to participate in an interview that will take approximately 45 minutes. During the interview, you will be asked questions that relate to the challenges faced by your social enterprise and the sector in general. You will be asked about your understanding of other organisations offering similar products or services. With your permission, we would like to audiotape the interview. The interview will be held on a mutually agreed place and time.
There are no costs to you for your participation in this study.

What are the benefits of the research project?
Not a lot is known about this rapidly growing social enterprise sector yet all predictions indicate that it will continue to grow in the face of decreasing direct government involvement in the welfare sector. It is important for governments, funding bodies and social enterprise owners/managers to understand the challenges faced by social enterprise to enhance the sustainability of social enterprises.

Can I withdraw from the study?
Participation in this study is completely voluntary. You are not under any obligation to participate. If you agree to participate, you can withdraw from the study at any time without adverse consequences.

Will anyone else know the results of the project?
The data collected for this research will be used solely for the purpose of this study. The findings will be published within the thesis and in publications or conference papers that may result from this study. The summary of findings will also be provided to the participants on request.

Information from the study will be kept in a locked filing cabinet in the office of the Principal Researcher, Professor Lynne Bennington, which only the research team will have access. Once the

information collected has been analysed and the thesis has been submitted, all materials will be maintained in an archive and destroyed five years after completing the research.

Will I be able to find out the results of the project?
A summary of the findings of the project will be sent to you via email assuming you circle "Yes" in the section that states, "I would like to be notified of the results via email" on the informed letter of consent at the interview. The results will be available by the end of January 2015.

Who do I contact if I have questions about the project?
If you have any questions regarding this project please do not hesitate to directly contact the researchers: Salman Rizvi (MPhil candidate) on phone number (03) 9953 3891 or via email at ssrizv002@myacu.edu.au or Prof. Lynne Bennington (Supervisor) on phone number (03) 9953 3489 or via email at lynne.bennington@acu.edu.au

What if I have a complaint or any concerns?
The study has been approved by the Human Research Ethics Committee at Australian Catholic University (approval number ……….). If you have any complaints or concerns about the conduct of the project, you may write to the Chair of the Human Research Ethics Committee care of the Office of the Deputy Vice Chancellor (Research).

Chair, HREC
c/o Office of the Deputy Vice Chancellor (Research)
Australian Catholic University
Melbourne Campus
Locked Bag 4115
FITZROY, VIC, 3065
Ph: 03 9953 3150
Fax: 03 9953 3315
Email: res.ethics@acu.edu.au

Any complaint or concerns will be treated in confidence and fully investigated. You will be informed of the outcome.

I want to participate! How do I sign up?
To participate in this study please provide a statement of consent to participate via email to Salman Rizvi at ssrizv002@myacu.edu.au. Your statement of consent via email will be treated as an initial consent for participating in the study. Prior to the interview, you will be asked to sign consent form for your participation. If you decide to participate, I will highly appreciate you for giving up your time to participate in this research.

Yours sincerely,

Salman Rizvi and Prof. Lynne Bennington

Appendix C
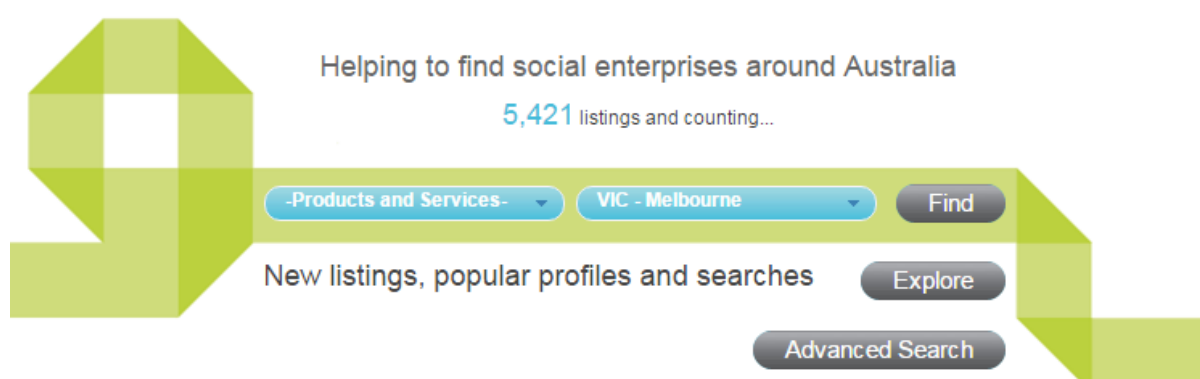
Social Enterprise Public Database