

Women's Social Enterprise Organizational Performance Analysis: A Road to Sustainability

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Abstract

With a high sense of empathy and sociality, women tend to engage in social entrepreneurship or participate in social activities to pursue not only profit but also social impact. In addition, social entrepreneurship has been believed to be able to address social problems and be the best way to build economic resilience and independence in societies. Through extensive research, social enterprises have proven to be providers of solutions to social problems. Therefore, ensuring the success and sustainability of social enterprises is a major challenge for female entrepreneurs. The aim of this study is to identify the current conditions of social entrepreneurship and the challenges they face to ensure their sustainability from a comprehensive management perspective. The research applies a qualitative research approach with several case study designs. Data obtained through observations and semi-structured interviews with four CEOs and ten employees was processed and analyzed using McKinsey's 7S model approach to determine the company's current organizational performance. Performance analysis using McKinsey 7S Models at KWN Fatimah Az-Zahrah, Celebes Mushroom Farms, Café Tulus, and Café Mella House of Donuts has provided an illustration of their current condition and found that the three elements are not aligned with each other, mainly the elements strategy, system, and skills, and the two elements have gaps in the system and skills. These unbalanced elements and gaps will hinder these companies from achieving efficient performance and sustainability.

Keywords: Gender, McKinsey 7S Model, Social Entrepreneurship

INTRODUCTION

The existence of women entrepreneurs in both commercial and social entrepreneurship has become increasingly visible in recent years. The data showed that 53.76% MSMEs in Indonesia are owned by women and they contribute up to 61% of Gross Domestic Products while 97% of their employees are women as well (Kemenkeu, 2021). Even when the COVID-19 pandemic ravaged Indonesia, shattered the economic and caused millions of family heads losing their jobs, women rose to make sure their kitchens remained steaming. Women entrepreneurs are women who participate in entrepreneurial activities full time, have the courage to take risks, the ability to see and take advantage of opportunities that arise from their environment and use the resources they have in a unique way to support them running their businesses (Anggadwita & Dhewanto, 2015).

Women have a unique dual role in family and social life. The nature of women is always attached to their role as housewives who look after and care for children and families. Then, from a social aspect, women have the ability and motivation to be able to work and be economically independent. They are able to create jobs for themselves and others, provide solutions to management, organizational, and business problems, and take advantage of business opportunities. With the multiple roles they have, female entrepreneurs have greater challenges than male entrepreneurs.

High senses of empathy and sociality inherent in women's instincts tend to encourage them to engage in social entrepreneurship or involve themselves in social activities to pursue not only profit but also social impact. In the research conducted by the British Council in 2018, it was found that there are 340,000 social entrepreneurs in Indonesia, or about 2% of the total number of MSMEs. These social enterprises cover three major industrial sectors, namely the creative industry (as much as 22%), agriculture and fisheries (as much as 16%), and education (as much as 15%), involving youth and women (A'zam et al., 2021).

Social entrepreneurship has been believed to be able to address social problems and the best way to build community economic resilience and independence. It provides social solutions by leveraging entrepreneurial opportunities and approaches and the power of innovation (Sofia, 2015). Furthermore, Thompson & Doherty (2006) stated that social enterprises offer solutions to social problems in an organized way by applying a set of business tools and techniques. Based on these findings, it proves that social enterprises can be solution providers for social problems. In fact, Arokiasamy's study (2012) found that social enterprise effort to create livelihood opportunities and provide access to affordable services have significantly improved the quality of life and well-being of people in Asia. .

Regardless of the social aspect, social entrepreneurship is still a value creation process through innovation and exploiting existing opportunities. A series of processes for creating, producing, selling and providing goods and services on the basis of competitive advantage to ensure its sustainability (Herlianaa, Sri; Dhewanto, Wawan; Anggadwita, 2014). In order to gain a competitive advantage, social entrepreneurs need to assure their enterprise perform efficiently and effectively by providing a clear strategy and organizational design so as to differentiate their business from others. It is a success factor and ensures business sustainability.

Ensuring the success and sustainability of established enterprises is one of the challenges that must be faced by women entrepreneurs. In contrast to commercial entrepreneurship, social entrepreneurship must be able to balance between the ability to generate income or profit (profitability) and the ability to create value (value creation) that can solve community social problems and provide benefits to the community (social benefits).

Many challenges that should be faced by social entrepreneurs, especially women, raise questions on how they should run their businesses in order to be successful. And how they ensure their business will be sustainable. Factors that support the success and sustainability of women's social entrepreneurs can certainly provide insights and foundations for other prospective social entrepreneurs.

There were an abundance of research projects on social entrepreneurship carried out by scholars with various purposes. Indra Dewi et al., (2021) conducted a study to determine strategy used by one of the social entrepreneurs "House of Diamond (HoD)" in maintaining their business during pandemic. A year earlier, a study on similar topic was conducted by

Saragih & Elisabeth (2020). Until now, research related to social entrepreneurship has studied more about enterprises strategies and aspects of entrepreneurs' motivation and intention.

There is limited literature, if there is any, that specifically captures the success of women social entrepreneurs from a management perspective in a comprehensive manner. For this reason, a study is needed to identify the current condition of social entrepreneurship and the challenges it is facing to ensure its sustainability from a comprehensive management perspective.

Social Entrepreneurship

In Indonesia, social entrepreneurship has been studied and has become a hot topic to discuss in the last few years. Social entrepreneurship is a derived term from "entrepreneurship" which is a combination of two words, "social" and "entrepreneurship". The simple terminology of social entrepreneurship is that one's entrepreneurial abilities are used to make social change by providing solutions to social problems.

Social entrepreneurship is an enterprise established with a social mission where the profits obtained are reinvested in the business or given to the community for social purposes rather than for shareholders and owners' profit maximization (Kickul & Lyons, 2020). Also, Hulgard (2010) stated that social entrepreneurship can be defined as collaboration between communities and organizations in the community to create social value through social innovations that have economic impacts (Lisetchi & Brancu, 2014). From those explanations above, it can be concluded that social entrepreneurship comprises of four main elements namely social value, civil society, innovation and economic activity.

Thus, social entrepreneurship is not profit-oriented, but its main goal is to maximize the social impact that arises from its existence. In social entrepreneurship, society becomes the main subject or the most important element in the processes of value creation and problem solving. Therefore, the success of social entrepreneurship is essentially judged by the impact it has on society.

McKinsey 7S Model

The success of social entrepreneurship can be seen in its impact on society. This social impact is certainly influenced by how effective an enterprise is at achieving its goals or vision. To measure the effectiveness of the enterprise, an analytical tool is needed to find out and describe the current condition of the enterprise so that its objectives can be achieved.

McKinsey's 7S model, developed by Robert Waterman, Tom Peters, and Julien Phillips, is a strategic planning tool that can be used to analyze the current state of the business and the gaps needed for future business or business development (Putri & Ghazali, 2021). Seven elements in this model, namely Structure, Strategy, Skills, Staff, Style, System, and Shared Values should be aligned so that the business becomes effective and runs successfully. Therefore, this model is considered the most appropriate and comprehensive tool to assess the current performance of the four social enterprises studied and compare it with their future needs to achieve their intended objectives.

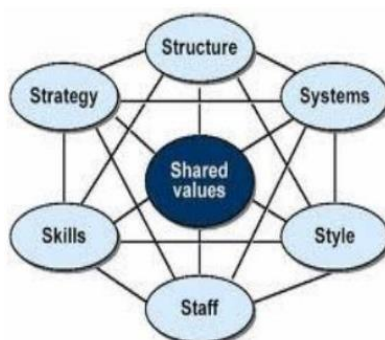


Figure 1. McKinsey 7S Model (Putri & Ghazali, 2021)

Table 1. McKinsey 7S Model of Social Enterprise

Elements	Definition
Strategy	A well-developed plan of enterprise to achieve sustainability and successfully provide social impact
Structure	Organizational structure of enterprise illustrates coordination and division of works
Systems	Represents enterprise's daily activities and the processes and procedures on how works should be done
Skills	The capabilities and competences that firm's employees perform very well.
Staff	Concerned with what type and how many employees an organization will need and how they will be recruited, trained, motivated and rewarded
Style	Management style of the founder or CEO
Shared Values	Norms and standards that provide guidance for employee and company in conducting their work

Resources and strategies are theoretical foundation of McKinsey's 7S model. Barney (1991) stated that sustainable competitive advantage can be achieved if an organization has the ability to acquire and control valuable, unique resources that cannot be imitated and are not owned by competitors (Komarsyah et al., 2019). These seven elements of Mckinsey reflect of what Barney have stated. Thus, McKinsey's 7S model can be used to determine the factors that support the success and sustainability of social enterprises.

RESEARCH METHODS

This study applied a qualitative research approach with a multiple case study design in order to know the current condition of the social enterprises that currently been operating in Makassar, South Sulawesi. Qualitative research is research that seeks to find meaning, investigate processes and gain deep understanding and knowledge of individuals, groups or situations (Hardiansyah, 2012). Furthermore, the case study design was chosen because it is considered to be able to reveal detailed and in-depth data through interviews, observations and document studies related to what the informants did, how they carried out the activities and what the activities were carried out for. An effort that involves explorations or inquiries on specific issues regarding individuals in certain groups, organizations, or communities (Verner & Abdullah, 2012).

The stages in this research began with a literature study looking for related data and literature that became the theoretical basis in this research, then collecting data in the field, by direct observation and interview with women social entrepreneurs and their employees. They became the subject of the research because having key roles in their social enterprise. These social enterprises run by women were selected through initial observation provided worthwhile perceptions of their activities that fit within social enterprises categories as well as the motivating factors which propelled establishing and operating social enterprises.

Table 2 Summary of the carefully selected enterprises

N/S	Name of Social Enterprise	Areas of Undertaking	Target Population
1	KWN Fatimah Az-Zahrah	Targetting coastal women empowerment in the area of skill acquisition especially seafood processing skill and produce processed fish and seafood products.	Young female and fisherman's wife
2	Celebes Mushroom Farm	Addressing poverty and lack of job opportunities for housewives and school dropout youth	Youth and women
3	Café Tulus	Addressing lack of job opportunities for people with disability especially deafness	People living with deafness
4	Café Mella House of Donuts	Addressing lack of job opportunities for people with disability especially deafness	People living with deafness

The data was gathered from observation on the social enterprises and supported by the result from semi-structured interview based on McKinsey 7S Models. The semi-structured interview guide with twenty-four items was communicated to the selected participants before the interview. The interview consisted of fourteen participants chosen among the social enterprises comprising the four founders, 10 employees. The language with which the interviews were conducted was in Indonesian with the average interview was between 15 to

25 minutes. The data obtained are processed and analyzed using McKinsey's 7S model approach in order to know the enterprises current organizational performance.

RESULTS AND DISCUSSION

Data obtained in the field through observation of four social enterprises and a semi-structured interview with the CEOs/founders and employees

Case 1: KWN Fatimah Az-Zahrah: Women Social Enterprise

Fisherwomen Community Group Fatimah Az-Zahrah is a coastal social enterprise founded by Nuraeni in 2007 because of her concern for the condition of fisherwomen who live below the poverty line. Poverty in the coastal areas where she lives is the cause of increasing domestic violence, sexual violence, child dropout rates, child exploitation, trafficking, and other social problems. With funding and assistance from Pertamina in 2014, this social enterprise was able to empower and improve the welfare of its members and the surrounding coastal communities through various programs such as seafood processing skill training, selling processed seafood products, illiteracy eradication, Posyandu for the Elderly, which provides health treatment for the elderly, etc. Currently, about 600 people living in two urban villages have benefited from KWN Fatimah Az-Zahrah.

"There is a stigma that coastal communities are usually dumb, backward, uneducated, and unskilled. And it's true. That's why we created this social enterprise: to change that stigma". Nuraeni, founder of KWN, Fatimah Az-Zahrah

Case 2: Celebes Mushroom Farm: A Women's Social Enterprise

Founded in October 2010, Celebes Mushroom Farm started its production in January 2011. The CEO, Mardiana Madeali, saw that there was a high demand for edible mushrooms in Makassar. Currently, Celebes Mushroom Farm is the largest oyster mushroom cultivation in Makassar, producing 100 kg of fresh mushrooms per day, employing 11 people, and fostering about 60 female mushroom farmers. It supplies fresh oyster mushrooms for traditional markets, supermarkets, restaurants, and stalls in Makassar.

"The existence of Celebes Mushroom Farm helps improve our welfare. With housewives cultivating mushrooms at home, they have income while taking care of their families". Wati, Supervisor of Celebes Mushroom Farm.

Case 3: Café Tulus: Disability Social Enterprise

This newly founded social enterprise was initiated by Zaenab and Taufik. With the financial aid obtained from PLN Peduli, Zaenad established a coffee house in 2021. It employs nine people, three of whom are deaf and work as baristas and servers. Not only does Café Tulus provide job opportunities for deaf people, but it also has some deaf-related programs, such as Tulus Dongeng, which is storytelling using sign language.

"Awareness regarding deaf people needs to be built so that no one needs to doubt their abilities and skills at work". Zaenab, owner of Café Tulus

Case 4: Café Mella House of Donuts: Disability Social Enterprise

Café Mella House of Donuts was founded by a deaf couple, Hj. Ramlah and H. Irwansyah, in 2010. Together with twelve deaf employees, they produce and sell donuts and cakes with

various flavors. Before pandemic COVID-19 hit hard, Café Mella could sell up to a thousand donuts a day and generate sales of around two million rupiah.

"I want deaf people to be able to live independently without expecting mercy or depending on others". Hj. Ramlah, CEO of Café Mella House of Donuts

Cross-Cases Analysis

The data gathered was analyzed using elements of the McKinsey 7S Model and cross-case analysis. After evaluating the four social enterprises individually, a cross-analysis was conducted to facilitate the juxtaposition of events, processes, and activities of the elements analyzed in the four case studies. Table 3 summarizes areas of commonality and dissimilarity among the four cases studied.

Table 3. Summary of the Cases with McKinsey 7S Models

McKinsey 7S Models	KWN Fatimah Az-Zahrah	Celebes Mushroom Farms	Café Tulus	Café Mella House of Donuts
Strategy	Increasing sales through B2B and B2G by supplying goodie bags. Improving packaging and quality of the products.	Increasing mushroom production by opening one branch for mushroom cultivation and production. This new branch will boost production up to 150kg per day.	Increasing revenue by creating new revenue streams such as leasing space, monetizing online platforms, producing company profile videos, etc.	Increasing revenue by establishing new business namely Baju Bodo Mella which is providing rental service for traditional clothes.
Structure	Having a clear structure with the division of functions and responsibilities that are understood by its members	Having a clear structure with the division of functions and responsibilities that are understood by its members	Having a clear structure with the division of functions and responsibilities that are understood by its members	Having a clear structure with the division of functions and responsibilities that are understood by its members
Systems	Having no documented rule and SOP. Only have a simple bookkeeping system.	having documented and written rule and SOP. Does not have bookkeeping system, only simple recording of mushroom production	having documented and written rules and SOP. Does have proper bookkeeping and accounting system.	having documented and written rules and SOP. Only have a simple bookkeeping system.
Skills	Having best skills in processing seafood products but lack of competence in marketing, selling and accounting.	Having best skills in mushroom cultivation but lack of competence in marketing and accounting.	Solid skill and competence in most areas of coffee house management	Having best skills in donut production but lack of competence in marketing and accounting.
Staff	No rules and standards in recruiting members. Everyone can join. New members are trained by old	Owning recruitment rule and standards. The new recruit must have a strong physique and literate. Must go	Possessing recruitment rule and standards. The new recruit must literate and possess skill needed for the job.	Owning recruitment rule and standards. The new recruit must literate and possess skill needed for the job. Must go through

McKinsey 7S Models	KWN Fatimah Az-Zahrah	Celebes Mushroom Farms	Café Tulus	Café Mella House of Donuts
	members through hands on training. External trainers sometime provide training.	through an interview process. New recruits are trained by old employees through hands on training	Must go through an interview process. More effort to train deaf employees due to communication barrier.	an interview process. New recruits are trained by old employees through hands on training
Style	The founder's leadership style tends to be more democratic where all members can express their opinions and share ideas	The founder's leadership style tends to be more democratic where all employees can express their opinions and share ideas	The owner's leadership style tends to be more democratic where all employees can express their opinions and share ideas. More effort to communicate with deaf employees	The owner's leadership style tends to be more democratic where all employees can express their opinions and share ideas
Shared Values	An independent and prosperous coastal community life, especially coastal women	Producing high-quality edible mushrooms	Providing employment opportunities, improving skills and providing inclusive spaces for deaf people	Sustainable economic empowerment for deaf people

The study has shown that the four selected social enterprises provide social value in respective target areas and communities. Although the successful of enterprise is evaluated based on its social impact that is made using Social Return On Investment (SROI) (Banke-Thomas et al., 2015), Mckinsey 7S model provides elaborate understanding on current situation of four social enterprise and compare it with future needs. It also describes their challenges and potentials for sustainability.

Strategy. The researcher found that all social enterprises studied already had well-developed strategies in place to guide them in successfully providing social values as well as obtaining sustainability. However, these strategies are not supported and aligned with other elements, such as systems and skills elements (KWN Fatimah Az-Zahrah, Celebes Mushroom Farm, and Café Mella). Unaligned strategies with other elements will become a barrier for enterprises to execute their strategies and reach their goals.

Structure. In terms of structure, the researcher found that four social enterprises have a clear structure with the division of functions and responsibilities that are understood by their members or employees. This provides a line of coordination and information about who is accountable to whom. It means that members and employees will not only be certain about their job and responsibilities, but they will also be able to perform their job efficiently and effectively.

Systems. For the systems element, only Café Tulus has well-documented and written rules and standards of procedures for daily activities. This enterprise also has a proper bookkeeping and accounting system. This element provides formal and informal procedures on how the work should be done and how decisions should be made. It supports the strategy and structure elements. The researcher noted that a poor system causes inefficiency and loss of resources and profit, which were experienced by Celebes Mushroom Farms.

Skills. Out of four social enterprises, only one, namely Café Tulus, has solid skill and competence in most areas needed to undertake its strategy. The other three enterprises urgently need to either provide training for their employees or recruit new employees with the skills and competences they need. Therefore, they will be able to support the enterprises as they carry out their strategies and reach their goals.

Staff. For the staff element, one social enterprise implements a different approach regarding their members recruitment, training, and reward. This is because it is more of a social empowerment movement that is open for anyone to join, either to participate in empowering others or to get some assistance.

Style. Four social enterprises adopt and implement similar leadership styles. All of the founders and CEOs adopt a more democratic leadership style where all members can express their opinions and share ideas. The researcher noted that the democratic leadership style is able to strengthen engagement and build kinship ties between founders/CEOs and members/employees. For Café Tulus, this style also fosters innovation, especially for the baristas.

Shared Values. In terms of shared values, all of the social enterprises studied have their own values. These values are known and understood by all members and employees and became a guide in every activity of the employees and enterprises.

CONCLUSION

It was pointed out earlier that, in order for the enterprise to achieve efficient performance, all elements of the McKinsey 7S model must be aligned with each other. Therefore, the four social enterprises, especially KWN Fatimah Az-Zahrah, Celebes Mushroom Farms, and Café Mella House of Donuts, should identify the areas that are not perfectly aligned, as discussed earlier. Furthermore, all the gaps, inconsistencies, and weaknesses between the elements' relationships should be addressed, such as a lack of skills and poor systems. A gap in one element always has effects on the other six elements and will hinder the enterprise's ability to obtain effective and efficient performance as well as a competitive advantage. The elaboration of seven elements above has illustrated the current condition of each enterprise and the challenges they are facing to be sustainable.

Performance analysis using McKinsey 7S Models on four social enterprises, namely KWN Fatimah Az-Zahrah, Celebes Mushroom Farms, Café Tulus, and Café Mella House of Donuts, has provided illustrations about their current condition. Based on analysis, it was found that three elements are not aligned with each other, especially the strategy, systems, and skills elements, and two elements have gaps. These unaligned elements and gaps are signs that KWN Fatimah Az-Zahrah, Celebes Mushroom Farms, Café Tulus, and Café Mella House of Donuts have a long way to go to achieve sustainability.

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