

Chapter 2

Shared Value Creation for Sustainability in Not-for-Profit Organisations

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ABSTRACT

The objective of this chapter is to delineate the sustainability problems encountered by not-for-profit organisations and to explore how these challenges can be managed through shared value creation by the stakeholders. Case study-abductive research methodology was adopted to explore stakeholder shared values and sustainability. This method of study is especially useful for trying to test theoretical models by using them in real world situations. Findings revealed that the sustainability strategy in not for profit organizations must be a holistic approach. Such an approach needs to build upon value-creation that is integrated to develop social entrepreneurship and create social capital along the three dimensions which includes innovative, proactive, and risk management behavior. This chapter contributes to the shared value with stakeholders to provide a social enterprise pathway for a not for profit organization to achieve long-term financial sustainability while maintaining the core social mission and objectives.

INTRODUCTION

Partners in Micro-Development (PIMD) adopted a social enterprise model and introduced a commercial training arm which would provide training at subsidized rates to staff from donor corporations and the sales proceeds. This division would support the diminishing donations which will enable PIMD to continue with the social mission and provide sustainability. The contention in this discussion is that nonprofit organizations would benefit from the development of an entrepreneurial sustainability strategy to survive. The findings suggest that an innovative business model for the creation of shared value with

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the stakeholders provide a pathway to achieve long-term financial sustainability while maintaining the core mission objectives.

The objective of this chapter is to understand the survival strategies for not for profit organizations and to identify approaches to meet the challenges faced by them for long-term sustainability. The intention here is to advance the theory of corporate social responsibility in the context of social enterprise sustainability. To this end, financial sustainability challenges faced by a not for profit organisation (NPO), PIMD is explore and two main challenges are examined:

1. Over reliance of the trustworthiness theory on the non-distribution constraint.
2. Failure to explain why this constraint does not destroy the motivation of undertaking social entrepreneurial activities.

In this discussion, the challenges of financial sustainability faced by not for profit organisations but particularly the case of PIMD highlights those challenges. Drawing from the academic literature and the intellectual and human capital experiences of PIMD, an explorative case study investigates the challenges of financial sustainability faced by NPOs Data was collected through a structured interview. This chapter advances the theory of corporate social responsibility in the context of social enterprise entrepreneurship to expand the understanding of survival of not for profit organizations. To achieve this outcome, corporate social responsibility and social enterprise entrepreneurship theories are explored to illustrate the complexities of a not for profit organization as it transitions and shifts to a new business model where the production of multiple goods with social value attracts funding for sustainability.

A conceptual framework influences the theoretical framework of sustainability which contributes to the development of a new business model for PIMD. Such an approach capitalized upon value-creation that is integrated to develop social entrepreneurship and which creates social capital along the three dimensions of:

1. Innovative.
2. Proactive.
3. Risk Management.

This chapter contributes to the understanding of long-term financial sustainability, entrepreneurial social enterprise business model development. Commencing with an introduction and literature overview, this chapter then provides real-life case study observations which in turn guides the research methods. Second, the theoretical framework of social enterprise entrepreneurship business and not for profit sustainability are analysed. Third, understanding financial sustainability influences the on the development of a business strategy and the application of the development of a business model. Fourth, shared values with stakeholders and a social enterprise pathway for not for profit organisations to achieve long-term sustainability while maintaining the core social mission and organisational objectives are highlighted. Fifth, multiple challenges are identified, solutions are suggested and future research directions concludes this chapter.

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