

SUSTAINABILITY MODEL FOR SOCIAL ENTERPRISE: EXPERIENCE FROM THAI HEALTHCARE SECTOR

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Abstract:

The purpose of this research is to develop sustainability model for social enterprise (SMSE), especially, in the context of healthcare sector in Thailand. This study is a qualitative research, including 3 main phases i.e. model development, model testing, and model adjustment. Research findings show that there are 3 groups of activities in the sustainability model; which are 1) core activity, 2) supporting activity, and 3) externality; to contribute as success factors for Thai social enterprise in healthcare sector.

Keywords: Social Enterprise; Sustainable Development; Sustainability Model; Healthcare

1. INTRODUCTION

During the past two decades, the developments of economy, society, and environment were haphazardly unbalanced and created chain-reaction problems such as the destruction of natural resources and environments; The inequality of incomes between people in the urban areas vs people in the rural areas as well as the differences in the healthcare systems, and poverties. Parts of the root causes of these problems originated from the carelessness and the lacks of social responsibilities of the business sectors. Therefore, the concept of social enterprise has been developed with the hope that this will be a way to solve the emerging problems with the ultimate goal to balance the interactions between social, economic, and environment (EMES European Research Network, 1999). This emerging trend of conducting business through social enterprise was grown continuously worldwide (Granados, Hlupic, Coakes & Mohamed, 2011) which are shown in the form of an increase of supporting funds to organizations that are active in the returning of profits back to the societies and environments during the year 2012-2014 which were increased by 61% (Global Sustainable Investment Alliance, 2014). Even though the types of business for societies in each country may be different, but the tendency of choices for social enterprises which focus on problem solving and social development in healthcare sectors have all similarly increased globally, including in the United Kingdom, U.S., Bangladesh, and Taiwan etc. (Social enterprise, not-for-profit and the NHS, 2008) In addition, this trend is similar to the trend of growth of healthcare industry worldwide, especially the trend of growth of group of countries in Asia which have the rate of growth forecast as high as 150% in the year 2020 or 34.6% of the healthcare industry market worldwide in the year 2015 (Total Health, 2013).

For the social enterprises in Thailand which have been mentioned and pushed to create equality and seriously reduced social inequality during the past 5 years. In the year 2010 the Thai Social Enterprise Office (TSEO) has been set up to function as a mechanism to push forward the development of the Thai Social Enterprise. The policy, rules and regulations were set up for the promotion of social enterprise both directly and indirectly by the government, private sector and public sector. However, even though the social enterprises in Thailand are popular and are promoted by various sectors of the society, but it was found that the social enterprise on Healthcare in Thailand constitute only 5% or 18 establishments, and most of them are small social enterprises or only at the initial stages (Thai Social Enterprise Office, 2015). Only two establishments work for social health services which have been continuously successful for almost 20 years. They are the Chao Phya Abhaibhubejhr Hospital Foundation and Ban Phrao General Hospital (Public Organization) while others are still at the initial stage of building up the social enterprise for social health service and still cannot raise the level of operation to stability stage. This is because of the lack of assets that will enhance the social enterprise which are efficient and sufficient from within the enterprise and without the organization (TSEO, 2553; National Reform Council, 2015).

Therefore, this research is focused on the lesson learned from social enterprises on healthcare services in Thailand so as to develop them into *sustainability model for social enterprise in Thai healthcare sector* which will be used as a guideline to enhance the level of social enterprise in public healthcare services such that these will be system and mechanisms that can be a basic for sustainable development in the future.

2. LITERATURE REVIEW

2.1. Social enterprise

Social enterprise (SE) was a concept which was generated in the mids of 19th decade by groups of workers householder entrepreneurs and people in the society who faced with problems that were caused by the economic development and system of trade practices which used financial advantages to compete. They hoped to set up the concepts and practice principles to solve the social and community problems by setting up the social enterprise which was a type of organization that had a concept and practical guidelines in solving social and community problems by social enterprise without focusing on maximizing profit but looking at profit as a tool to enhance a continuity and sustainability of the operation which encompasses the capital of the operating fund also (EMES European Research Network, 1999). This returning profit to the society of this type of enterprise can be created or can return the profit from the very beginning of the upstream process to the downstream of the operation without specifically focuses on the output of the operation of the organization like any business enterprises in general (Granados et al., 2011; Willis, Strack, Bruysten, & Yunus, 2013).

2.2. Value chain

Value chain is a chain of operating activities of an enterprise from upstream to downstream which looks at any endeavor within an organization as a chain where each activity will enhance value and competitive advantages of these enterprises. This concept was first developed by Michel E. Porter in the year 1985 which required each process within an organization to be unique and efficient. This is the source of value creation and competitive advantage for the organization. These activities can be divided into 2 types i.e., core activity and supporting activity. Core activity is any activity which directly involves value creation for social enterprise (Sweeney, 2009; Tsai, Raghu, & Shao, 2013). The research reviewed recommended that an important core activity of a social enterprise has many aspects such as idea generation (Villis et al., 2013; Creech et al., 2014), vision, mission, and target (Villis et al., 2013; Creech et al., 2014; Boyer et al., 2008) designing business model/plan target (Villis et al., 2013; Creech et al., 2014; Boyer et al., 2008), company's strategy (Colbert & Kurucz, 2007), financing (Handford, 2005; Creech et al., 2014), production/ service (Villis et al., 2013; Avci Öztürk & özçelik, 2014), sustainable supplier Selection (Avci Öztürk & özçelik, 2014), marketing and sales (Villis et al., 2013; Powell & Osborne, 2015), and distribution (Villis et al., 2013; Creech et al., 2014; Boyer et al., 2008). While the supporting activity of the social enterprise are some-what different from business organization with an emphasis on the readiness of human resources such as leadership (Villis et al., 2013; Schroeder & Denoble, 2014), people's believes and attitudes (Diochon & Anderson, 2009; Villis et al., 2013), organizational structure (Colbert & Kurucz, 2007), human resource management (Allinson et al., 2012), and training and nutrition program (Allinson et al., 2012; Villis et al., 2013).

2.3. Value constellation

Value constellation concept is a concept that evolved from the value chain concept by Norman and Rafael Ramirz in 1993. They visualized that the value chain concept focused on internal activities of that organization solely and saw that the value of an organization come from an internal processes within that organization within is a linear structure. This concept was successful and suitable for the operation of the organization for a short period in the past. At present it was found that these are changes from the growth of society technology and marketing mechanism which were generated by the push from the enterprise (technology push) solely. This market places the emphasis on the demand of the market (market pull). In addition, the quality of the society and environment is another factor which changes, deteriorates, and lack of equilibrium. Therefore, the business enterprises shift their interest and start paying greater attention to the side effects to the environment and society from business endeavors including the ways the enterprises start to cooperate more with external agencies so that the enterprise can reach the target in business sustainability or to create an equilibrium between income generation, profit, and impacts which may occur to the social quality and environment outside the organization at the same time, thus lead to the inappropriate were between the value chain and operation methodology of the present enterprise and thus the value constellation concept are developed and add on top for the present day operation of the enterprises (Sempels, 2011; Kowalkowski, Witell, & Gustafsson, 2013). This value constellation concept is a type of operation of enterprise which has networking that focuses on creating cooperation and support from other enterprises or related individuals outside the organization in the forms that each joining and supporting competitive advantages for each others by network relationship as well as within each organization as before (Normann & Ramirez, 1993; Kippenberger, 1997; Sempels, 2011; Kowalkowski, Witell, & Gustafsson, 2013). These working together and accessibility to supporting sources from other related offices from outside sufficiently which is not only value added from internal units as before (Normann & Ramirez, 1993; Kippenberger, 1997; Sempels, 2011; Kowalkowski, Witell, & Gustafsson, 2013). These working together and accessibility to sufficient supports from related offices outside their owns are considered as important assets which enhances the survivability of the social enterprise also (Allinson et al., 2012). There are several important factors such as laws and regulations (Matei & Matei, 2014; Purnomo et al., 2015; Galera & Borzaga, 2009; Cung et al., 2012), government policy (Matei & Matei, 2014; Cung et al., 2012), human resource development (Allinson et al., 2012), welfare and financial supporting (Sunley & Pinch, 2012; Galera & Borzaga, 2009; Purnomo et al., 2015; Nielsen & Samia, 2008), knowledge sharing (Liu, Eng, & Takeda, 2012; Allinson et al., 2012; Lyon & Ramsden, 2006), and networking (Nielsen & Samia, 2008; Purnomo et al., 2015).

3. RESEARCH METHODOLOGY

This research study is a qualitative research which consists of three steps, i.e. model development, model testing, and model adjustment.

1. *Model development* started from literature review to search for sustainability factors for social enterprise which involve 3 concepts. They are Social Enterprise, Value Chain, and Value Constellation. The emphases are on the collection of activities and factors which support social healthcare activities and functions with several scenarios so as to obtain sustainable factors which occur so frequently. These factors will be synthesized and develop into sustainable factors as an initial model. Then the model will be tested for content validity by in-depth interviews with 3 experts on social enterprise. These 3 experts are (1) an expert on social enterprise activities who works with government incubation office, (2) an expert on social enterprise activities who work with private incubation of a large company, and (3) academic expert from a university who experiences with social enterprise from within and without Thailand. Then The Index of Item – Objective Congruence (IOC) is used to finalize the related factors and develop then into a sustainability model for social enterprise (SMSE).

2. *Model testing* involved in depth data collection to test the initial model which were derived from literature reviews whether. The social enterprise in Thailand is conformable with the initial model from literature or not and how different they are? The Chao Phraya Abhaibhubejhr Hospital Foundation which has been operated successfully for the past 16 years was used to test the model. The data collection was done by participatory observation and in-depth interview. The Chao Phraya Abhaibhubejhr Hospital Foundation (CAHF) was founded in 2002 and registered with The Thai Food and Drug Administration Office thus enables the CAHF to manufacture drug and operate hospital. The Foundation is administered by The Board. The profit of The Foundation was divided by The Board, i.e. 70% to The Chao Phraya Abhaibhubejhr Hospital received 70% for hospital administration and 30% for The Foundation to be used for herbal medicine development and production and the rest for social enterprise. In the year 2003 The Foundation has built a medicine manufactory, an analytical, and microbiological laboratory. These labs have been certified by GMP (Good Manufacturing Practice) in cosmetics, traditional medicine, and beverages.

3. *Model Adjustment* is the last step to certify content validity and adjust model by testing with the social enterprise case study. In this case the social enterprise is a healthcare service which has been very successful during the past 18 years. It is The Banphaeo General Hospital (Public Organization). The data were collected by in-depth interview and participant observations. It is a general hospital with 300 beds. This hospital was reformed from government hospital to public organization by The Royal Decree in the year 2000. The Board is authorized to set up policy, administer the hospital and monitor and appraisal as well as promote and support the activities and development of the hospital continuously up to now. This hospital is well known for its specialists in various fields of healthcare and treatments such as kidney dialysis, baby delivery, bone and orthopaedic surgery, etc. In addition, it has enlarged it services to branch hospitals in communities in the rural areas in order to strengthen the primary care anal reduce the waiting time in the hospital as well as defray the travelling costs of the patients.

4. RESEARCH RESULTS

4.1. Model development

Sustainability factors which were obtained from literature reviews were tested for content validity by in-depth interviews three experts who have knowledge and experiences in social enterprise. Table 1 shows that 4 factors failed the Index of Item – Objective Congruence (IOC) test because its meaning is identical with and superimposed upon other factors which are in the same main factors such as the meaning of factor organization’s vision, mission and target is close to and is a subset of factor idea generation which is in the same principal activity, for example. Therefore, the main factors which do not pass the test will be eliminated, and thus enhanced the sustainability factors for social enterprises were classified into 3 groups with 17 factors. Table 1 shows the results of content validity.

Table 1: Shows the results of content validity

Elements/ Activity	Literature Review	Interview with Experts			IOC*	Interpretation
		(1)	(2)	(3)		
<i>Core Activity</i>						
Idea Generation	Villis et al. (2013); Creech et al. (2014)	1	1	1	1	✓
Organization’s Vision, Mission, and Target	Villis et al. (2013); Creech et al. (2014); Boyer et al. (2008)	0	0	0	0	×

Elements/ Activity	Literature Review	Interview with Experts			IOC*	Interpretation
		(1)	(2)	(3)		
Designing Business Model/ Plan	Villis et al. (2013); Creech et al. (2014); Boyer et al. (2008)	1	1	1	1	✓
Company's Strategy	Colbert and Kurucz (2007)	1	0	0	0.33	✗
Financing	Handford (2005); Creech et al. (2014)	1	1	1	1	✓
Production/ Service	Villis et al. (2013); Avci Öztürk and özçelik (2014)	1	1	1	1	✓
Sustainable Suppliers Selection	Avci Öztürk & özçelik (2014)	1	0	0	0.33	✗
Marketing and Sales	Villis et al. (2013); Powell and Osborne (2015)	1	1	1	1	✓
Distribution	Villis et al., 2013; Creech et al. (2014); Boyer et al. (2008)	1	1	1	1	✓
Managing Impacts	NFFEI**	1	1	0	0.67	✓
<i>Supporting Activity</i>						
Leadership	Villis et al. (2013); Schroeder and Denoble (2014)	1	1	0	0.67	✓
People's Believes and Attitudes	Diochon and Anderson (2009); Villis et al. (2013)	1	1	1	1	✓
Organizational Structure	Colbert and Kurucz (2007)	1	1	0	0.67	✓
Human Resource Management	Allinson et al. (2012)	1	1	1	1	✓
Training and nutrition program	Allinson et al. (2012); Villis et al. (2013)	1	0	0	0.33	✗
<i>Externality</i>						
Laws and Regulations	Matei and Matei (2014); Purnomo et al. (2015); Galera and Borzaga (2009); Cung et al. (2012)	1	1	1	1	✓
Policy	Matei and Matei (2014); Cung et al. (2012)	1	1	1	1	✓
Human Resource Development	Allinson et al. (2012)	1	1	0	0.67	✓
Welfare and Financial Supporting	Sunley and Pinch (2012); Galera and Borzaga (2009); Purnomo et al. (2015); Nielson and Samia (2008)	1	1	1	1	✓
Knowledge	Liu, Eng, and Takeda (2012); Allinson et al. (2012); Lyon and Ramsden (2006)	1	1	1	1	✓
Networking	Nielson and Samia (2008); Purnomo et al. (2015)	1	1	1	1	✓

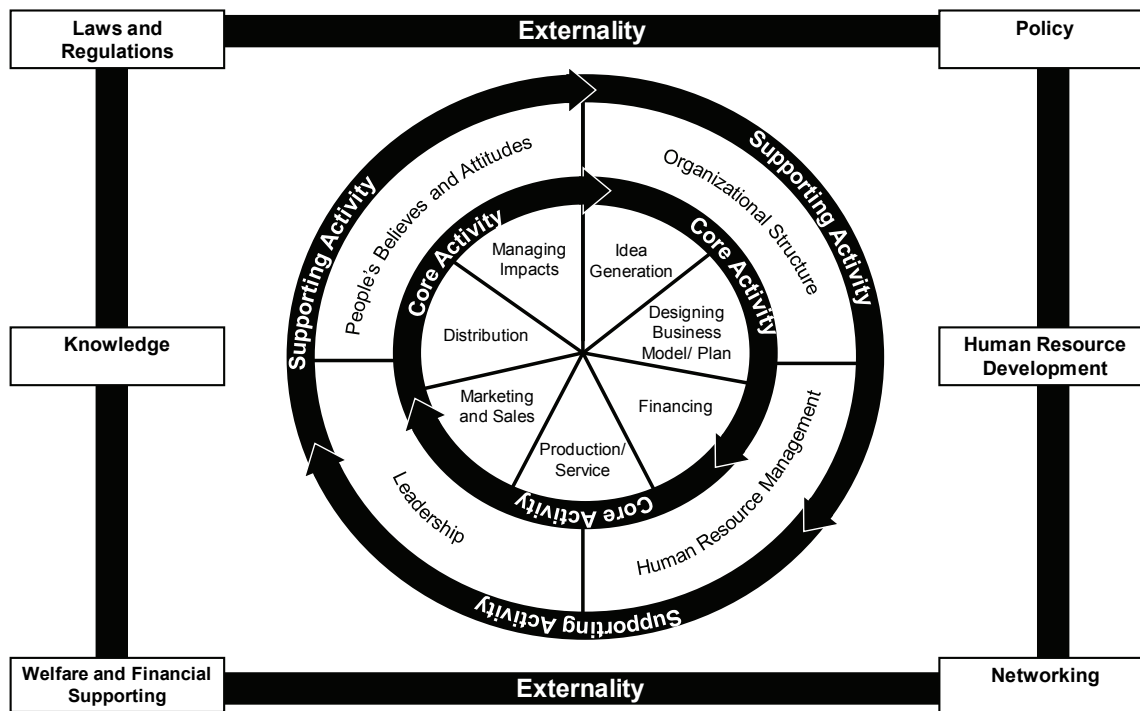
* IOC = Item – Objective Congruence.

** NFFEI = New factor which was obtained from expert's interviews.

4.2. Model testing and adjustment

Sustainability factors for social enterprise were used for model testing in The Chao Phraya Abhaibhubejhr Hospital Foundation and model adjustment were used in the case study of Banphaeo General Hospital (Public Organization). The research result shows that all is sustainability factors can be used to explain and adapt for use in the context of healthcare service; all factors can be used, i.e. in summary it is a sustainability model for social enterprise in the Thai healthcare sector (see Picture 1). Picture 1 shows the 3 principal components, i.e. (1) core activity consists of 7 subsets; they are i) idea generation, ii) designing business model/plan, iii) financing, iv) production/ service, v) marketing and sales, vi) distribution, and vii) managing impacts; (2) supporting activity consists of 4 subsets; they are i) leadership, ii) people's believes and attitudes, iii) organizational structure, and iv) human resources management; and (3) externality consists of 6 subsets; they are i) laws and regulations, ii) policy, iii) human resource development, iv) welfare and financial supporting, v) knowledge, and vi) networking.

Picture 1: Sustainability model for social enterprise in Thailand healthcare sector



5. CONCLUSIONS

The objective of this research is to develop a sustainability model for social enterprise (SMSE) in Thailand healthcare sector. The result of this research shows that social enterprise in healthcare service in Thailand can have the operational format which is efficient and sustainable. The emphasis must be place on sustainability factor both internally and externally. An important internal factors of the organization consists of (1) core activities that must be specific and based on principal activities in value creation and efficiency and an align well with fundamental principles of the enterprise (2) the organization should align supporting activities to enhance the core activities so as to increase efficiency and (3) externality which the enterprise should give importance and tries to find connections with supporting activities from outside the organization. The findings from this study showed that sustainability model for social enterprise (SMSE) in the Thai healthcare sector indicated sustainability factors which are suitable to adapt for the operation of each enterprise are different, but it was found that certain factors which were evaluated by 3 experts are identically important for social enterprise. These factors should be given high priority for accommodating into the model. These factors are 1) designing business model/ plan, 2) financing, 3) product/ service, 4) leadership, 5) people's believes and attitudes, and 6) policy. The result of this research can be used as a guideline in developing a social enterprise in healthcare services sustainably and can be used to emancipate certain social problem in Thailand in the future.

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