

Participation of Community Social Enterprises in Community Governance

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Abstract: Standing at the intersection of the historical goals of “two hundred years,” the people’s needs show their yearning for a “better life,” but the main body of the state or government can hardly take full account of it, and the focus of governance gradually shifts downward. Therefore, community social enterprises, which take into account both community logic and market logic, adapt to this demand. This paper will analyze the significance of community social enterprises’ participation in community governance through the two dimensions of community social enterprises’ internal logic and practical path.

Keywords: Community social enterprise; Community governance; Dual value

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1. Introduction

In community governance, the development of the community plays a crucial role in the governance system. However, with the decentralization of governance, the difficulty of community affairs and services gradually increases, leading to the mismatch between community services and the needs of community members, thus triggering many community governance issues. Against the backdrop of the intersection of the two centenary goals in China’s development and the transformation of the Chinese economy, community social enterprises have emerged. As a new model of community governance, community social enterprises can play a powerful role in activating community resources, solving community problems, and increasing community participation ^[1]. However, due to issues such as flawed legal and supervisory systems and low public awareness, community social enterprises face great challenges in developing community governance. In this article, the participation of social enterprises in community governance will be discussed.

2. Overview of community social enterprises

2.1. Definition and characteristics of community social enterprises

Social enterprises are business organizations that provide services to the community and promote economic development. However, unlike traditional business organizations, social enterprises mainly provide social services. At the same time, social enterprises are also an innovative model that aims to address social issues while providing welfare to society. They are committed to ensuring economic sustainability and reinvesting profits to achieve diverse bottom-line goals ^[2]. Community social enterprises, on the other hand, are a model where social enterprises use the profits generated from business operations to invest in the community, providing services to residents, especially grassroots residents, promoting sustainable development of the community, and enhancing the community's happiness index. They are oriented towards achieving public interests in the community, with the goal of serving residents in the community, and are a form of social organization with community ownership.

Unlike market economy organizations that focus solely on economic goals or nonprofit social organizations that pursue social good, community social enterprises have dual characteristics of both market economy organizations and nonprofit social organizations. They have both profit-seeking and public welfare attributes, and they place a greater emphasis on achieving public interests in the community. They are a hybrid of commercial enterprises and public welfare organizations that operate within the community.

In conclusion, the biggest feature of community social enterprises is the effective linkage of commercial value and social value, using business-savvy methods to achieve the goals of residents in the community. Community social enterprises are engaged in activities for the public good of the community ^[3]. When they use business wisdom to solve social goals and fulfill their social mission, they create social value. Community social enterprises use the concept of business models to transfer economic and social resources to individuals and groups (such as vulnerable groups) in the community, thereby developing community undertakings ^[4,5].

2.2. The role of community social enterprises

Public value, encompassing the development of social, cultural, and economic resources in the community, is increasingly created and provided by multiple actors from both the government and non-government sectors, including the private sector that aims to make profits, as well as the third sector or social economy. In this context, social enterprises are gradually being recognized as important promoters of community development ^[6].

The role of community social enterprises in the community is mainly embodied in two forms. One is non-profit organizations, and the other is profit-making activities through non-profit organizations. Non-profit social organizations maximize their mission-related performance by developing new businesses or restructuring activities to improve operational efficiency ^[3]. This can better promote economic development in the community, enrich the types of community services, and also have a reciprocal effect on community social enterprises, improving their awareness of social responsibility. The basis for conducting profit-making activities through non-profit organizations is determined by the nature of community social enterprises themselves. Through their own professional talent resources, they can provide relevant services to the community such as consulting institutions, ultimately achieving revenue generation. The profits generated can be invested in other projects that benefit community residents, and in the process of implementing these projects, they can also attract a certain amount of professional talent resources from the community, achieving an effective cycle. .

As a new model of social organization, community social enterprises can play a unique role in matching the needs of community residents, providing public services, and solving community and even social problems. In terms of providing public services, community social enterprises can improve community public services by using their unique business wisdom model. Moreover, community social enterprises have stronger fundraising

capacity and sustainable financial development ability, which can activate the supply mechanism, complement the shortage of government public goods supply, and provide more extensive, low-cost, and efficient public goods ^[7]. In general, the greatest value of community social enterprises is to activate community resources, achieve community public interests, and serve community residents. The social mission of community social enterprises has also evolved from simple “corporate social responsibility” to a “true” community-oriented “community social enterprise social responsibility” ^[8].

3. Inherent logic of community social enterprises participating in community governance

3.1. Essential attributes of community social enterprises under cross-sectoral cooperation

Public services are usually led by the government, which easily lead to monopoly and simplification of public cultural service resources. The public service mode arranged by the government mainly focuses on providing basic public services that suit the majority of people, and they are somewhat rigid and non-adaptable. At present, the direction of community construction is gradually developing toward the betterment of the quality of life. Faced with the diverse needs of community residents, unified services often fail to accurately match resources. Social organizations, however, tend to align their values with the requirements of community governance and prioritize the needs of marginalized groups. Yet, they frequently encounter sustainability issues due to heavy reliance on external funding. Traditional enterprises, while capable of self-initiation and efficient provision of professional services, prioritize profit maximization and lack the intrinsic drive to deliver public services. Consequently, the occurrences of “government failure,” “voluntary failure,” and “market failure” in the provision of community public services have laid the theoretical groundwork for cross-sectoral collaboration among community social enterprises, facilitated by joint efforts from the government and social entities.

3.2. The operation logic of community social enterprises

Community social enterprises embody both community-oriented and market-driven logics. They address community issues that align with governmental and communal interests ^[9], focusing on local resources, pain points, and residents’ needs. They develop business models and mission goals tailored to the community’s characteristics, collaborating with governmental, societal, and other entities to form a community network, gathering the necessary public value driving force for their own development and community governance. Simultaneously, community social enterprises leverage commercial activities to sustain themselves, effectively allocating resources, exploring markets, and injecting sustainable development momentum. They expand their capacity to support the community. However, they may encounter challenges such as identity questioning, resource dilemmas, and social biases, which can lead to “mission drift” ^[10] and fluctuations in dual values, affecting their public image. Therefore, fully harnessing the innovative vitality of community social enterprises while ensuring their legitimacy and public perception requires coordinated efforts from internal and external forces.

3.3. Dynamic participation logic of weighted enabling type

The organizational model of social enterprises embedded in community field makes residents gain collective motivation, actively participate in community development and neighborhood activities, and effectively reshape the neighborhood relationship among residents, individuals and communities. These dynamics are not only closely related to the geographical integration of community social enterprises, but also benefit from the ideas of empowerment advocated by them. Actively involve community residents, community professionals and

community volunteer teams, as they are the people who understand community issues best. And the most driven to get involved in solving problems together. This bottom-up participation mode, relying on the strength of flexibility, allows community residents to form community awareness, improve the implementation of self-government community governance cohesion.

4. Methods of participating in community governance

4.1. Embedded participation

For the community social enterprise, its ability to integrate social resources has no advantage compared with traditional enterprises. However, the social objectives of the community social enterprises are almost the same as the project-based objectives in the field of social governance. Therefore, the community social enterprises can actively seek the help of external resources to play the unique value of the community social enterprises.

Experience has demonstrated that promoting community social enterprises to integrate into social governance through project-based initiatives is a highly effective measure. Each community social enterprise offers unique products, services, and social missions. By aligning these with the enterprise's characteristics, tailored design projects can be created to address community governance challenges. These projects embed professional knowledge, practical expertise, and other skills into various aspects such as community eldercare, community supermarkets, and community healthcare, allowing community social enterprises to play a significant role in enhancing social governance ^[11].

4.2. Cooperative reproduction

Community social enterprises greatly reduces the distance between social enterprises and community residents. The continuous running-in between different subjects is conducive to the common realization of enterprise and community values. Community social enterprises actively guide the reproduction of community public services while giving consideration to social objectives and business models, and provide new ideas and methods for the development and governance of local urban and rural communities.

Community social enterprises are highly recognized by the public because they serve the society and are more open and inclusive. They willingly collaborate with or actively support organizational behaviors that benefits the community. As a result, community residents can experience convenient, efficient, and diversified services, ultimately enhancing their well-being ^[12].

4.3. Cooperative governance

Coordinated management of social public resources is essential no matter how big the community is, including the cooperation with community social enterprises. When public resources are fully utilized, the benefits of social enterprises will be fully reaped.

Cooperative governance is a vital approach to promoting social development by managing the relationships among the market, government, and community effectively and fostering positive interactions among them. Particularly in the face of highly uncertain social environment changes and diverse risks, engaging multiple stakeholders in collaborative efforts is an effective way to respond promptly and adeptly to unique circumstances. Through this coordination process, the needs of various stakeholders, including social enterprises, community residents, and local governments, can be addressed, leading to the mitigation of conflicts among them to some extent. In summary, the constructive involvement of social enterprises in community governance generates significant positive energy and enjoys support from all parties involved ^[13].

5. Summary

Community social enterprise, a new type of community governance model, invests the commercial interests generated by social enterprises into the community and supports sustainable development of the community. As a combination of social value and commercial value, it solves social problems by using commercial thinking. Community social enterprises balances between public welfare and profit-making, which has far-reaching impact on the development of social enterprises^[14]. In the process of development, community social enterprises are faced with challenges like identity questioning, resource dilemmas, and social biases, which easily lead to a “mission drift.” Furthermore, research on the practical pathways of community social enterprises’ engagement in community governance indicates that both excessive and inadequate levels of participation can significantly affect the sustainable development of these enterprises. As community social enterprises continue to burgeon in China, various types of social enterprises will engage in community governance through diverse pathways. Therefore, we analyzed the involvement of community social enterprises in community governance and how they can achieve sustainable and innovative development from two primary perspectives: internal logic and practical pathways. Such analysis holds significant implications for the future development of communities^[15].

Disclosure statement

The authors declare no conflict of interest.

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