

# Strategic management and social economy organizations – a method proposal to analyze its impact

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**Abstract.** The present paper intends to develop an analysis about how strategic management is essential for the sustainability of social economy organizations. In fact, even though those organizations are non-profitable and aim to achieve social goals, it is necessary that they can apply strategic tools to improve their results. Above that, human resources must also be prepared to implement this kind of tools and to manage those organizations as they had profit scope.

As we could already understand, most of the social organizations studied only use some of the tools of strategic management by legal imposition or by requirement of the financing entities. This situation results in poor efficiency of these tools and a reduced impact on improving organizational sustainability.

In this paper, we intend to present a survey proposal, developed by an applied research for social economy, that can be applied on social organizations to understand the real impact of the use of those tools on their efficiency and sustainability. The analysis survey proposal was already tested on several social organizations, geographically confined to the north of Portugal (in social organizations of 3 municipalities). The adopted methodology fits into the bibliographic exploration, supported by techniques of document and content analysis, being the investigation essentially of descriptive type. The expected results will be presented as a paper review with a survey proposal, emphasizing its importance and how social organizations managers can improve their role in inclusive and socially responsible societies.

**Keywords:** strategic management; sustainability; social organizations; survey.

## 1 Introduction

Management throughout its evolution has become more complex and has been present in organizations and businesses (Baranger, Helfer, Bruslerie, Orsoni, & Peretti, 1993). This is the way to achieve results, given what the organization wants and how to do it. Strategy is understood as a plan of the organization, where the main objectives of the organization, the policies by which it is governed and the actions to achieve the desired results are presented. It can help guide organizational resources, and organizational decisions determine the direction the organization will take (Quinn, 1998).

Social Economy Organizations have specificities and particularities, because of the scope and purpose of this kind of non-profit organizations.

The system of values and principles of conduct of popular associations, which was defined throughout the history of the cooperative movement, served as a basis for the formation of the modern concept of social economy, structured around cooperatives, mutual societies, associations and foundations (Comité Económico e Social Europeu, 2017, p. 7)

Nevertheless, these organizations also need to be able to respond to the challenges of sustainability and ensure the efficiency of their resources.

## 2 Literature Review

The organizations of social economy were appearing in society, as the state delegated responsibilities and competencies to third parties that it could not manage (Costa, 2016) and also have their own characteristics, i.e., they are "organizations", "private", "autonomous", not profit-making, and "voluntary" (European Economic and Social Committee, 2017, p.13). Thus, these organizations are directed towards society and, in many situations, are the first ones to respond to social needs and problems, so their importance has been growing and they need to be more increasingly responsive to society. (Decree-Law no. 172-A / 2014 - Statute of Private Institutions of Social Solidarity, 2014).

As we could already understand throughout our previous research, most of the social economy organizations studied only use some of the tools of strategic management by legal imposition or by requirement of the financing entities. This situation results in poor efficiency of these tools and a reduced impact on improving organizational sustainability. They increasingly feel the pressure to respond to the constant challenges of today's society. Reinforcing the knowledge, skills and behaviour of social managers is an inevitable factor in the adjustment of these organizations, not only to the current macro-structures, but also to the micro level of each region where organizations work. "Management improvements can lead to surprising short-term results in terms of efficiency in the use of organizational resources and effectiveness in results" (Falconer 1999: 12).

In Portugal, in a social context where market logic prevails, social economy finds itself between two logics: the logic of profit and a logic of reciprocity and teleological solidarity. So, social economy organizations need capital so they can be socially useful, considering the specificities of each organization. The quality of its services is its fundamental value and its own identity. Therefore, it is different from what is happening in businesses, and that in what is produced is something profitable and achieved through the reproduction of capital (Namorado, 2017).

Sustainability notion became known worldwide in 1987 through the Report Designated as Our Common Future (known as the Brundtland Report), designed by the United Nations World Commission on Environment and Development. In this report, sustainability is related to environmental protection, social and economic development, referring to the awareness of common responsibility as a factor of change, through the exploitation of material resources, financial investments and technological development, in a balanced and fair way (Commission on Environment and Development, 1991).

Falconer (1999) says that sustainability has three goals: the viability of organizations, their subsistence in seeking to meet social needs and complementarity in the relationship established with other organizations, local action groups or other entities of civil society and with the Welfare State.

Social economy organizations are specially concerned with social or environmental sustainability. However, they still must face the problems of economic sustainability. One of the biggest challenges is the need to continue to respond to social needs, using a more diversified financial support base, where public support is not the only source of funding. The sustainability of organizations requires, therefore, the planning and implementation of long-term strategies through a continuous process that promotes both cost reduction and increased own revenues (Sontag-Padilla, Staplefoote, & Morganti, 2012).

However, sustainability isn't just the resources that an organization lacks; but it is also related to the use of these same resources in an efficient way, in order to positively enhance the results achieved (Falconer, 1999).

Finally, we would like to emphasize that social economy organizations are less prone to assessing their performance against for-profit organizations for a variety of reasons: the value of their goods and services is not easily measurable; there is a situation of "decoupling", that is, those who benefit from the services do not bear the costs (Mendes, 2011, 42). Most of these organizations are created through voluntary contributions, without the investment of equity. Since they do not have the capacity to carry out indebtedness in the long term, nor do they have activities that guarantee them substantial positive results, they do not present a working capital fund that guarantees the sustainability of the organization (Mendes, 2011)

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In this sense, there should be room to develop management skills in organizations. The increased expectations of impact and accountability of the mission of organizations that meet vulnerable needs require the adoption of promising practices that will captivate investment in this cause (Sontag-Padilla, Staplefoote, & Morganti, 2012).

### **3 Research Methodologies**

The adopted methodology to our study fits into the bibliographic exploration, supported by techniques of document and content analysis, being the investigation essentially of descriptive type. The expected results will be presented as a paper review with a survey proposal, emphasizing its importance and how social organizations managers can improve their role in inclusive and socially responsible societies. To further clarify our research purpose, we define the following starting point: "What organizational dimensions should be analysed to understand the effectiveness of a social economy organization and how the directors' preparation and perception influence the implementation of strategic management tools and the very sustainability of these organizations?". Generally, the general objectives of this study are: 1) To understand the specificities of social economy organizations; 2) To perceive how the sustainability of organizations has become one of the key points for their management; 3) to present a proposal of a questionnaire survey, which helps the diagnosis of the current state of social economy organizations.

It is our purpose to present a survey proposal (questionnaire survey), developed by an applied research for social economy, that can be used on social organizations to understand the real impact of the use of those tools on their efficiency and sustainability. The analysis survey proposal was already tested on several social organizations, geographically confined to the north of Portugal (in social organizations of 3 municipalities).

### **4 Discussion and Results**

The survey proposal that we intend to present was organized in different sections, with 44 questions, seeking to analyze all the dimensions of strategic management, according to management functions: human resources management, strategic management and financial management (Anheier, 2005; Mações, 2018; Teixeira, 2015). "The questionnaire survey from a sociological perspective is distinguished from the simple

opinion polling because it aims at verifying theoretical hypotheses and analyzing the correlations that these hypotheses suggest" (Quivy, 1998, p. 188).

Synthetically, our questionnaire survey covers the following sections:

1. organization characterization (legal form, services, number of employees and contract relationship) – in this area we try to understand which typologies are most prevalent, as well as to analyse which services are offered and if human resources are stable, by analysing their employment relationship to each organization;
2. characterization of the respondent (gender, age, educational qualifications, area of education, professional position, years of experience, indication of complementary training in strategic management) – this section help us to know better human resources and their technical skills and to understand how organizations are hierarchically structured;
3. strategic planning (existence of plan, duration, elements involved in the preparation, monitoring and evaluation of the plan, existence of vision and mission, identification of objectives and values, existence of organization chart, decision making procedure, identification of management tools used) – even though almost every organization affirms that use strategic tools, we intend to understand its real impact to daily efficiency and long-term sustainability. In this sense, we try to identify if there is a specific responsible for the making, monitoring and assessment of strategic plan. Besides that, we also can identify how this is done in each organization, and how decision-making process is developed, by using open questions in which each respondent will be able to describe, according to their perception, the process and practical procedures;
4. budget planning (existence of plan, duration, elements involved in the preparation, monitoring and evaluation of the plan, analysis of revenues and costs, analysis of financial performance, sources of financing, identification of major difficulties in financial management, identification of the importance of the establishment of partnerships) - the structure and pattern used in this section is similar to the section on strategic planning, combining closed and open questions. Above that, in this section it is also our goal to understand how social economy organizations are innovative regarding fund raising and how stakeholders and partnerships sustain activities and organizational work;
5. communication and marketing plan (existence of plan, duration, elements involved in the preparation, monitoring and evaluation of the plan, forms of internal communication, forms of external communication) - marketing and communication issues/policies is one of the most neglected areas in the management of social economy organizations. Therefore, the structure and pattern used in this section is like the section on strategic planning, combining closed and open questions and we try to identify every effort made by organizations to improve communication skills with workers, customers, suppliers and community;
6. social representations about the importance of strategic planning in social organizations. Most of the presented questions have scale dimension, as well as allow to choose different options. This final section is very important for any diagnosis, because it is crucial to understand how social managers perceptions are evolving (or not) regarding how they can contribute to improve organizational sustainability, through strategic management tools.

The application of the questionnaire survey and the choice of quantitative methodology will allow quantitative data to be processed (Quivy & Campenhoudt, 1998).

## 4 Conclusions

With the validation of this data collection instrument, it will be able to be applied to any organization in the social sector, in order to enable the systematization of organizational diagnoses and the identification of problems to be solved.

In fact, we believe that in-depth knowledge about the internal, general and transactional environment of each social economy organization will enable their daily and long-term performance, improving this economy sector results. For this, the professionalization and awareness for strategic management of social managers is a key point.

The survey structure we present will help social managers, as well as future researches to understand organizational status in order to allow a clear definition of strategies and targets that are feasible and appropriate to each reality.

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