

LEADERSHIP IN SOCIAL ENTERPRISES: DO WE REALLY KNOW?

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Abstract

The aim of this research is to discover leadership styles in some social enterprises and differentiate them from those of selected for-profit companies. Qualitative case study method is used through in-depth interview with a leader and a follower from 04 companies, including 02 social enterprises and 02 for-profit ones.

The findings of the study show that 02 selected social enterprises have various things in common which do not exist in 02 for-profit companies including (i) many traits of the leaders such as responsibility, determination, self-confidence, high specialized knowledge and friendliness; (ii) the Team Management Leadership style and Theory Y style in terms of Behavioral theory; and (iii) the same position in the middle of transformational and transactional level from this perspective. This study offers an interesting view on leadership, supplementing the shortage in current literature on social enterprises, and provides basis and suggestions for further investigations.

Key words: *leadership, social enterprises, leadership style, qualitative research.*

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1. INTRODUCTION

Leadership has been considered one of the most significant elements that influences the success of any organization. For example, Steve Jobs, the late CEO of Apple, is acclaimed as a brilliant leader who played a crucial role in the success of this company. Besides, the recruitment process of most companies now requires the candidates to express their potential leadership skills via personal experience in both extra-curricular activities and professional work. Globalization



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has led to stiffer competition with greater expectations from stakeholders for return on investment. As a result, leadership has become an essential determinant of any organizations' accomplishment. From a theoretical perspective, leadership has gained significant attention from researchers for the last six decades. Consequently, there is a sizable body of research on leadership, which attempts to paint a holistic picture of the matter from different angles. It is apparent that this trend would keep growing in the coming years as more developing nations ramp up. In the same vein, social entrepreneurship is a topical issue, attracting attention from both scholars and activists. However, current literature mainly analyzes the importance of this sector by their contributions to the development of society as a remedy for the failure of market mechanism, rather than focusing on the role of leadership.

From a Vietnamese research context, social entrepreneurship is a newly-emerged trend in economic environment. Its rise is the inevitable consequence of a society which keeps growing unsustainably with both latent and blatant problems. Not only in Vietnam but also in advanced countries, have distinctions in purpose and manner of operation between a social enterprise and a for-profit one been rarely discussed. The reason why leadership in social entrepreneur has not received much attention from domestic and international scholars is due to its newness in the society compared to for-profit firms. Therefore, we hardly know the differences of leadership styles between the social (non-profit) and commercial (for-profit) enterprises, which prevents both potential entrepreneurs and academics from understanding the key factors affecting the destiny of a company. To bridge

this gap, this paper attempts to study the current features of leadership in social enterprises to identify the differences between those of social and commercial enterprises. The result will provide a better understanding of the current leadership role and its effects on social enterprises. Thereafter, recommendations will be provided to help improve leadership performance of both current and near future Vietnamese social enterprises.

To fulfill the abovementioned objectives, the paper is attempting to answer the following research question: *How does the leadership style of a for-profit enterprise differ from that of a social enterprise?* In order to answer this question, this paper uses qualitative case study methodology in the form of in-depth interview approach. The research sample includes four (4) cases, two (2) Vietnamese social enterprises and two (2) Vietnamese commercial enterprises.

The paper is structured as followings. Apart from the introduction and conclusion, the research contains 3 main sections, namely literature review, research methodology, findings and discussion. Literature review section shows the research background of the two main areas of leadership and social enterprises to help readers comprehend the current status and the problems proposed in this paper. Research methodology section gives a full description of the whole process in which our research is carried out. All the collected data are analyzed and the final outcome and subjective explanations will be reported under the findings and discussion segment. The last segment is our own conclusion, as well as the recommendations for an improvement in the leadership supporting company's performance in general.

2. LITERATURE REVIEW

2.1. Leadership overview

During the past 30 years, leadership has attracted the attention of most academic, commercial and politic organizations. Actually, leadership is not a newly-emerged phenomenon but has roots along with the development of animal packs and then developed in the human world. The form and characteristics of leadership have been varying through various periods from the beginning of civilization including hunter-gatherer state, agricultural, industrialization and information era.

Various scholars have defined this terminology in different ways and perspectives. Some only focus on the characteristics of leaders, while others concentrate more on the whole interaction between leaders and followers. The final concept of leadership is still controversial; however, there are several common agreements among them. First, leadership is an interactive process occurring between the leader and his/her followers. Second, the context of leadership is in group, whether large or small. Lastly, the final purpose of leadership is to achieve a common goal or objective. In this research, we will accept the following definition: 'Leadership is a process whereby an individual influences a group of individuals to achieve a common goal' (Northouse, 2003, p.3).

The theories used in this paper include Trait, Behavioral, Situational, Transactional and Transformational Theories. Among them, Trait theory focuses on investigating the leader's characteristics; Situational theory concentrates on the interaction; and the other theories pay attention to the leader's involvement in the interaction process. As a

result, various perspectives may bring about a more complete conclusion of leadership in selected companies.

2.2. Review of leadership theory

Trait approach and Great Man theory: Trait approach may be considered as "one of the first systematic attempts to study leadership" (Northouse, 2003, p.15). It sprang from the "Great Man theory" written by Thomas Carlyle (1849), which focused on studying brilliant models of leaders in the past to summarize a generalized set of traits that a potential leader possesses. Great Man theory assumes that people are born with inherited traits and some of them are particularly suited to leadership. As a result, people who make good leaders have the right combination of specific traits, which are *intelligence, self-confidence, determination, integrity, and sociability*" (Northouse, 2005, p.18).

Behavioral theories assume that leaders can be made rather than born and focuses on what and how leaders actually perform. Two of the most remarkable research findings were Theory X & Y by Douglas McGregor (1960) and Managerial (Leadership) Grid by Blake and Mouton (early 1960s). Douglas McGregor (1960) divided leader's assumptions and behaviors into two main types, known as Theory X and Y. More specifically, an X leader will work in an autocratic style, directing followers to specific tasks and not believing in the ability of their followers. In contrast, Y leaders prefers participative style, which allows a distribution of responsibilities, empowering followers, trusting that followers will take responsibility for their jobs and perform to the best of their abilities. In the early 1960s Robert Blake and Jane Mouton developed a new method of evaluating leadership in terms of two specific dimensions: concern for People and concern

for Production. The Production oriented leader cares about task accomplishment including regulations to foster productivity, new product development projects, revenue increase etc. The People oriented leader pays attention to employees, advancement of commitment, and social relations among employees.

Situational leadership: Some scholars believe that there is no unique leadership characteristic or style that will be effective in all situations. As a result, situational leadership has moved to the forefront of research studies, with the assumption that the best action of a leader depends on a range of situational factors. One of the most well-known theories that have been used in organizational leadership training and development is the Hersey-Blanchard Model (1969). The theory divides the development of followers into four (4) types, which match with four (4) different leadership styles. Leadership style is assessed based on two dimensions: directive and supportive behaviors from leaders towards followers. Directive behaviors can be comprehended as one-way communication and strict supervision of timeline and performance. In contrast, supportive behaviors consist of two-way communication, leaders' support and motivation for followers as well as the leader's attempt to involve follower in decision-making process.

Transactional theory is most commonly used method of management of employees in organizations. This theory was first developed by Max Weber in 1947, and then by Bernard M. Bass in 1981. Transactional theory describes leadership as a process by which leaders motivate and direct followers based on the self-interest of followers (Kuhnert & Lewis, 1987). In transactional leadership assumptions, people are motivated

by reward and punishment, and what they need to do is to meet the expected outcome. Transactional theory is defined by two main dimensions, including *contingent reward* and *management-by-exception*. Contingent reward refers to an exchange process between the goals or objectives set by the leaders and the benefits enjoyed by followers when the task is completed in a timely and efficient manner. A leader who has active management-by-exception style will supervise the employees closely for mistakes or rule violations and take immediate corrective action. In contrast, a passive management-by-exception leader intervenes only after standards have not been met or problems have arisen (Northouse, 2003). In the spectrum of transactional leadership, contingent reward is the best method, and passive management-by-exception is regarded as the most ineffective one.

Transformational theory: Transformational leadership style, developed by James M. Burns (1978), is often compared with the above transactional theory and considered a more effective method. Transformational leadership refers to the process whereby a leader engages with followers and creates a connection that raises the level of motivation and morality in both the leader and the follower (Northouse, 2003). There are four main factors creating a transformational style: *idealized influence*, *inspirational motivation*, *intellectual stimulation* and *individualized consideration*. More specifically, the leader having *idealized influence* is extremely reliable and becomes a model that followers wish to be around and imitate. *Inspirational motivation* focuses on the leaders' abilities to encourage followers to devote voluntarily and enthusiastically to the common objectives and interests. Besides, *intellectual stimulation* means that the leaders

are capable of inspiring followers to think out of the box and find innovative solutions to problems. Last but not least, leaders still have *individualized consideration*, which means they care about the employees on a personal level, try to understand their needs, ensure fair and equitable returns and be supportive of their choices.

2.3. Literature review of social enterprise

The term “Social Entrepreneur” first appeared in the 1960s and 1970s and became popular in the 1980s and 1990s, promoted by Bill Drayton the founder of Ashoka: Innovators for the Public, and others such as Charles Leadbeater. As defined on the official website of Ashoka: *‘Social entrepreneurs drive social innovation and transformation in various fields including education, health, environment and enterprise development. They pursue poverty alleviation goals with entrepreneurial zeal, business methods and the courage to innovate and overcome traditional practices. A social entrepreneur, similar to a business entrepreneur, builds strong and*

sustainable organizations, which are either set up as not-for-profits or companies’.

Briefly summarized, social entrepreneur is a great combination of economic and social/environmental values. Optimizing profit, not maximizing, becomes the critical task for a social enterprise’s manager. It proposes that companies do not chase the economic benefits alone, but rather try to solve the social issues and bring about welfare reform to as many stakeholders as possible. Nowadays, economists classify Social Entrepreneur models into three main below types.

Strengths and obstacles of social entrepreneur: As its premium duty is to create a better society and environment, social entrepreneur takes a variety of priorities over traditional business entrepreneur including tax rate, administrative procedure, sales and marketing advantages. Moreover, because the most important task of a social enterprise is to benefit the society, social entrepreneur organizations often obtains more financial and non-financial support for

Table 1: Classification of social enterprises

Leveraged non-profit ventures	Hybrid non-profit ventures	Social business ventures
<ul style="list-style-type: none"> • non-profit Drive the adoption of an innovation that addresses a market or government failure. • Continuously depend on outside philanthropic funding 	<ul style="list-style-type: none"> • non-profit, but include some degree of cost-recovery • Set up several legal entities to accommodate the earning of an income and the charitable expenditures. • Mobilize other sources of funding from the public and/or philanthropic sectors. (grants or loans, quasi-equity) 	<ul style="list-style-type: none"> • For-profit and provide a social or ecological product or service. • Optimize, not maximize financial returns for shareholders • Seek investors who are interested in combining financial and social returns on their investments.

Source: Schwab Foundation for Social Entrepreneurship Website, retrieved August 2014

the organization. Social entrepreneur also faces many difficulties such as high cost, financial dependence on donors and lack of commitment from employees.

3. RESEARCH METHODOLOGY

3.1. Qualitative approach

This research will investigate leadership in typical case studies, which are representative of both for-profit and non-profit companies in Vietnam. Although case study methodology accepts both qualitative and quantitative research, we use qualitative approach to study leadership in each enterprise. Due to limited

capacity, in each company, only one leader and one subordinate are accessed. In-depth interview is chosen to investigate leadership style in 04 selected companies.

3.2. Selected companies

In each of the two groups social and for-profit companies, we selected one service and one manufacturing company listed in the following table. The four case studies are chosen in order to maintain the balance between manufacturing and service, between social enterprises and profit-oriented firms, and a similarity in firm size.

Table 2: List of selected interviewed companies

	Social enterprises	Profit-Oriented Enterprises
Service	<i>Firm A1</i>	Firm A2
Manufacturing	<i>Firm B1</i>	<i>Firm B2</i>

This paper selects 4 out of 165.500 companies (CIEM, BC, and CSIP, 2012) belonging to different industrial sectors intentionally, so the similarities between a service and a manufacturing company are more representative than the similarities between two companies from the same industrial sectors. If both enterprises in social or profit-oriented groups provide service, the differences between the two groups may result from the dissimilarities between service and manufacturing, instead of social and for-profit purposes, and vice versa. Accordingly, the case study error may be reduced and become more representative and precise.

3.2.1 Social enterprises

3.2.1.1. Firm B1

Firm B1 has been producing and distributing clean coal OXI, which is detoxified and can catch fire quickly. It is

a new type of fuel which replaces ordinary beehive coal. When oxy is burnt, it releases no odor, smoke and emissions of CO₂, NO₂, and SO₂ into the atmosphere. The missions is to (i) fully develop the model of clean-coal production which helps reduce more than 90% of emissions harmful to the environment; (ii) protect health of beehive coal consumers in Hanoi; and (iii) create jobs for poor immigrants in Hanoi (*Firm B1* report, 2014).

Firm B1 is considered a social business venture because although it is a for-profit company, however, it does not aim to maximize profit but optimize the social value brought about to the society through improving health and environment, supporting low-income people to get access to clean coal with cheaper price, and creating jobs for poor people. Our interviews were separately conducted with Ms. Nguyen Thi H. – the director of the company and Mr. Pham Thanh B., a 10-month

intern specializing in marketing and fund-raising field.

3.2.1.2. Firm A1

Firm A1 is the idea of Centre for Education Promotion and Empowerment for Women (Vietnam) and Community and Social Development Project (CSDP). It officially started in January 2014 and has attracted over 100 voluntaries (about 25 long-time volunteers since June 2013 till now).

Firm A1 is in the form of a hybrid non-profit venture. The organization's activities include (i) providing usable goods with low price, dedicated service for low-income and vulnerable people, (ii) providing legal consultancy service to people in the vulnerable group and scholarships for female children and students, and (iii) maintaining voluntary movement and charitable support for the development of both community and Firm A1 itself (*Firm A1* profile, 2014).

Our interviews were separately conducted with Ms. Nguyen Thanh P., one of three co-founders of Firm A1, and Ms. Nguyen Kieu L., one of the first volunteers who has been working for Firm A1 since June 2013 till now.

3.2.2. Profit-oriented enterprises

3.2.2.1. Firm B2

Firm B2 is a manufacturing and service company operating in pharmaceutical industry. *Firm B2* has massive lines of business specializing in producing, trading, importing and exporting medicines, pharmaceutical and chemical materials, cosmetics, essential oils, facilities and packages used in pharmaceutical business. The company's motto is **"All for human health and beauty"** (*Firm B2* profile, 2014).

The interviewee is Mrs. Nguyen Kim C., the Manager of Import and Export Department, one of the most important parts in *Firm B2* and a member of this department (who does not want her/his name to be mentioned in this research). This department is responsible for importing both raw materials and final goods, and exporting to foreign markets such as Myanmar and Russia.

3.2.2.2. Firm A2

Firm A2 is a private service company offering consulting services for infrastructure development projects. The official website is www.iacvietnam.com. It was set up in 2012 by Mr. Nguyen Van T. and currently the company is operating with over 30 specialists in consultancy.

With the orientation of "Sustainable development", *Firm A2* focuses on various projects in the fields of Environment - Economics - Sociology. The main packages specialize in consultancy in social development, environmental management, project management and capacity building, construction engineering, brokerage and auction of real estate and land use rights. *Firm A2* staff consists of specialists who have many years of experience in development of projects, especially ODA funded projects throughout the country and undertakes international cooperation in compliance with its functions and duties. The mission of the company is to provide customers with the best service and perform assignments with the highest standards of professional and ethical competence (*Firm A2* profile, 2014).

The interviewees are Mr. Nguyen Van T., the director of the company and Ms. Nguyen Thi Ngoc A., the Head of Resettlement and Social Development Department, who has been working with Mr. T. since 2006.

3.3. Research design

This case study research includes 04 companies dividing into 02 groups: social enterprises (02 firms) and for-profit companies (02 firms). In each company, as mentioned above, we carry out the interview with a leader and a follower working in an important department. The purpose is to discover the leadership style and process from the viewpoint of both leaders and non-leaders. The in-depth interview takes place in about 40 minutes and is a one-to-one, open and sharing talk instead of an ask-and-answer interview. The purpose of using in-depth one-to-one interview instead of group interview is to get a deep and correct insight of the personality as well as leadership style from both the leader's and the follower's perspective. Group Interviews were not chosen due to the concern that employees would not have felt free to share their precise evaluation of their leader in his/her presence. .

3.3.2. Questionnaire

Due to the fact that leadership field has various theories, each of which has its own assumptions and contributes some understanding to the big definition of leadership, the questions used in the research questionnaire will be divided into 4 main parts representing trait, behavioral, situational and transactional-transformational theories, respectively.

The main content in each theory displays the purpose of specific component questions. By answering component questions, we can draw conclusion about the characteristics and types of leadership style that each company identifies with. This questionnaire is based on the format of leadership questionnaire in Leadership Theory and Practice by Peter G. Northouse (2003). However, as this paper uses qualitative methodology, the specific

interviewing questions are modified into indirect questions instead of quantitative statements used in the original version.

Because of the qualitative method and the sensitive topic, the most important factor that affects the quality and precision of the interviewees' answers is how to avoid leading questions. The technique of creating indirect questions is very significant. For example, the first part of the questionnaire is to discover the trait of the leader. The first question should be "May you give me a description of your personalities, not only in work environment but also in daily life?" which is open and unlimited, so the interviewees have to think broader and give their own answers. For instance, they say: "I am self-confidence, determined and friendly". However, chances are that the leader may make up positive characteristics to create a better final result or conclusion, so indirect questions are necessary to verify the information. If the statement "persistent" needs evaluating, interviewees will be asked to talk about several other topics that make them distract from the previous answer "I am persistent". And then, the indirect question: "Have you ever changed your mind after listening to the idea proposed by your colleagues? If yes, how often do you?" is made. The responses of these questions will help verify the earlier data.

In brief, the key point in this research questionnaire is using *indirect questions* to ask or verify information. The interviewees should not be aware of the core purpose in each question, because if they know clearly, it is possible that they will manipulate the answer.

3.4. Data collection & analysis

The data are analyzed in a process of 02 steps. First, we analyze the answers of interviewees

to get a conclusion of the features and styles of the leadership in each company. Second, enterprises in different groups are compared and dissimilarities are explained so that deeper insight may be comprehended. In the second step, we try to get following information: (1) The common characteristics in leadership between 02 social enterprises; (2) The common characteristics in leadership between 02 for-profit companies; (3) especially, the differences in leadership between social enterprise group and for-profit group by comparing the result drawn from the previous parts.

4. FINDINGS AND DISCUSSION

4.1. Results about leadership in each company

4.1.1. Firm B1

• Trait theory

About the personality of Ms. H., she is **enthusiastic, outspoken, responsible, determined** and **persistent**. (Both Ms. H. and Mr. B. agree about those characteristics). Besides, she is quite **self-confident**, especially in her coal major because her knowledge in coal production is excellent. In normal life, although Mr. B. said: ‘She is very self-confident when talking to employees, but not really comfortable when being interviewed on TV’, this does not mean that she is not a self-confident and self-assured person. At the same time, she is very **caring** and **sympathetic** person. She wants to be close to her employees, so we think she is **outgoing** and **friendly**. As a result, although she is **hot-tempered**, she is still a **close leader**. (Both Mr. B. and Ms. H. kept repeating about making the company a family and being close to employees.)

• Behavioral theory

About task aspect, she directs her employees quite carefully (as she responded: “I trained

them how to work and evaluate their ability. My company also has a regulation, which I ask them to read carefully before starting the job”). She really cares about the quality of working and wants employees to meet these standards (as Mr. B. said: “She shouts at employees, but in a constructive way”).

About relationship aspect, she focuses on people and relationship among colleagues. (Both of them agree that she is caring and everyone loves her). She also respects her subordinates and wants to create a warm and fair working atmosphere by holding extra events several times per year and treating everyone equally.

In conclusion, she has **team management style** because she focuses both on people and tasks. She cares about her employees and creates a good working environment for them. At the same time, she wants good quality of working and criticizes employees if they make mistakes in a constructive way. Employees like her, so that means they are not overloaded by work.

About Theory X and Y, Ms. H. puts it:

Coal processing is a very hard job. Therefore, my employees must be very hard-working and enthusiastic. They are also poor, so they often try their best to reach high productivity, which is better for themselves and for the company. They are not a lazy type, because lazy people mind touching dirty stuff, while coal is dirty.

This reflects clearly her **Y type**, who has trust in the ability and responsibility of the followers and tries to support their development.

• Situational leadership

As both Mr. B. and Ms. H. chose D, We think that Ms. H. is not good at adapting to proper leading style. In that case, the employee is very competent, experienced and

motivated, so he is type D4. She should use S4 – delegating style to treat him. However, Ms. H. used option D (coaching), which is not appropriate.

From the situation, we can see that Mr. H. respects the employees, but she is too careful, so she does not want mistakes to happen. This will lead to her overreaction in some cases. In conclusion, according to situational theory, Ms. H. is not an effective leader.

• **Transactional – Transformational leadership**

Ms. H. is in the **middle of transformational and transactional level**. She knows how to combine financial rewards and bonus to motivate employees, but at the same time, being close to subordinates to understand their problems and trying to support them. She also receives respect and love from followers, and helps them understand the vision of the company. However, the idealized influence and intellectual stimulation is not reflected clearly in the company.

As a result, she is at a higher level than transactional leadership, but hasn't touched transformational yet.

4.1.2. Firm A1

• **Trait theory**

Ms. P. is a **friendly, outgoing but hot-tempered and straightforward** leader. She balances a warm but respected relationship with volunteers. She is also determined, which helps her to set up and maintain Firm A1. She describes herself as a quite **self-confident** person, especially when talking about her specialized major. However, she is not self-assured to discuss in public what she is not a master of. She is aware of her strengths and weaknesses, and knows when and where to show her abilities and knowledge.

Both interviewees share the opinion that Ms. P. is very **sincere and trustworthy**. Besides being responsible for her tasks, she is close to volunteers, shares experiences and listens to their ideas. She also wants to help them to develop themselves.

• **Behavioral Theory**

About task aspect, she has high demand for the quality of work and the attitude of volunteers. As a leader, when she assigns tasks to followers, she tells them the purpose and requirements and then let them do on their own. She also lets them determine timeline or deadline, and sometimes ask them if they have problems and need her support.

About relationship aspect, as she is very sincere and friendly, she receives the respect and love from other volunteers. At the same time, she pays attention to her volunteers' self-development, and willingly shares her experience with them. When volunteers make mistakes, she criticizes in a constructive and gentle way, which helps them understand the problems and know how to resolve it. She also treats people fairly and equitably. Combined these two above aspects with the evaluation of Ms. L. (nearly 9-9), Ms. P. is a Team Management Leader (9-9). She focuses on work, but not by forcing volunteers to work or putting them under pressure. She motivates and helps them realize the value of working (self-development and growth potential), so the volunteers will work eagerly and as a result, their productivity will be improved.

About Theory X and Y, she belongs to **Y types**, because she highly values her volunteers' ability as Ms. L. shared: "She highly appreciates our abilities and gives us freedom to be ourselves. She just tells us some requirements in advance and provides feedback comments later. I feel respected and trusted".

In conclusion, Ms. P. is a **team management leader (9-9)** in Managerial Grid and **type Y** in Theory X & Theory Y.

• Situational Theory

In both situations, Ms. P. chose the right method of leading. In the first one, as the employee is very competent and motivated, she only assigned him the task and let him do it alone. In the second situation, she knows that her employee is motivated but low in abilities and knowledge, so she chose to direct her carefully and frequently check the work flow.

These stories confirm again how effectively Ms. P. handles different situation. Based on the development level of volunteers, she can vary her leading style between **delegating** (the case of PR head) and **directing** (the case of Ms. L.).

In conclusion, we regard Ms. P. as an effective leader based on Situational theory.

• Transactional–Transformational Theory

About idealized influence, Ms. P. does not succeed in uniting *Firm A1*'s vision with the reason why those current volunteers are working for this organization. Ms. P. is a good model that most of the volunteers respect because she is experienced, friendly and good at leading.

About inspirational motivation, Ms. L. also shared: "*Ms. P. informed us of the vision, but not really made us interested in that vision. The reason why we stick to Firm A1 is more about the development of ourselves*", which means the personal interest, is still higher than the common interest, or those volunteers may stop their commitment when they find *Firm A1* no longer contributes to the success of their future career. Therefore, Ms. P. is not successful in influencing her subordinates

towards a common interest.

However, Ms. P. is good at individualized consideration, which is reflected through her attentiveness to some shy and reserved individuals in the organization. Information about intellectual stimulation is not clear enough, so I cannot draw any conclusion for that.

To sum up, Ms. P. has only 1 out of 4 requirements for transformational leadership.

About transactional leadership, she is good at creating contingent rewards to encourage volunteers. It is because of the rewards and desire to express their abilities that Firm A1's volunteers continue to be committed to its activities. As a result, we regard Ms. P. leading style falls in the **mid-position between transactional and transformational leadership continuum spectrum**.

4.1.3 Firm A2

• Trait theory

Mr. T. exhibits almost ideal leadership traits model. He is **enthusiastic, responsible and very friendly**. He is also described as a **very self-confident** leader who Ms. Ngoc A. rates 9.5/10 in her own scale. His self-assured and confident traits result from his **advanced knowledge and experience** in sociology -his current major. Mr. T. receives admiration from his colleagues for his **reliability and trustworthiness**. He also welcomes **transparency and equality**, which provides insight into his **ethical** leadership behavior. About his sociability, he explained the reasons behind his friendliness as: "I want to be a leader that people respect because of my ability and personality, not because of my position." Mr. T. also has strong **determination** in achieving his objectives.

However, he also has a weakness. Ms. Ngoc A. shared: “[...] he is quite **indecisive**, especially when important decisions need to be made”. ”This shortcoming can prevent him from making decisions in an expeditious manner when necessary.

In conclusion, Mr. T. must be a very **nice** person indeed to receive so many good compliments from his colleagues.

• Behavioral theory

About task aspect, he has his own special style of training and directing his employees. Even with newly recruited employees, he does not want to guide them specifically. Instead, he gives them a task and let them do it alone. And if the subordinates fail to meet the deadline, he can still control the outcome by the fact that “I always keep a proper amount of time for me to check or fix it, so if they miss the deadline I give or have problems, I can do it myself”. The purpose of his behavior is to help subordinates develop their own capabilities and learn from true experience. In brief, he does not pay attention much to his employees’ achieving the organizational tasks. All that he does is to support, help them develop and he will do the rest if they cannot finish.

About human aspect, his above style of leading is very effective. As he focuses much on supporting the employees to develop and improve themselves, he is caring very much for the interest of his employees. He never forces or put them under pressure, and even when they fail to finish the tasks, he will not criticize them at all. As a result, his employees feel treated very nicely by him.

After understanding the content of managerial grid, Ms. Ngoc A. shared her opinion about the

type that Mr. T. should be as:

*I think he is the **Country Club Management style (1-9)**. It does not mean that he is indifferent to work and productivity. The truth is he is so brilliant that he can do it himself, so he does not want to put pressure on his employees.*

About theory X and Y, we can easily recognize that he is a **Y leader**, who believes in the inborn desire to work and contribute of his employees and shares the responsibilities with them.

• Situational theory

Mr. T. chose A and D for 2 situations given, which are both delegating style. The most effective answer should be A and D, which means he only handled well in the first situation. Both selections are delegating, which clearly reflects his inflexible leadership style. For employees with different development level, he remains the same approach to lead. No matter how competent and ready the employees are, he believes that self-study is the best method, and he will support when they ask. In conclusion, Mr. T. is **not flexible in adapting leadership** style to different level of employees.

• Transactional theory – Transformational theory

About idealized influence, Mr. T. is a nearly perfect model whose charisma and competence are admired by his employees. His colleagues feel comfortable and motivated being around him.

About inspirational motivation, he succeeds in getting his employees to involve in the mission and vision of the company. He also explained: “I try to make them understand

that their work is very meaningful [...]. They know they are doing good things, and are motivated to continue.”

About intellectual stimulation, he is brilliant at helping his followers discover and develop their own potentialities. As he said, he assigns tasks and wants the followers to think first, and ask for help if necessary. Mr. T. believes that this method will increase the creativity and independence of his employees, which is very essential to the self-development.

About individualized consideration, Ms. Ngoc A. emphasized several times that Mr. T. is a very nice person, who is emotional, fair and caring. He makes every single employee feel appreciated.

Besides, Mr. T. does not use contingent reward as an incentive for his employees. He ensures their life with good compensation as Ms. Ngoc A. praised:

Our compensation policy is perfect, much better than the previous company. For me, I do not really care about salary anymore, as I know he is very good to me, and working is not only good for the company. It is good for my self-development. I want to devote more.

As a result, Mr. T. is at the level of **transformational leadership**.

4.1.4. Firm B2

• Trait theory

Ms. C. is described as a **hot-tempered** but **sincere** person. She is also very **responsible** and **straight-forward**. Her ability is highly evaluated by the followers, as she explained that pharmacy is her major and she used to study abroad in Russia. That is also the reason why she is very self-confident, and sometimes (as the follower commented) even

overconfident. Ms. C. is very **determined** and **persistent**, because she believes in her own ability to make decisions. This may lead to conservatism; however, thanks to her excellent experience and expertise, her decisions are often appropriate. The responses that Ms. C.'s and her follower's about her characteristic that other people like best are similar (“reliability” versus “sincerity”). As a result, I can conclude that she has great **charisma** and is very **trustworthy**.

However, her sociability suffers due to her outspoken and judgmental traits. She said:

“A hard-working employee will feel that I am very friendly and easy-going. However, a lazy and reckless one will not like working with me, because I often urge them to do their work”. Therefore, whether she is friendly or not depends on different types of employees, because they receive dissimilar treatment from her.

In conclusion, she is **responsible, self-confident, persistent, trustworthy and hot-tempered**.

• Behavioral theory

About **task aspect**, I can conclude that she is a **task-oriented leader**. She described the characteristics of subordinates that annoy her most:

I do not like irresponsible and lazy subordinates.[...]With these people, I have to direct very carefully by listing all tasks that they need to do every day and check if they finish or not. If they do not try to improve, I have to ask higher manager to relocate them.

She focuses much on work completion, and demands her followers to be responsible for their mission. At the same time, she directs and controls the tasks assigned to her

followers. She is also a result-driven leader, who pays much attention to the outcome.

About **relationship aspect**, she has problems with some subordinates. It is difficult to discover whose fault it really is, but in my opinion, as she is hot-tempered and outspoken at the same time, she will easily be hated. She is not adroit at gaining affection of others; because she only tries to do what she thinks is ethical and rightful. Her treatments to various types of employees are different, based on their attitude and contribution. Therefore, it is very equal and fair.

In conclusion, she is **an Authority-Compliance (9-1)** leader, who focuses more on work and less on people.

About Theory X & Y, she is described as **type X**, as she evaluates her current subordinates as lazy and irresponsible. She thinks that she has to follow them strictly to ensure compliance and achieve productivity.

• Situational Theory

Ms. C. failed to choose the appropriate option in both situations. This means that she doesn't change her leading style based upon the development level of the employees. As a result, she is **not an effective leader** in situational theory.

• Transactional–Transformational Theory

About idealized influence, Ms. C. is not a favorite leader of her subordinate, so she cannot have idealized influence on other followers.

About inspirational motivation, she does not know how to motivate others. The only thing she reminds them is about the fact that high productivity will directly lead to high salary. It is more of contingent reward than real motivation.

About intellectual stimulation, the follower interviewed also expressed the opinion:

For other responsible staffs, she is quite flexible, and encourages us to be creative. She just cares about the result, and we do not need to only do our work in the way she wants.

That means she encourages creativity of her subordinate, but at low level, which is not really effective.

About individualized consideration, based on her task-oriented style, I can assume that she does not succeed in creating a supportive climate.

As a result, she is **not at the level of a transformational leader**. However, she uses contingent reward and active management-by-exception, which is reflected in the follower's review: "She often follows the tasks and comments if we can do anything to improve". Therefore, I think she is a transactional leader.

In conclusion, Ms. C. is **at the position of transactional leadership style** in the continuum spectrum.

4.2. Comparison between different groups

4.2.1. Similarities in leadership between selected Vietnamese social enterprises

Based on the specific description of leadership in *Firm B1* and *Firm A1* organization above, the main results are summarized below for a better comparison.

As we can see, the leadership in both social enterprises has various characteristics in common.

First, in trait theory, both leaders have almost the same characteristics. They are outspoken, hot-tempered, responsible and enthusiastic people. They also have high

Table 3: Comparisons between two selected social enterprises

	Leadership in Yen Think company	Leadership in Sweet Second
Trait	<ul style="list-style-type: none"> • <i>enthusiastic, responsible</i> • <i>outspoken, hot-tempered</i> • <i>determined & persistent</i> • <i>self-confident</i> • <i>deep major knowledge</i> • <i>caring and sympathetic</i> • <i>outgoing, friendly, and very close</i> 	<ul style="list-style-type: none"> • <i>enthusiastic, responsible</i> • <i>straightforward, hot-tempered</i> • <i>determined, but not very persistent</i> <i>(often consider others' suggestions)</i> • <i>self-confident</i> • <i>deep major knowledge</i> • <i>sincere and trustworthy</i> • <i>friendly and outgoing</i>
Behavioral	<ul style="list-style-type: none"> • <i>Team Management Leader (9-9)</i> • <i>Theory Y</i> 	<ul style="list-style-type: none"> • <i>Team Management Leader (9-9)</i> • <i>Theory Y</i>
Situational	<i>not an effective leader</i>	<i>effective leader</i>
Transactional – Transformational	<i>middle of transformational and transactional level</i>	<i>middle of transformational and transactional level</i>

determination to achieve their objectives despite many difficulties. Both leaders have deep specialized knowledge in their fields, which enables them to be very self-confident when making decision. In relations with other people, both Ms. H. and Ms. P. tend to be outgoing, friendly and create a close relationship among colleagues. They care for their employee's wellbeing and success.

Second, in behavioral theory, Ms. H. and Ms. P. both have a Team Management leadership style. This means that they have high concern for both production and people. On the one hand, they want tasks to be accomplished on time and efficiently. On the other hand, they do not ignore the necessity of a warm and inspiring working atmosphere. These two leaders try to be supportive and create good working conditions for their subordinates.

Third, in leadership continuum spectrum, both leadership styles fall in the center of transformational and transactional continuum..

This means that their leading approaches are better than a transactional leader, but haven't advanced enough to reach transformational stage.

These similarities will be used as representative characteristics of social enterprise group in the scope of this research in order to compare with two other for-profit companies in later section.

4.2.2. Similarities in leadership between selected Vietnamese profit-oriented enterprises

The characteristics of two for-profit enterprises are briefly summarized in this following table.

Two leaders of profit-oriented companies have fewer features in common than those of social enterprises. They only share some characteristics in trait and situational theories.

First, in trait theory, they are enthusiastic, determined and responsible leaders, who work hard and actively. Besides, both of them have good technical skills in their respective

Table 4: Comparisons between two selected for-profit enterprises

	Leadership in IAC Viet Nam company	Leadership in Mediplantex company
Trait Theory	<ul style="list-style-type: none"> • <i>enthusiastic, responsible</i> • <i>very self-confident</i> • <i>advanced knowledge and experience</i> • <i>reliable and trustworthy</i> • <i>transparent, equal and ethical</i> • <i>determined but indecisive</i> • <i>nice, very friendly</i> 	<ul style="list-style-type: none"> • <i>Enthusiastic, responsible</i> • <i>self-confident</i> • <i>deep major knowledge</i> • <i>trustworthy</i> • <i>determined and persistent</i> • <i>hot-tempered</i>
Behavioral Theory	<ul style="list-style-type: none"> • <i>Country Club Management style (1-9)</i> • <i>Theory Y</i> 	<ul style="list-style-type: none"> • <i>Authority – Compliance style (9-1)</i> • <i>Theory X</i>
Situational Theory	<i>Not an effective leader (always choose delegating)</i>	<i>Not an effective leader</i>
Transactional Transformational Theory	- <i>Transformational level</i>	<i>Transactional level</i>

fields as well as extensive work experience. As a result, they are very self-confident in expressing their ability and wisdom. The two leaders are evaluated as trustworthy individuals, not only in working environment but also in personal lives.

Second, in situational theory, Mr. T. and Ms. C. both failed to adjust their leadership styles appropriately in different situations. While Mr. T. remains delegating style in all circumstances, Ms. C. changes her approaches but not succeed in selecting the proper one. As a result, they are both ineffective in situation theory.

In the next section, these common features will be compared with the similarities between two social enterprises to have a clear contrast between two groups of companies.

4.2.3. Differences in leadership between selected social enterprises and for-profit companies

Comparing leadership of two social enterprises with that of two profit-oriented companies, we can see various differences between them from different perspectives.

From the viewpoint of trait theory, both leader types share the enthusiasm, responsibility, self-confidence and trustworthiness. They also all have extensive knowledge of their work, which enables them to obtain a better insight of the work they and their employees are doing. However, when we compare the **two social entrepreneurs in this study both have straightforward and hot-tempered personality**. Besides, they are very friendly and outgoing. In contrast, two for-profit leaders have different natures: one is very straight forward and hot-tempered, while the other is very thoughtful and elegant. Moreover, only one of them has good sociability. In our opinion, the differences cannot be generalized to the whole population, but I can infer some findings in social enterprise group. Social

Table 5: Comparisons between two groups of selected enterprises

	02 social enterprises	02 profit-oriented enterprises
Trait Theory	<ul style="list-style-type: none"> • <i>Enthusiastic, responsible</i> • <i>straightforward, hot-tempered</i> • <i>determined</i> • <i>self-confident</i> • <i>deep major knowledge</i> • <i>sincere and trustworthy</i> • <i>friendly and outgoing</i> 	<ul style="list-style-type: none"> • <i>Enthusiastic, responsible</i> • <i>determined</i> • <i>self-confident</i> • <i>deep major knowledge</i> • <i>trustworthy</i>
Behavioral Theory	<ul style="list-style-type: none"> • <i>Team Management Leader (9-9)</i> • <i>Theory Y</i> 	<i>Different styles</i>
Situational Theory	<i>Different styles</i>	<i>Not an effective leader</i>
Transactional - Transformational Theory	<i>Middle between transactional and transformational level</i>	<i>Different levels</i>

entrepreneurs mainly pay more attention to social welfare than financial profit. As a result, they are often caring and friendly people, who want to bring about good things to other vulnerable groups. Besides, as their purpose of working is to contribute to humanity and beautify the environment, they are working towards common benefits, not their own interest anymore. As a result, their working environment is friendlier than an extremely competitive market constantly driving to yield higher profitability. Consequently, straightforward and hot-tempered people will be more comfortable in this nonprofit-oriented atmosphere. In contrast, the profit-oriented environment is more complex, and it is difficult to generalize any conclusion whether they are friendly and straightforward.

From the view point of behavioral theory, **two social enterprises both utilize team management leadership style**, and they embrace Theory Y leadership style, while no inference can be drawn for profit-oriented

entrepreneurs. We think this characteristic of social enterprise group is reasonable. In the specific case of two social enterprises in this research, employees are part of their target stakeholders that benefit from the operation of the social company. *Firm B1* improved their employee's life and income by generating jobs and a friendly working environment. At the same time, *Firm A1* creates opportunities of doing voluntary work and self-developing activities for the volunteers. As a result, the leaders must be concerned about the working environment and motivate their subordinates. On the other hand, the social enterprises still need to operate at proper speed, which requires good productivity. Therefore, the leaders focus much on both task and people aspect and belong to the group of **Team management (9-9) or Theory Y leader**. In contrast, profit-oriented companies are more complicated, have different styles and are impossible to conclude from only 2 companies in the scope of this research.

From the perspective of situational theory, the results for social enterprises are mixed, while **both for-profit entrepreneurs are ineffective** in adapting to the development level of employees. In my opinion, this difference does not result from which group the company belongs to. This is the matter of assumption (training in EQ)? Mr. T., Ms. C. and Ms. H. do not realize that their employees are at different level of competence and readiness. The consequence is they use inappropriate method of directing or supporting them. For example, Mr. T. assumes that the best way to get experience is to do it directly, and ask for help and instruction if necessary. He thinks that his employees are always competent enough to self-study and straightforward enough to express their weaknesses to the leader. As a result, he uses only delegating style.

Lastly, from the perspective of transactional – transformational theory, **two social entrepreneurs** in this study are aligned **in the middle position between transformational and transactional level**. At the same time, results of for-profit enterprises are compound (Mr. T. is transformational leader, and Mr. C. is transactional leader). In our own assessment, social entrepreneurship is a new trend in Vietnam, and social entrepreneurs, who already possess potential abilities in both directing and supporting, need more time to master their leadership. At the moment, 2 interviewed leaders are already in the middle level between transactional and transformational levels. In near future, with self-study, experience and, if possible, mentoring and training courses, they will become transformational leaders, who perfectly lead the group to achieve a common goal.

5. CONCLUSIONS

5.1. Contributions

This research has studied the leadership in 2 groups: social enterprises and for-profit companies from different perspectives in order to get the most comprehensive conclusion. After analyzing the result in 4 cases, we figured out the similarities between two social entrepreneurs and two profit-oriented leaders. By explaining these similarities, we get insights of the leadership in two selected social entrepreneurs, and then compare the resemblances discovered in each group together to find the differences. These divergences between social and for-profit groups clarify the characteristics of leadership in social entrepreneurship, which is the main contribution of this research. More specifically, the most important findings in this research are about the common characteristics of leadership in 2 selected social enterprises. The similarities include (i) *many traits of the leaders such as responsibility, determination, self-confidence, high specialized knowledge and friendliness*; (ii) *the Team Management Leadership style and Theory Y style in terms of Behavioral theory*; and (iii) *the same position in the middle of transformational and transactional level from this perspective*.

These comparisons are only between two companies; however, they are potential findings that may be used in a future research with a larger sample to generalize a characteristic of the whole social enterprise population. Besides, the findings of current leadership in each company may help the leader be aware of their strengths and weaknesses to improve themselves while fostering the development and scope of the companies.

Last but not least, during the research, we chose two service companies and two manufacturing companies (each group includes one service and one manufacturing companies to get more representative case studies). Moreover, 3 out of 4 leaders are female. However, as the main purpose of this research is leadership in some selected Vietnamese social enterprises, we haven't taken these issues into careful consideration. Accordingly, this research results can be used for further investigation into women leadership, or leadership in service versus manufacturing industries.

5.2. Implications for managers

In social enterprise group, two leaders still have problems with idealized influence and intellectual stimulation. In order to master their leadership to transformational level, they need to get their employees or volunteers to involve in the vision and interest of the company. Simultaneously, to widen the scope and increase productivity of the organizations, two leaders should encourage their subordinates to work in a creative ways, think out of the box and find innovate solutions to current problems. In particular, Ms. H. still needs to improve her situational leadership so that she can give more appropriate supportive or directive assistance to her employees.

In for-profit companies, Mr. T. and Ms. C. should advance situational leadership as well. They ought to determine the development level of their subordinates first, and then figure out the appropriate treatments instead of using inflexible methods.

5.3. Limitations

Although the main aims of this research have been reached, this study still has inevitable limitations. First, the number of

case studies is quite small (04 companies), so the findings might not be a question of generalization. Second, in each company, only one leader and one follower take part in the separated interviews by reason of inability to access to more subordinates. The exactitude of chosen followers' answers may be affected by the relationship between the leaders and these followers. Consequently, the evaluations and conclusions about leadership style may be not completely precise. Last but not least, as the methodology is qualitative, the inference procedure may not be completely objective. Sometimes, targeted messages need implying from the answers of interviewees through the questioner's evaluation in the interview instead of accepting direct responses. However, explanations are clearly given under these circumstances to prove the personal opinion and assessment of the researcher.

5.4. Future research

The achievement and limitation of this paper would suggest some directions for future study. Firstly, scholars might verify the outcomes of this paper from quantitative perspective. With survey data collecting method, scholars would explore the differences and similarities of leadership style between social enterprises and profit-oriented ones. Secondly, future research might be interested in finding the relationship between leader's education, experience, and social enterprise's performance. Up to date, for profit-oriented enterprises, this area of research has gained much attention from organizational behavior and strategic management scholars. However, for social enterprises, it is still left in the dark. Thirdly, scholars would explore the role of middle managers in formulating strategy of social entrepreneurs. □

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