

Entrepreneurial Leadership in High Performing Social Enterprise: The Case of Diamond Cab

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Background (1)

- Social entrepreneurship (SE), a fast growing field of research
 - ‘Contested concept’, like ‘the art’
 - Pursuing social goals using business principles
 - Hybrid organizing
 - Identity: utilitarian/commercial vs. normative/altruistic
 - Empowerment: predominant focus on value creation (vs capture)
- Dominated by **Anglo-Saxon perspectives** (Dacin, Dacin, & Tracey, 2011; Kerlin, 2006;) and, to a smaller extent, **African** (Rivera-Santos, Holt, Littlewood, & Kolk, 2015)

Background (2)

- ***Social origins theory*** (Kerlin, 2010; Salamon & Anheier, 1998) and ***institutional voids*** (London & Hart, 2004; Mair & Marti, 2009) lead to different behavior, forms of SE.
- East Asian welfare regime; 1997 Asian financial crisis welfare expenditures management from a ***“passive giving” to “empowering” or welfare-to-work*** (Ho & Chan, 2010).
- Most research on SE in the Chinese and Hong Kong contexts are either **conceptual, descriptive or review** papers (Poon, Zhou & Chan, 2009; Man & Yuen, 2013; Ho & Chan, 2010).
- Little is known about ***how and why certain social enterprises are successful in the Chinese context.***

Objective

- Examine the drivers of success behind one of Hong Kong's most successful social enterprise: **Diamond Cab**
- Diamond Cab, an important provider of *public and social service* to a growing number of citizens
- Focus on *what its leaders (founders) did and understand why they did what they did*
- Develop a (tentative) *theory of the factors explain the successful development of Diamond Cab*

Methodology

- **Multiple in-depth interviews** with the founder (Doris Leung) and partner (Social Ventures Hong Kong: Francis Ngai)
- **Multiple guest lectures by the two informants** in our GE1218 Social Entrepreneurship course
- Attended **a talk by the two informants** in HK SE Summit 2014
- **Media articles** search as supplementary data
- Iterative process, rich-and-thick data
- Transcription of data; data analysis

Personal Values and Prior Knowledge

- Grew up in a middle class family. Father a butcher and her mother helps her father in the meat stall.
- Passion for **social issues and activism at a young age**; her parents and family, often taught her about *social (in)justice*.
- Studied Language and Communication at Hong Kong Polytechnic University (1993).
- She later finished a Masters in Journalism at Hong Kong University in 2003.
- Worked for many years as a **journalist**, mostly covering social and grassroots issues including poverty, the elderly, etc.
- This **sensitized** her to various social problems in Hong Kong, particularly ageing, disability and poverty.
- A highly active user of Facebook and **often writes about social issues**, from supporting gay rights and democracy to elderly rights.

Personal Distress & Opportunity Recognition

- The middle-aged mother, suffering from brain tumors (circa 2007)
- Difficulty in transporting the mother to medical appointments.
- *“As the main caregiver, I experienced the frustration of trying to take her wheelchair to frequent doctor visits,”* said Leung.
- Observed a popular but ***illegal and often unsanitary vans*** that frequently transport elderly wheelchair patients.
- Sought ideas from her friends, “The 30s Group,” (2008-2009)
- Led Leung to Francis Ngai, the CEO of Social Ventures Hong Kong (SvHK), a venture philanthropy organization.
- SvHK had been scouting for social innovations and there was a mutual interest with Diamond Cab.

Opportunity Co-Exploitation and Resource Bricolage

- Diamond Cab formed in early 2010
- SvHK provided financing, expertise, technical support.
- Diamond Cab's business model is no different from that of any other taxi operator. They **buy taxi licenses**
- Relies on a **partner's taxi call center** (an existing taxi operator) to take taxi reservations.
- **Lean operation**: one full time staff member, plus Leung herself
- Signed an agreement with **two large elderly homes, created a captive market.**



Social Business and Operations Model

- **Taxi fees**; at least 24-hours booking in advance.
- **Flat charge** (as of July 2015) is HKD 115 (USD 14.8), and **flag fall** charges apply.
- The taxi drivers pay a **'fixed per-trip or per-day rent'** to the SE and keep the remainder as their income.
- Selling **mini Diamond Cab model** car to corporate sponsors and CSR programs at HK \$500 per piece.
- Organizes **mini-sedan chair** races for fund raising
- Expanded to include aspects of **entertainment** in the lives of the elderly, disabled ("Diamond Luxury", "Charity Tour")

Social and Financial Performance

- Six taxis, over 70,000 wheelchair trips.
- One of the finalists of the UK Social Enterprise Awards 2012
- The founder was listed as a top 3 finalist (Asia Pacific) in the Cartier Women's Initiative Awards 2013.
- In mid-2015, the social enterprise joined crowd funding via 'indiegogo.com' to finance its further expansion.
- High media exposure

**What drive Diamond Cab's
high performance?**

Porterian Focus Strategy: From Opportunity Space, Operations, to Identity

- “**Focus**” **strategy** (Porter, 1996): *creating a specialty taxi market and develops its organizational capabilities.*
- *Systematize its operations*, which is crucial for its scaling up/replication stage.
- ‘Hockey stick’ learning/growth, kill bad ideas faster and find its opportunity space earlier (Chandra, et al 2015).
- ***Not attempted to enter any other new lines of businesses in its critical years*** (as of July 2015).
- ***A clear organizational identity***, both normative and utilitarian (Moss et al., 2011) about what it stands for and why, and what it is good at.

Social Design Orientation: Compassion and Designing a New Compensation Model

- ***Social design orientation*** (Brown & Wyatt, 2010; Hillgren, Seravalli, & Emilson, 2011)
- Driven by a strong sense of ***compassion*** (Arend, 2013; Miller, Grimes, McMullen, & Vogus, 2012)
- ***Per-trip or per-day compensation model*** scheduled around the driver's available work hours.
- The *institutional constraints* faced by the social enterprise and how it *innovates* to break the constraint and *recreates new a new market and institutions* around it (Cajaiba-Santana, 2014; Weerawardena & Mort, 2012).

Social Bricolage

- ***Faced high uncertainty*** in its initial years as it attempted to *create a new market that did not exist: **specialty taxi market.***
- Engaged in ***social bricolage*** (Baker & Nelson, 2005; Di Domenico, Haugh, & Tracey, 2010) by ***drawing on the resources of other actors*** (i.e., the partner venture philanthropy and an existing taxi operator who shares a similar vision) and ***key stakeholders*** (i.e., two elderly homes) to co-create the specialty taxi market.

Formal and Informal Advice and Resource Networks

- Informal organization The 30s Group, helped validated of the initial idea
- SvHK, an official partner that brought managerial expertise, funding, and contacts that helped the founder tame uncertainty.
- The sheer number of experts that are connected to the founder and social enterprise facilitates the ***cross pollination of ideas*** that create superior ideas ('innovation tournament' process, Terwiesch & Ulrich, 2009)

Theorizing from the case (1)

- ***Social justice*** and ***social activism*** from a young age, which reflects the *personal values* (Hemingway, 2005; Miller et al., 2012; Tan, Williams, & Tan, 2005) that drive the person's interest in SE.
- The founder's ***personal distress*** (Yiu, Wan, Ng, Chen, & Su, 2014), an important direct trigger that strengthened her alertness to the opportunity to create a social enterprise.
- The founder's ***prior experience*** as a journalist covering social issues, including ageing, poverty and disability, help ***sensitize*** her to problems leading to ***entrepreneurial alertness*** (Chandra et al., 2012; Shane, 2000)
- Reveals the *traits-based perspective* and *situational-thesis* of SE motivation.

Theorizing from the case (2)

- ***Social constructionism view*** (Downing, 2005) of SE: not a lone person or linear act, but rather a ***collective act*** (Montgomery, Dacin, & Dacin, 2012; Parkinson & Howorth, 2008) involving a ***dynamic and complex process*** of sense making and sense giving (Downing, 2005).
- Use of ***social bricolage*** (Desa, 2012; Di Domenico et al., 2010) for managing institutional, resource constraints
- The socially constructed market space is also a reflection of the role of ***informal and formal networks*** (Birley, 1985) that are connected to the social enterprise.
- Reveals the *social embeddedness of SE action*

Theorizing from the case (3)

- **Focus strategy** (Porter, 1996) seems to be effectively working non existent market (specialty taxi).
- Craft its **opportunity space** (Chandra et al., 2015) over time until it appears to be a legitimate industry.
- It had no *templates* or *prototype opportunity* (Chandra et al., 2015; Elsbach & Kramer, 2003) to refer to.
- **Social design orientation** (Brown & Wyatt, 2010; Hillgren et al., 2011) is critical to successful market creation.
- Reveals the role of *focused social design* in the face of non existent market in *SE*

Implications

- Highlights the *individual, network and strategy* level factors that are associated with a high performing SE
- The promise of the *micro-foundations* of SE, particularly the role of *the person behind social enterprises, their emotions, cognition, and behavior.*
- The role and boundary conditions of *social bricolage.*
- The role of *informal institutions as an early supporter of a social innovation*