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)

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.


• 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