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INSPIRE

SOCIAL INNOVATION

Developed by
university of groningen

Overview of the module

LESSON 01

Organising for Social Innovation

1. Demonstrate understanding of the main drivers and structures for organisations in the domain of social innovation.

LESSON 02

Social Entrepreneurs that manage resources

2. Learn what staff planning is and the role of staff planning in a (social) organization.
   Learn what a diverse workforce is and what consequences this has on daily operations.
   Learn to deal with the problems in the field of staff planning (human resources) in social organizations.
   Learn how information technology can help in staff planning and management of human resources

LESSON 03

Social Entrepreneurship and Business Management

Understand the logistical challenges for social entrepreneurs
Understand typical personnel management issues for managing social innovations.
Understand financial management aspects of social entrepreneurship.

Suggested time for the whole Module: 24 hours.

LESSON 01

Lesson Objectives:

1. Demonstrate understanding of the main drivers and structures for organisations in the domain of social innovation.

ACTIVITY 1.1 PREPARE

Intended Learning Outcomes:

1. Identify the importance of organization in the success of social innovations.

2. Specify own expectations and learning outcomes on the topic of social organizations and social innovations.

60 minutes

Video + internet
Yellow sticky notes

LECTURER ACTIVITY

Ask the learners to read the text in their learner activity and share with each other examples of failures of which they are aware. Identify who would like to examine what video case and bring them together for the first assignment. Have them watch the video, answer the questions, and report to their fellow students.

For the second assignment, a more personal approach is needed, so the learners should feel safe to share their thoughts and failures. Invite them in an open atmosphere to share and monitor the level of feeling secure in the group.

The last assignment is a (take home) individual assignment. Ask them to put them on yellow sticky notes to have them share their own learning objectives and see how they relate to others in the group. As a lecturer, you may provide feedback on all these assignments.

LEARNER ACTIVITY

Learners will

- Memorize examples that help them to identify with the subject
- Watch one or more videos and analyse a video case
- Develop initial understanding of topic

- Develop individual learning objectives
- Share amongst co-learners and identify peers in the student group

Have you ever wondered why some innovations that would provide real benefit for people were not successful? What could have caused the failure of this innovation?

Consider for example the following social innovations and discuss [in the forum] why you think this innovation has not (yet) reached its full potential.

- *Housing for homeless in LA (10 minute video, subtitles in various languages available as Closedin Captions on Youtube)*
- *Nepal wildlife conservation using Google Glass (3 minute video, subtitles in various languages available as Closedin Captions on Youtube)*
- *Employing refugees (9 minute video, subtitles in various languages available as Closedin Captions on Youtube)*

(Total length of first assignment: 20 minutes)

What these innovations have in common is that they are social innovations that involve organizations to realise the innovation.

This brings us to consider two follow-up questions:

1) Do social innovations require a different approach from other innovations?

2) What is the role of organizations in the domain of social innovation?

Please express your own thoughts on these two questions by addressing the topics that are relevant in your personal situation. What challenges do you face and how do they relate to the social dimension of the innovation and/or the organizational aspect of the innovation?

(Total length of second assignment: 20 minutes)

This lesson/topic will discuss what are the main drivers and structures that will help organizations to develop good ideas to social innovations.

It will address:

- Types of Social Innovation
- Innovation and Innovators
- The Process of Innovation
- Why do some innovations fail?

Please express what you hope to learn when studying each of these four items. (Total length of third assignment: 20 minutes)

ACTIVITY 1.2 STUDY INDIVIDUALLY TYPES OF SOCIAL INNOVATION

Intended Learning Outcomes

3. Explore and classify what different types of social innovations can be identified.
4. Distinguish between role of individuals, organisations and networks in accomplishing an innovation.
5. Describe (social) Innovation as a process with phases, decisions, and stakeholders.

3 hours

Internet + video

LECTURER ACTIVITY

Types of Social Innovation

According to the European Commission (EU, This is European Social Innovation, 2016), social innovations are new ideas that meet social needs, create social relationships and form new collaborations. These innovations can be products, services or models addressing unmet needs more effectively.

Social innovations address unmet needs in the social domain, i.e. in the way people live together and make a living. Social innovations are not restricted to the physical domain, as they also include virtual activities that focus on the well-being of people.

In order to understand the various dimensions of social innovations, we distinguish between

- product-oriented social innovations,
- process-oriented social innovations,
- service-oriented social innovations.

Product-oriented social innovations aim to provide a new product that enables clients to better fulfil their social needs. An example of a recent product-oriented social innovation is a Seated Segway (see Figure 1). Such a wheelchair enables users to reach out to areas where normal wheelchairs cannot be used, such as within small lifts, unpaved off-road paths, et cetera. Hence it is considered a social innovation, as it meets social needs of users using a new and innovative technology in a product.

Process-oriented social innovations aim to establish a new process that serves the clients to better fulfil their social needs. A process is a sequence of steps or activities that is developed in order to reach a specific goal. An example of a process-oriented social innovation is the project In-made and Ex-made for people in Dutch prisons (see https://www.youtube.com/watch?v=lNElUpl9Z74), where they learn to develop skills, discipline, and an effective attitude for work. The process helps clients to develop their skills and find paid work after their time in prison. Hence it is considered a social innovation, as it meets social needs of clients using a new and innovative process.

Service-oriented social innovations aim to provide new services that help the clients to better fulfil their social needs. The innovations may focus on the main service, but also on providing access to this service for specific groups of clients. An example of a service-oriented social innovation is an automatic translation service to give clients with language problems better access to the information.

To better understand the distinction between these three types of social innovation, you may watch this 5 minute video (subtitles available by clicking CC button in the Youtube video): https://www.youtube.com/watch?v=9QdhABLacUs

Innovation and Innovators

Entrepreneurs are driving change in business. These individuals create new innovative products, processes, or services. They identify a specific need, develop an idea or invention that will help to fulfil this need, and next organize the business process that includes financing, marketing, sales, production and delivery of the new product or service. Entrepreneurs are therefore innovators.

Companies or governmental organizations may also act as innovators. They may also specify specific needs they would like to serve, identify client groups, develop a marketing approach, funding, service provisioning, and the logistics involved in production and delivery of the product or service.

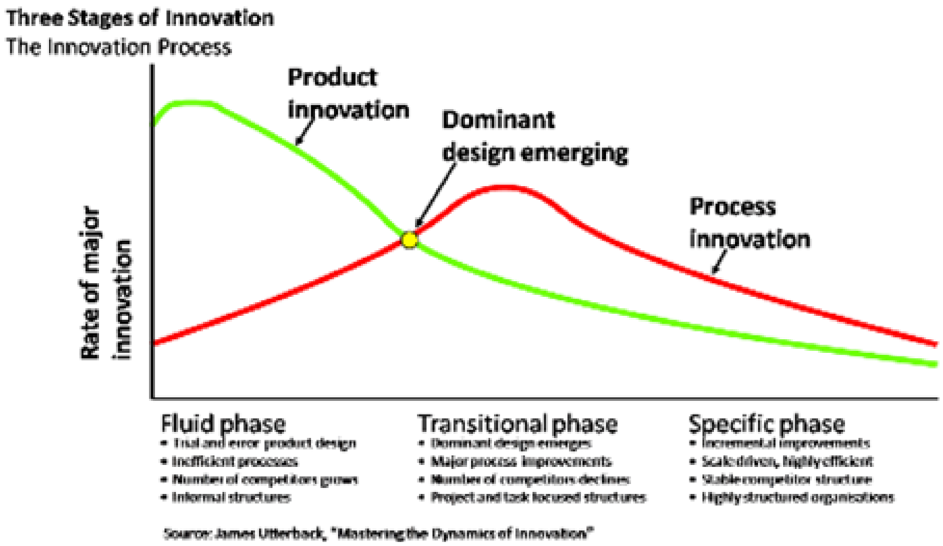
However, many ideas will never come to the stage of actually fulfilling the needs of clients. It involves an entrepreneurial mind set of the individuals involved in order to create something new. There are many risks involved, and entrepreneurs might have to fight several battles at the same time in order to overcome the barriers to bring the new idea to life.

A long-standing debate has been going on what is the best way to facilitate an innovation. Would it be best to embed this within a large organization, as these organizations have the ability to make large investments or spread the risks of high-risk investments? Or would it be better to use small companies, as they are more agile and eager to develop new opportunities in the market? Or would it be better to have individual entrepreneurs develop their business on their own, as this helps to focus on the optimal environment for the specific innovation?

In this debate, several important theories have been used to make a stand for a case. For example,

- dominant design: https://en.wikipedia.org/wiki/Dominant_design
- absorptive capacity: https://en.wikipedia.org/wiki/Absorptive_capacity
- path dependency: https://en.wikipedia.org/wiki/Path_dependence

Based on the theory of dominant design, it has been argued that larger companies are better able to exploit innovations that appear after a dominant design has emerged in the market, while start-ups and smaller companies are better able to develop product innovations. Examples of dominant designs are the well-known platforms for mobile phones: Android and iOS (apple). These two have both emerged as platforms, and many innovative apps are built for these platforms, while platforms such as Windows phone, Nokia (Symbian), and other technologies are phased out or lack apps. Hence, when a dominant design has emerged, new innovations based on the dominant design emerge, such as process innovations, and related product innovations. According to this theory, it requires larger companies in the later stage (such as Apple and Google) to successfully launch and maintain these platforms and hence further innovations.



The theory of absorptive capacity argues that companies have various levels of ability to recognize the value of new external information (i.e., identify opportunities in the field of technology and market needs), assimilate it and use it to commercial purposes. These differences relate to the efforts they put into identifying and evaluating new information, the capability to generate innovative outputs, and the internal organization and culture. Effective innovative organizations maintain a balance between inward looking and outward looking. Larger companies might have more difficulties in transferring the new knowledge to other parts of the organization. Innovation requires a close cooperation between different business functions, such as design, engineering, production, marketing, finance, and human resource management. In smaller companies, some of these business functions might be fulfilled by the same person, which makes it easier to communicate. However, larger companies have more power to enforce innovations, can organize Research & Development in effective processes that enable easy transfer of knowledge in the organization.

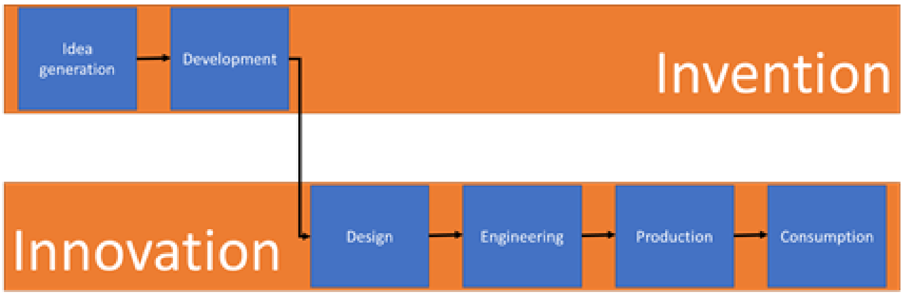
The theory of path dependence argues that choices and investments made in the past will have an impact on the future choices. Some paths taken by large companies in the past may be difficult to leave, as the investments and path are associated with the company. For examples, a company such as Shell is strongly associated with oil and gas, and is not known as a fore runner in the energy transition, although it already has invested huge amounts of money to make this transition. In their strategic choices, such large companies have to balance the exploitation of past investments with a forward strategy. Smaller companies may have less difficulties in switching to another path.

The debate what size of organization is most effective for innovations to emerge and develop has not yet come to an end. In former time, the size of the investments or complexity of the technology might have been the main reason for large companies to take the lead. Nowadays, smaller companies work in networks that are more flexible and can easily extend in directions that are required to further the innovation.

The Process of Innovation

Innovation can be described as a process. A process consists of a sequence of stages, steps, or activities that are followed to achieve a specific predefined goal. The process itself can be repeated or slightly changed in order to achieve a similar goal. The process can be managed by focusing on the steps (who, where, when, how) and on the higher level (communication between steps, planning, preparations, et cetera). Steps need not always to be finished before another step is allowed to start. Nevertheless, in many processes it is possible to determine the sequence between steps in a process and figure out what communication between steps is needed in order to run the process smoothly.

The process of innovation starts with the creative stage: idea generation, based on new insights on what can be done or should be done, and next developing this idea in a proposal that can be evaluated by others. We denote this as the invention phase, consisting of two steps, namely 1: idea generation and 2: development into proposal. In the next four steps, the invention is transferred into an innovation. We denote this as the innovation phase, where the focus is on making the invention accessible to users. The innovation phase consists of the steps 3: design; 4: engineering; 5: production; 6: consumption. It is possible to split up some of these steps in smaller steps (e.g., production = manufacturing + delivery), but the general process remains the same.



As shown in the figure above, process descriptions are provided using simple process schemes. A block identifies a step in the process, an arc the sequence. As mentioned before, the sequence does not necessarily mean that the preceding activity should be completed before the next activity can start (a so-called finish-to-start relationship). Other types of relationships (start-to-start, et cetera) can be expressed as well using the arc symbol. Moreover, the process map can contain information on necessary waiting times between steps, for example because of drying time. Waiting is indicated using a triangle. Learners are required to study the material under Content. As a lecturer, you are free to explain things further, but as this is an individual study activity, you are not required to do so. You may ask them some open questions beforehand in order to challenge their current knowledge before they start reading the material. Example questions are:

- Do you consider Shell a leading company in the energy transition? Why?
- Do you agree or not agree that real innovative companies innovate not just their products, but also their processes and services?

Ask your learners to study the material and next focus on the questions addressed to them in the section Learners activity. Learners need to deliver three short assignments. As a lecturer, you may provide them feedback on these assignments.

LEARNERS ACTIVITY

Study the material provided for this activity under Content. Examine a social innovation from your field of interest and answer the questions:

- *What social needs are met through this social innovation? Distinguish between social needs of*
    - *direct clients,*
    - *volunteers,*
    - *employees, and*
    - *other stakeholders.*
- *What social relationships are created through this social innovation?*
- *Are there new collaborations established through this social innovation?*
- *Describe the physical domain where the social innovation occurs.*
- *Describe the virtual activities that are part of this social innovation (if any).*

(Total length of first assignment: 20 minutes)

Second assignment: Watch the video on the different types of social innovation and identify examples of social innovations in each of the three categories.

(Total length of second assignment: 20 minutes)

Third assignment: Read the background material on the three theories (dominant design, absorptive capacity, path dependence) and summarize the main message of the theories. What assumptions are behind these theories?

(Total length of third assignment: 1 hour)

LINKS TO OBJECTIVE

3-5

ACTIVITY 1.3 JOINT WORK: ANALYSE A FAILURE

Intended Learning Outcomes

6. Analyse causes for failure of some interesting social innovations.

2 hours

LECTURER ACTIVITY

As a lecturer, you might have to assist in composing the teams, motivating your learners to identify failed innovations by developing a good search strategy, and analyzing the failure. Ask them to refer to the theory they studied in the previous activitity while analyzing the failure.

LEARNERS ACTIVITY

Learners have to cooperate in teams of two or more to identify and examine a failed innovation. This a joint activity for two or more learner. The assignment is to find and examine a failed social innovation. You may find failed innovations on the internet, although it might be difficult to get details that are relevant for your assignment. Books often publish small cases of failed innovations, but the main problem here is the lack of sufficient details. You might also find failed innovations by examining newspapers, contacting organizations that are willing to share in what projects they have been successful or not, et cetera.

The assignment is to identify and examine the failed innovation of your team. This can be accomplished by:

- Comparing the innovation with a successful one
    - … in terms of objectives;
    - … in terms of process steps;
    - ….in terms of engagement of stakeholders;
    - … in terms of market approach.
- Trying to find explanations from the theoretical background in the previous activity.
- Formulating a proposal on how to improve the social innovation.

LINKS TO OBJECTIVE

6

ACTIVITY 1.4 DESIGN: SUGGEST AN ORGANIZATION FOR AN INNOVATIVE CASE

Intended Learning Outcomes

7. Design a social organization that would be able to develop a specific social innovation (case)

2 hours

LECTURER ACTIVITY

This is a design activity. Assure that all design stages are completed.

LEARNER ACTIVITY

Imagine a social innovation that you would like to organize. Give a short description of the social innovation in terms of:

- Target group (who will benefit)
- Needs addressed
- Product, service and/or process that the innovation involves

Now the assignment is to design an organization that is able to offer this innovation to the market and develop this innovation further.

You have to propose

- an organization,
- a process design, and
- explain why you think that the combination of the choices that you made will be successful.

What areas do you consider most essential? In what areas would you consider an alternative for your suggestion if someone else would come up with such an alternative?

LINKS TO OBJECTIVE

7

ACTIVITY 1.5 TRAIN: SKILLS ON DRAWING A PROCESS MAP

Intended Learning Outcomes

8. Train skills needed for effective process design: draw a process map)

3 hours

Appendix Value Stream Mapping tool.

LECTURER ACTIVITY

Explain the concept of a Value Stream Mapping process. Explain the three map layers and introduce the symbols and its use in a map. Ask the students to draw a Value Stream Map of a simple process and check whether they understand the map layers and symbols. Ask them to explain their map. Move on to a larger process and ask the students to work in teams and investigate a process. Focus on the decisions:

- What is the main process flow? (process level)
- What to include and exclude in a map? (abstraction level)
- How detailed should activities be presented? (aggregation level)
- What boundaries should be considered? (boundary control)
- How is the process managed? (control level)
- What data is available for this process? (data level)

Before analysing the problems in the process, students should be able to explain why the current process design has emerged over time.

LEARNER ACTIVITY

Investigate the process needed for the social innovation that you suggested to organize in the previous activity. Use the appendix Value Stream Mapping Tool to develop a process map for this process. Give attention to all three layers, but focus on the first two layers: the process layer and the control layer.

LINKS TO OBJECTIVE

8

ACTIVITY 1.6 TEST

1– 2 hours

LEARNER ACTIVITY

Some multiple answer and multiple choice questions that cover the main topics of activity 1.

1. What is the main difference between innovation and invention?
   a. It starts with an innovation, next the process to deliver the innovation has to be invented.
   b. It starts with an invention, next the process to deliver has to be determined. The latter is denoted as innovation.
   c. Innovation consists of invention and process design.
   d. Invention consists of innovation and process design.
2. We distinguish between product, service, and process innovations. An example of a social product innovation is:
   a. A food truck that provides healthy food to customers.
   b. A drone that delivers food to people in flooded areas.
   c. A balance wheel chair that allows users to enter crowded areas and drive off road.
   d. A shorter process for refugees to get approval for a new home.
3. We distinguish between product, service, and process innovations. An example of a social process innovation is:
   a. A food truck that provides healthy food to customers.
   b. A drone that delivers food to people in flooded areas.
   c. A balance wheel chair that allows users to enter crowded areas and drive off road.
   d. A shorter process for refugees to get approval for a new home.
4. We distinguish between product, service, and process innovations. An example of a social service innovation is:
   a. A food truck that provides healthy food to customers.
   b. A drone that delivers food to people in flooded areas.
   c. A balance wheel chair that allows users to enter crowded areas and drive off road.
   d. A shorter process for refugees to get approval for a new home.

LESSON 02

Lesson Objectives:

1. Learn what staff planning is and the role of staff planning in a (social) organization.
2. Learn what a diverse workforce is and what consequences this has on daily operations.
3. Learn to deal with the problems in the field of staff planning (human resources) in social organizations.
4. Learn how information technology can help in staff planning and management of human resources

ACTIVITY 2.1 PREPARE

Intended Learning Outcomes:

9. Identify strengths, weaknesses, opportunities, and threats of human resource management in social organizations.

1 hour

Case on Bangladesh Rural Advancement Committee BRAC

LECTURER ACTIVITY

This topic is about the management of human resources in social organizations and the role that information systems have in this. In preparation for this topic, learners first need to read the following case on Bangladesh Rural Advancement Committee BRAC.

BRAC is a non-governmental social organization that aims to reduce poverty in underdeveloped countries. Poverty reduction is achieved through the provision of microcredit, primary education, primary health care, and disaster relief. BRAC was founded in 1972 in Bangladesh and has grown each year significantly. The non-profit organization currently employs about 100,000 people in 11 different countries. Traditional human resource management takes little or no account of the management of volunteers. BRAC relies heavily on volunteers in addition to paid employees. A significant proportion of the 100,000 people are, therefore, volunteers who are committed to the social goal of reducing poverty.

Maintaining 100,000 employees requires a strategic approach. Khatun and Hasan (2016) have researched BRAC's approach to employee management while trying to balance social and financial objectives. Some excerpts were taken from their paper for this purpose. The full paper is publicly available, and the website is given in the references.

Extract 1. Analysis of BRAC's HRM department, from Khatun and Hasan (2016, p.49-53)

BRAC's Human Resources Division is a strategic partner of BRAC for attaining its goal (hrd.brac.net). BRAC Human Resources Division tries to foster employees' morality and friendly working environment and practice in leadership culture and helps to create that environment. While conducting the interview, a manager acknowledges that he has motivation to work in BRAC because he has scope to play leadership role in his working place. For increasing employees' morality, BRAC Human Resources Division introduces an effective Human Resources Policies and Procedures, which ensure employees' morality and safety (Objective of Policy and Capacity Development Unit). But in some situations, it could be hard for Human Resources Division of Social Enterprises to ensure employees' motivation and improved morality due to the problem of managing membership and lack of balancing of social and financial goal (Roger et al., 2009, p.256-258). BRAC Human Resources Division is trying to develop employees' psychology through different trainings where employees can develop their self-awareness and leadership capability, which may help employees to be authentic leaders in some contexts. While conducting the interview with another manager, he asserts that he is used to stimulate his peers because he does not want to demoralize his peers. He realizes that giving employees' opportunity to be flourished employees positively that the actual leadership embeds in. He further adds that he always tries to figure out the potentiality of his peers and colleagues and try to retrieve the latent talent from them that might be happened by adopting the trait of authentic leadership.

BRAC Human Resources Division introduces employees' code of conduct (hrd.brac.net) dictating employees' attitudes and behaviours in such a way that helps for increasing level of productivity, which is also supported by Doherty et al. (2014, p.98). BRAC Human Resources Division is also a certain, relationship inside the organization by giving employees' opportunity to be groomed in many ways. The management of BRAC HRD is dedicated to assist their peers, colleagues and subordinates by providing guidelines which are supported in some ground by the feature of authentic leadership (Northouse, 2010, p.221-222). It can also be conferred that BRAC HRD has scope to patronize authentic leadership because manager mentions that as a leader, he always tries to minimize his peers and colleagues weak sides so that they can come out their points every time. He further adds that BRAC HRD practices in three or four different leadership styles that is synergistic leadership, authentic leadership, situational leadership and motivational theory of X-Y because BRAC is social enterprise so that BRAC HRD gives emphasis on talent recruitment and retention. It is a big challenge for them. Therefore, they try to ensure participative leadership style more widely especially for motivating their employees by which BRAC can grow faster. But ensuring employees' motivation is not so easy for most of the social enterprises because financial capability is important for ensuring employees' motivation. Borzaga and Solari (2001, p.340) mention that most of the social enterprises are facing financial crisis.

Practice of authentic leadership does not always demonstrate the straight direction to how BRAC HRD plays significant leadership role because this leadership is a complex process that always seek for the development of quality that helps leaders to create a trustworthy environment (Northouse, 2010, p.221). Besides, in this research, single case study has been chosen but single case study does not provide the compelling result as like as multiple case studies (Yin, 2013).

BRAC HRD is trying to create a good culture in the overall BRAC because BRAC is a cross-cultured organization. As well as BRAC's mission is to create women leadership that might allure to use the culture of synergistic leadership. The respondent opines that BRAC is cross-cultural diversified work places. There are significant number of people come from diverse groups. There is significant number of female employees work in BRAC whose percentage is 30%. So BRAC HRD is trying to some *diversity in workforce. In the recruitment and promotion process, BRAC HRD is trying to ensure diversity and justice. Through the whole process, BRAC HRD is trying to achieve BRAC's mission and vision.*

As BRAC is a social enterprise so that its primacy is to social aim like other social enterprises (Peattie and Morley, 2008, cited in Doherty et al., 2014, p. 26-27) that involves in improving the skills of local community by which society will measure positive impact. BRAC HRD is recruiting 30% female employees and trying to escalate them in the leading position (interview with manager: 17:14-18:57) that helps BRAC to achieve its mission and vision because especially the poor and women in the developing countries are deprived. In this situation, BRAC HRD recruits 30% female staff that aligns with BRAC's strategy by which BRAC empower women in the society and society gets positive impart from that activities. This large giant task is possible for BRAC HRD because it has sound logistic supports (hrd.brac.net) but there have been some social enterprises those are dependent on donor fund, they are facing trouble to equip their Human Resources Division/Department for aligning Human Resources Strategy with over all organization's strategy. The respondents asserts that the decision making process of BRAC and HRD is absolutely participating. There is no autocracy and every decision is very much participatory and the people who work in the bottom line can also participate in the decision making process even they can also participate in the strategic decision process. On the other hand, the development of knowledge and skills of employees is the priority of HRD. They are working in two types of skills development. One is soft skill and other is hard skill. So that people are given training on technical skill that is related to their working skill. On the other hand they are providing some value based training and some motivational training and counselling to the staff so that they can perform effectively which is aligned with BRAC value and culture as well. Employees' motivation is one of the prime objectives and challenges of BRAC HRD. Therefore, BRAC HRD has taken many effective initiatives that can be heard from the respondent's interview. They addresses that the most priority area of BRAC HRD is to maintain motivational level of BRAC's staff optimally so that employee can perform at their best. Therefore, BRAC HRD launches different programs to motivate employees such as HR management software, databases, transfer software. By this way, they have some impacts on employees' motivation. On the other hand, they have succession planning; they have some different benefits arrangement as well as compensation packages and other things, which are also competitive in the market. By these ways, they are trying to motivate people in the work place. Besides, BRAC HRD is also launching different type of skills development initiatives so that employees can enhance their skills in the organization, which helps their career progression as well. By this way, HRD can create an impact on employee motivation in BRAC. So that strategic initiative can be achieved. But in many cases, social enterprises are failed to motivate employees because of poor career progression and low paid salary (Hynes, B., 2009).

BRAC HRD also practices in employees' participation that matches a bit with the management of Y attitude and behaviour towards employees. BRAC HRD practices in three or four different leadership styles that are synergistic leadership, authentic leadership, situational leadership and motivational theory of X-Y because BRAC is a social enterprise so that BRAC HRD gives focusing on talent recruitment and retention. The manager thinks that this is a big challenge for them so that they try to practice participative leadership style more widely especially for motivating their employees by which BRAC can grow faster. He also adds that they are working with communities such as poor people, under privileged people so that they have very informal working environment. Additionally he mentions that creating future leader who will lead BRAC is important to them. The management of Y attitude and behaviour perhaps create believes a good working environment which may influence employees to work with motivation and increase their performance that is also supported by Peffer (2001, p. 248-59). He acknowledges that the employees' friendly working environment and flexible organizational structure and system sometimes can play a vital role for employees' outstanding performance.

BRAC HRD always tries to create a significant employees' relationship that can help BRAC HRD to retain and develop potential employees as well as volunteers' employees for achieving BRAC's over all objectives. Doherty et al. (2014, p. 105) asserts that friendly employees' relationship has significant impact on their retention in the organization, especially Social

Enterprises have to ensure the good employees' relationship inside the organization because they also rely on volunteers' employees. BRAC HRD is trying to recruit and retain employees by introducing training and development programs though many of the organizations in developing countries like Bangladesh failed to recruit in a smooth way due to political pressure and external environment (Tabassum, A., 2011, p.55-67).

BRAC HRD is recruiting the right people in the place in the right time for achieving BRAC's vision (hrd.brac.net). The respondents explain the recruitment process of BRAC HRD. They nicely explain that they have a very effective recruitment process and they try to ensure the biased free recruitment by which they can retain potential employees mostly. They further refer that they have specific procedures and guidelines for conducting recruitment. These procedures and code of conduct in some way ensure that BRAC HRD is solely responsible for fair recruitment. Sometimes BRAC HRD arranges written exam and in some situations, only conducts practical test. Most of the cases, BRAC HRD is going to arrange interview for selection process with transparency. The above mentioned task may be possible in the context of BRAC because it has brand image and financial solvency but there have been many social enterprises are facing the lack of brand image and financial insolvency that could be hard to ensure employees' motivation (Doherty et al., 2014). BRAC has HR programs such as recruitment, selection, training and development and retention that help over all BRAC to achieve its vision. Good HR practices help to align HR strategies with BRAC's strategy. Besides, HR processes help BRAC to avoid uneven situation and lead to BRAC a successful organization. In reality, especially for small organizations' Human Resources Division/Department that are not well equipped is hard to achieve Human Resources Division/ Department's success because HRD's success dependent on the fulfilment of HRD's needs by the organization (Ulrich, 1997).

Ask the learners to read the case Bangladesh Rural Advancement Committee BRAC. Help them to figure out that human resource management in social organizations such as BRAC is not simple. Maybe they recognize some of the problems BRAC has. If not, there is a good chance that they will have to deal with these kinds of issues in the future. The next activities in this topic go more in-depth into human resources in social organizations, focusing on how information technology can play a role in this.

LEARNER ACTIVITY

Read the text above. Think about the following questions and write down how Bangladesh Rural Advancement Committee BRAC deals with them. There is no standard answer, but potential solutions are given later. You may discuss the answers in the discussion forum.

1. What is seen within BRAC and social organizations as the most critical problem(s) in managing human resources?

Possible answers are:

- *The management of membership and the imbalance between social and financial objectives is seen as the main problem within BRAC (paragraph 1).*
- *"Borzaga and Solari (2001, p.340) mention that most of the social enterprises are facing financial crisis." (paragraph 2)*
- *"Employees' motivation is one of the prime objectives and challenges of BRAC HRD." (paragraph 6)*

2. The text identifies some ways in which BRAC improves the qualities and motivation of its employees. Name a few.

Possible answers are:

- *Providing training where employees can develop their self-awareness and leadership capabilities (paragraph 1)*

- *Having a code of conduct for employees that dictates the attitudes and behaviour of employees so that it contributes to increasing productivity (paragraph 2)*
- *Driving a participatory leadership style, which motivates employees and thus benefits growth (paragraph 2)*
- *Every decision is highly participatory, and the people working in the bottom line can also participate in the decision-making process. (paragraph 5)*
- *Deployment of HR management software, databases, transfer software. (paragraph 6)*
- *Offering competitive benefit plans and compensation packages. (paragraph 6)*

3. How does BRAC try to guarantee diversity? Do you have any advice for BRAC management to improve this?

Answers include:

- *"There is significant number of female employees work in BRAC whose percentage is 30%." (paragraph 4)*
- *"BRAC HRD is recruiting 30% female employees and trying to escalate them in the leading position (interview with manager: 17:14-18:57) that helps BRAC to achieve its mission and vision because especially the poor and women in the developing countries are deprived." (paragraph 5)*

4. The author of the text distinguishes between soft and hard skill development. What is the difference? You can also look this up on the Internet.

The answer should look like this:

- *Hard skill development involves training on the technical skill that is related to their working skill.*
- *Soft skill development involves value-based training and some motivational training and counselling to the staff to perform work effectively, which is aligned with BRAC values and culture.*

ACTIVITY 2.2 STUDY INDIVIDUALLY

Intended Learning Outcomes:

10. Learn what staff planning is and the role of staff planning in a (social) organization.
11. Learn what a diverse workforce is and what consequences this has on daily operations.

2 Hours

Booth, M., Shin, H., & Slavec, A. (2019). Human resource management challenges in a Slovenian social enterprise: a case study. International journal of human resource development practice, policy & research, 4(2), 65-81. Open Access available at https://repozitorij.uni-lj.si/IzpisGradiva.php?id=114829

Cotten, A. (2007). Seven steps of effective workforce planning. IBM Center for the Business of government. Available at

http://www.businessofgovernment.org/sites/default/files/CottenReport.pdf

Itika, J. (2011). Fundamentals of human resource management: emerging experiences from Africa. African Public Administration and Management Series. Open Access available at

https://openaccess.leidenuniv.nl/bitstream/handle/1887/22381/ASC-075287668-3030-01.pdf

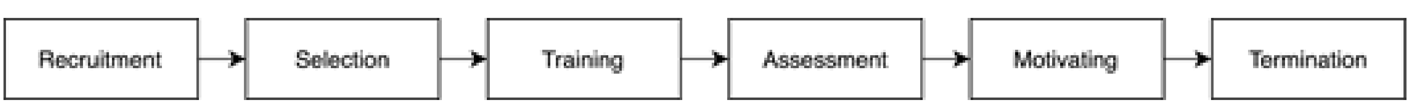
Khatun, F. (2016). Human Resource Management in Social Enterprises: A Study on BRAC. European Journal of Economics, Law and Politics, 3(2), 37-57. Open Access available at https://www.ceeol.com/search/article-detail?id=857066

LECTURER ACTIVITY

Human resource management

Human resource management (HRM) is the strategic ability of an organization to deploy and manage people in the right way with a long-term competitive advantage as a result. HRM covers all steps from the recruitment of staff and volunteers (employee on-boarding) to the workforce's eventual retirement. Figure 1 shows the steps between recruitment and termination.

Figure 1. Steps in HRM process



Recruitment

Recruitment is the recruitment of new personnel most efficiently and effectively possible. Within social organizations, volunteers play a very prominent role. Maintaining a diverse group of workers, consisting of paid and unpaid workers with different disciplines, requires a proper recruitment process. Preferably, a social organization wants to hire as many volunteers as possible, as it is inexpensive. On the other hand, it is often desirable to offer some people a paid job because these workers often have a fixed timetable, and they are legally bound to an organization. Moreover, the recruitment of volunteers is often different from the hiring of paid staff. It is desirable to plan in advance how many man-hours will be needed and which type of job is most suitable. This can be done via a job description form. A template of a job description form is given in Table 1 (Itika, 2011).

In practice, the recruitment process does not differ substantially from manufacturing and the private and public sectors. The addition is how best to recruit volunteers. However, several differences in recruitment have been recognized (Booth, 2019). One difference in social organizations is that the motivation to participate in the organization differs from for-profit organizations. In social organizations, workers often look for intrinsic motivation to participate in the social goal. Moreover, workers in social organizations want to participate in the decision-making process. These workers also expect an attractive salary, while it is often difficult to compete with wages and growth opportunities within the private sector.

Table 1. Job description form template (adapted from Itika, 2011)

Job title *Title of the job.*
Location *Location where the person is necessary.*
Reporting to *Title of the overseeing staff person.*
Training and supervision *The degree of training sessions, which frequency, and who supervises these sessions. Also, mention the degree of evaluation.*
Job purpose *Explain why the work is necessary.*
Main tasks and responsibilities *List the main tasks and responsibilities the worker has.*
Time commitment *The time commitment per week, also note which days if necessary.*
Benefits *Benefits may include a salary, but in case of volunteering, benefits can also include knowledge and experience gain.*

There are various methods of recruiting workers. Some options are word of mouth, direct contact to people, use of mass media (e.g., television, radio, newspaper, online), recruitment through schools, community centres, or career fairs, use of mailing lists, and more.

Selection

Selection includes selecting the most suitable person for the job in question. This phase usually starts with conducting interviews. Itika (2011) identifies three types of interviews that are possible:

- *Individual interviews* are one-on-one interviews.
- *Interviewing panels* means that several people interview one person. Usually, different people from different departments are involved in these panels.
- *Selection boards* are more formal than interviewing panels, where an overarching supervisor supervises the selection process.

Alternatives for interviews are ability tests, intelligence tests, and personality tests.

Training

Training is a way to improve a person's skills and thereby increase performance (in terms of quality, speed, or efficiency, or allow a person to learn new skills). In social organizations, it is mainly about soft-skill building, hard-skill training, and work experience. Soft-skill building involves training to personal and intellectual skills, e.g., improve attitude and reduce absenteeism. Hard-skill training involves improving the cognitive and technical skills of the workforce. Work experience means allowing workers to gain the experience and qualifications necessary in the labour market.

Assessment

Assessment means that the worker is periodically checked for performance, with concrete points for improvement also being agreed upon. The first step is to formulate the learning outcomes, i.e., what should the workforce be able to do (over time)? The second step is to devise and elaborate the assessment criteria: the standards that must be met. The elaboration of assessment criteria includes the determination of performance measures. Performance measures involves devising, collecting and analysing the correct information. Frequently used performance measures are output (the amount of production per person, machine or system) and efficiency (output divided by input).

Motivating

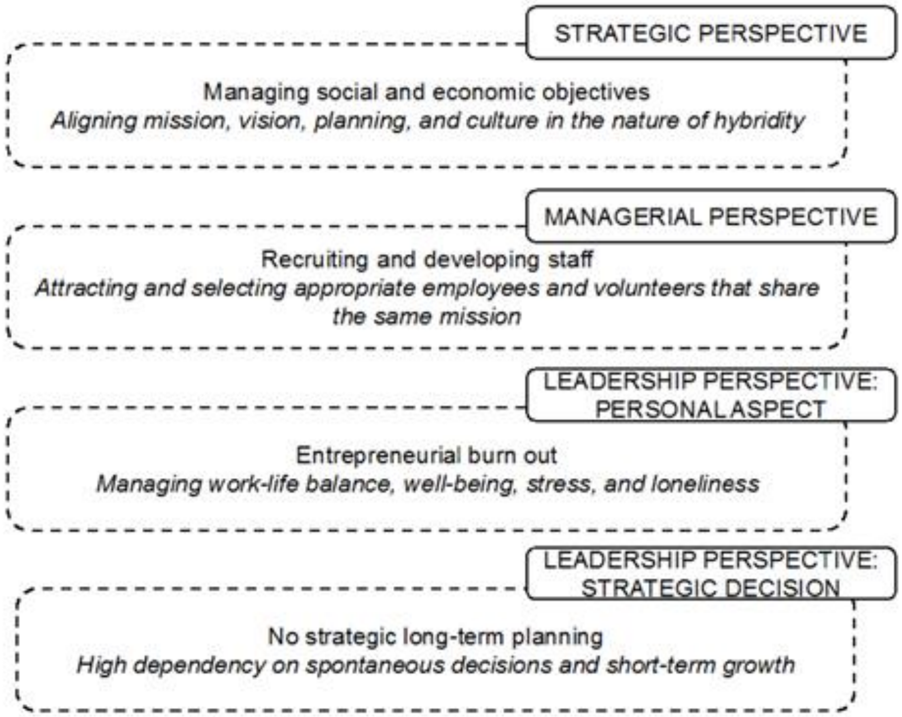
Motivating is the process of improving the feeling based on which a person acts or behaves in relation to a certain task or activity. Motivating of a person involves the following options:

- Offering promotions, incentives and benefits for good behaviour.
- Offering challenging tasks that require more skills (i.e., job enrichment).
- Giving compliments (as a supervisor or direct colleague) if the employee does his or her job well.
- Offering job security, for example, by giving more authority to the worker.
- Taking the colleague or the team on an outing.

Four major challenges of HRM in social enterprises

Figure 2 shows the four HRM challenges in social enterprises found by Booth et al. (2019). These are divided into a strategic perspective, managerial perspective, personal leadership perspective, and strategic leadership perspective.

Figure 2. Four HRM challenges of social enterprises (Booth et al., 2019)



Staff planning

Staff or workforce planning includes all necessary activities to align an organization's human resources with its business plan to meet its mission. Staff planning looks at when and how much human resources are needed for the required tasks. In social organizations, it is recognized that these organizations use a diverse group of workers, i.e., a mixture of paid jobs, volunteer jobs, flex workers, and people with a distance to the labour market. Within the workforce, there are different competencies and different backgrounds in education, knowledge, and culture.

The formal definition of staff planning is having the right people with the right skills in the right job doing the right tasks efficiently and effectively.

Long-term staff planning

Long-term staff planning means that an organization looks at the organization's goals and the current workforce and assesses whether it is adequate in the long term. Table 2 shows the seven steps of long-term staff planning, based on Cotten (2007). In the long term, understaffing leads to an increase in the workload and stress experienced by the workforce. Overtime can be more expensive than regular working hours. At the same time, overtime can lead to more boredom and little incentive for the workforce. Overstaffing can also mean additional unnecessary costs. Both understaffing and overstaffing are undesirable for an organization and, should therefore, be avoided. Effective long-term staff planning must ensure that the long-term goals and the existing pool of human resources align with each other.

There are different strategies for long-term staff planning:

- A reactive strategy means that the organization adapts the worker resource pool as soon as certain phenomena occur. An example is the accumulation of overdue work, which can mean that there is not enough staff for the outstanding tasks. Another example is the increase in perceived stress in the workforce.
- A proactive strategy means that the organization regularly reflects on the current situation and makes a forecast for the coming period. It means that benchmarks are set that are periodically reviewed. Benchmarks are, for example, productivity per worker, profitability per worker, or overtime per worker. Benchmarks can then be used to recognize an improvement or deterioration of the situation before it escalates.

Table 2. Seven steps in long-term staff planning (adapted from Cotten, 2007)

Step	Goal	Method
1	Define the strategic direction of the organization	- Development of long-term strategic plan of the organization. - Defining the mission, vision, goals, and objectives. - Align human resources to the plan.
2	Scan the internal and external environment	- Identify internal issues such as technological and social issues. - Identify external issues, such as macro-political and macro-economic trends and how these may harm the organization.
3	Model the current workforce	- Identify all workers and their role. What is their contract? - Identify all volunteers. What are their demands?
4	Assess workforce needs in the future	- Are workers of volunteers intending to leave soon? Should they be replaced? - Is the organization growing? How to effectively adapt to the changed circumstances?
5	Identify gaps and develop gap-closing strategies	- Determine the workforce supply and demand. - Look at metrics such as the average time a worker is inside the organization. Can these be improved? - Look at reasons why workers join and/or leave the organization. Are people satisfied?
6	Implement the developed strategies	- Determine solutions for the identified gaps. - Test the solutions in the organization.
7	Evaluate the effectiveness of the strategies	- Have periodic meetings to discuss the progression. - Adjust policy where and if necessary.

Short-term staff planning

Short-term staff planning includes the immediate needs of staff, i.e., on a daily basis. For a good short-term staff planning it is essential to know

(1) who is present per day and for which shift, if any,

(2) which qualities the present workers have, preferably with corresponding labour productivity,

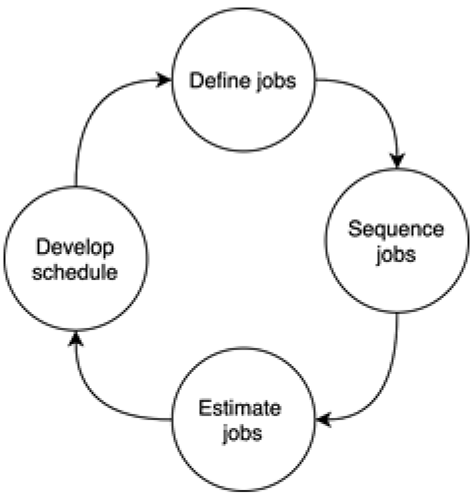
(3) which tasks are required on a day, often based on open orders,

(4) which qualities are required for the tasks.

Scheduling is a periodically recurring task that forms part of short-term staff planning. Scheduling forms four global steps that are periodically recurring. Figure 3 shows the steps schematically.

- *Define jobs.* A job is a specific task or a piece of work that needs to be done. A specific order provides tasks. Tasks must then be converted into jobs that are picked up by workers.
- *Sequence jobs.* A process often contains several consecutive steps. Multiple jobs must, therefore, be performed in sequence and in exactly the correct order. Look specifically whether steps are mandatory or not and what the best flow is. Use a process map (sequence diagram) to visualize the process.
- *Estimate jobs.* (1) Estimate what resources are required for the job. Resources are people, materials, and machines. (2) Estimate how much time is required for the job. (3) Consider a buffer time if desired.
- *Develop schedule.* Determine who is most suitable for which job based on the availability of the workforce. Periodically evaluate the status of a project. If necessary, make changes to the requirements package or to who is most suitable for which job.

Figure 3. Steps in scheduling



Information technology

The entrance of information technology systems has led to a digital transformation in organizations. The digital transformation means that complete business models have been adapted and created to maximize digital systems' value. Two requirements apply for this. First, the organization must have access to digital assets, i.e., assets that enable the storage of data and information provision. For this, there should be access to the proper hardware and software. Besides, the organization must possess digital agility, i.e., the ability to take advantage of opportunities that have arisen partly or fully thanks to digital technologies. However, both conditions must be met, and IT should be applied correctly in order to obtain a competitive advantage.

IT to manage human resources

Labour is mainly organised in human resource information systems (HRIS). In this type of system, all staff members' data can be kept, including salary processing and task authorizations. HRIS challenges constitute the key competitive advantages of organizations. Social organizations mobilize both paid and unpaid workers, which is a challenge for managers in managing this diverse group of workers. The problem lies mainly in maintaining the workforce, while social and economic goals must also be met.

In recent decades, information systems have become affordable and available to all types of organizations. Regardless of the organization's size, these systems can provide support in managing information and providing analytical tools to provide decision support. The advantages of HRIS are an increase in efficiency and effectiveness.

IT for scheduling

In social organizations, there is a high degree of uncertainty in scheduling. Workers have different levels of availability, often lack soft skills, and have different productivity levels. In high uncertainty environments, the best approach is to use a flexible approach in scheduling. Human schedulers strongly influence the planning process in organizations. In uncertain environments, it is complicated to model the scheduler's full human capabilities in complete scheduling systems. The use of a solution to replace human schedulers entirely by computers is not desirable within social organizations. Computers should support decision-makers, with the user having full control of the system. Therefore, information systems are a good addition to workforce scheduling, where it is particularly important within social organisations that the human scheduler remains ultimately responsible for the final planning.

This is an individual study activity, but lecturers may help learners to study the material, have it explain to fellow learners, or ask questions to figure out if the learners have understood the main points of the text.

LEARNER ACTIVITY

This is an individual study activity, so learners are expected to study the materials provided in the content section individually. They may ask the lecturer to explain some parts further or start a discussion with fellow learners on the various theoretical contributions.

ACTIVITY 2.3 JOINT WORK

Intended Learning Outcomes:

12. Learn to deal with the problems in the field of staff planning (human resources) in social organizations.

1 hour

spreadsheet software such as Excel or notebook

LECTURER ACTIVITY

This activity requires small groups of 2 or more learners. Assure that the learners have all completed the previous two activities before they start with this activity.

LEARNER ACTIVITY

As a practical assignment within this module, you will first design a skills matrix with a colleague or fellow student. In the follow-up assignment, you will specifically look at how you can improve workers' skills and what you need for that. A skills matrix is a visualization tool that indicates which skills and competencies are present in an organization, and what the skills and competencies are of all individuals in the organization, group, or team. The matrix is a relatively simple way to gain insight into the capabilities of the organization. It also offers the possibility to link the right people to the right jobs. This method is suitable for organizations with a small number of workers or organizations that are larger, but work in small independent teams. If the organization is growing strongly, it is desirable to switch to a more mechanized system that supports decision making, such as a staff planning decision support system such as discussed in the previous activity (HRIS). This type of system may use mathematical models to provide one or more optimal schedules. For this assignment, it is important that you have insight into the activities of a team of up to 20 people within your own organization or an organization you can look at. You can classify the skills of a worker using a ranking system. This system is shown in Table 3.

You can carry out this assignment in a spreadsheet software such as Excel, but a notebook will do as well.

Table 3. Ranking system

Score	Skill level	Description and triggers
5	Expert	Fully experienced for the task May be needed by other departments Can demonstrate the skills to others, enhancing organizational learning No assistance needed
4	Proficient	Capable and experienced Can demonstrate the skill with ease Requires little help for the task

3	Demonstrating	Ability to perform the task sufficiently without much help Requires supervision from time-to-time
2	Basic	Limited capability and experience Cannot perform critical tasks Demands help and supervision from more experienced workers
1	None/low	Unable to perform the task Little to no experience

Template:

	Skill 1	**Skill 2**	**Skill 3**	**Skill 4**	**Average**
Worker 1					
Worker 2					
Worker 3					
Worker 4					
Worker 5					

Step-by-step plan:

Choose a specific team and determine all the skills needed. Place them on the horizontal axis.

Inventory all workers in the team, place them on the vertical axis.

Determine per skill what the ranking is from 1 to 5. If necessary, add colours to make it visually clear.

Determine the average score by adding the numbers in each row and dividing by the number of skills.

It is important to identify the current capabilities of the organization periodically. The skills matrix is a simple way to visualize this. By regularly looking at the progress, you can actively set goals for each individual. You can also expand the skills matrix by, for example, specifically measuring labour productivity, but the skills matrix can also be expanded with willingness-to-learn and learning potential.

ACTIVITY 2.4 DESIGN

Intended Learning Outcomes:

13. Learn how information technology can help in staff planning and management of human resources.

1 hour

LECTURER ACTIVITY

This design activity requires small groups of 2 or more learners. Assure that the learners have all completed the previous three activities before they start with this activity.

LEARNER ACTIVITY

Based on the skills matrix from the previous section, it is good to see how we can improve the workers with a low ranking for a skill. Through this assignment, you will build an action plan to improve the skills of the workers. If all goes well, you will have formulated the skills fairly accurately. If that's not the case, it's possible that you'll have to make the skill description a bit more precise during this assignment. Apply that within your skills matrix as well. The intention is that you indicate for each skill what the skill description is, what the goal is, how you can make this measurable, and how you want to achieve this. For this purpose, you will develop a table. The table looks like this:

Skill	**Description**	**Measure**	**Target**	**Achieve**
What is the skill precisely?	A short description of the skill.	How do you measure this?	What are you trying to achieve? What is the aim?	How can you improve (or increase or decrease) the measurable?
Example in manufacturing:				
Mounting beams with screws	Ability to mount the boards to the beams with special decking screws in a straight way.	Counting the number of mounted beams	5 per hour	Training and mastering
Example in service industry:				

Handling social media reviews	Ability to respond quickly to both positive and negative customer reviews, finding a good solution for the negative reviews.	Recording the amount of handled reviews, putting them in an Excel-sheet	5 per hour	Training, making default texts that can be used for multiple instances

Creating a table can be difficult and time-consuming. Feel free to take your time and adjust your expectations. You will often have to investigate how something is effectively measurable and what a good target is. The more you do it and do more research you do into the work, the easier it becomes.

To determine a good measure, you can draw up a SMART target. SMART means specific, measurable, achievable, relevant, and timely. Specific means that your goal is very clearly formulated. What do you want to achieve, why is this important, and who is involved? Measurable means making the goal easily measurable, for example, by measuring the output per person. Achievable means that the goal must be realistic. Start small and continuously improve the process. Relevant means that the measuring instrument must be part of the final objective. Moreover, it must be worthwhile. Timely means that you can set a deadline, so it can be achieved within a certain period.

As a group, you determine a table. Next, you will share the table with the team members for whom you have developed the skills matrix. Next define concrete action points for the team. The team may still have feedback on the table, but it is important that each worker agrees with the targets and considers them achievable. This also creates motivation among the workers.

ACTIVITY 2.5 TRAIN

Intended Learning Outcomes: 14. Train your skills in staff planning using information technology.	30 minutes

LECTURER ACTIVITY

As a trainer, you have to support your learners in selecting an appropriate training challenge, given their personal learning objectives, roles they have, and previous trainings. The training occurs in their work setting, so this is a real life training session to experiment and learn from the proposed activity. Ask the learner to reflect on the work experience they gained while preparing and executing the training activity. It might be helpful if they report on their learning to fellow learners in a joint meeting afterwards.

LEARNER ACTIVITY

In this section, you will train your acquired knowledge and experience. It is advisable to complete one or more of the options below.

Apply your knowledge to other supervisors

You may pass on your knowledge of staff planning and the skills matrix to other people in the organization, for example, to other supervisors. By explaining how you can make something like this effective, you will remember it faster and become more proficient in this skill. One option is to make a presentation or have these people complete this course as well.

Apply the skills matrix to other teams

A different option is to apply the skills matrix to other teams in your organization. In this way, you will also learn the specific skills that belong to different functions. Take the time to make yourself agile. If necessary, ask the other team's supervisor to guide you in this or consult the discussion forum.

Periodically evaluate the existing skills matrices

The last option is to periodically evaluate the developed skills matrix and adapt it where necessary. This is the quickest way to determine whether the workers are making the necessary progress and whether the goals are actually achievable. You determine the ideal frequency yourself, based on the goals you have set.

ACTIVITY 2.6 TEST

30 minutes

LECTURER ACTIVITY

Offer learners the following test in order to have them check whether they understood the main ideas on staff planning in social organizations. The correct answers are underlined.

LEARNER ACTIVITY

Some multiple answer and multiple-choice questions that cover the main topics of Lesson 2. This last section contains five theoretical questions on this subject. You can see this as a final test to see if you have mastered the theory.

1. **What is staff planning?**
   a. Recruiting staff in an effective manner.
   b. All necessary activities to align an organization's human resources with its business plan to meet its mission.
   c. How to best deal with overstaffing and understaffing as an organization, without changing the number of workers.

2. **What are SMART targets?**
   a. Specific, measurable, achievable, relevant, and timely.
   b. Superfluous, mainstream, adverse, right, and timely.
   c. Scrupulous, measurable, antagonistic, remote, and timely.

3. **Why is IT in scheduling beneficial for social organizations?**
   a. Because IT is always beneficial, for any type of organization.
   b. Because there is a high degree of uncertainty in scheduling.
   c. Scheduling requires IT in order to be appropriate.

4. **What is not a step in long-term staff planning?**
    a. Scan the internal and external environment.
    b. Identify gaps and develop gap-closing strategies.
    c. <u>Train the workforce to close the gaps.</u>

5. **What statement about training is NOT true?**
    a. <u>Training is always a good strategy, for every organization, even if the workers are already extremely agile in their skill set.</u>
    b. Training is a way to improve a person's skills and thereby increase performance or to allow a person to learn new skills.
    c. In social organizations, it is mainly about soft-skill building, hard-skill training, and work experience.

LESSON 03

Lesson Objectives:

1. Understand the logistical challenges for social entrepreneurs.
2. Understand typical personnel management issues for managing social innovations.
3. Understand financial management aspects of social entrepreneurship.

ACTIVITY 3.1 PREPARE

Intended Learning Outcomes:

15. Identify possible business challenges for social entrepreneurs.

1 hour

LECTURER ACTIVITY

This topic will cover aspects of handling materials by social innovation organisations. Also, some aspects of the role of the workforce in handling material of social organisations will be discussed. First of all, you will learn more about the flow of materials themselves, the role of the workforce in material flow, and gain insights in difficulties in handling materials. At the end you will be able to frame this information onto your own role as manager and identify your challenges in handling materials. Possibly, methods discussed in this topic will help you to overcome these challenges in the future.

Before you start reading more about material handling it is important to understand why material handling is needed in some organisations. To get you more involved in the topic could you think of three reasons why materials are important to an (social) organisation? For inspiration you can check out the following video:

https://www.youtube.com/watch?v=pm3VhrMOS9M&ab_channel=HumanitarianCapacityBuilding .You may also discuss the answers in the discussion board.

Lecturers might expect answers such as:

In order to produce end-products

Without goods some organisation cannot operate

Service-oriented organisations may need materials for side operations such as paper for printing.

Many reasons can be mentioned as to why materials are important to an organisation but the most apparent one may be that organisations cannot operate without them. Also, many social innovation organisations cannot operate without the help of volunteers in their workforce. It is this unique combination of volunteers and the handling of materials that differentiates social innovation organisations from other organisations that handle materials in their processes. This situation can create additional challenges that regular organisations do not encounter. An example can be that volunteers are less likely to perform a task that they do not like compared to a regular paid labourer. This could be countered with a manager making clear to a volunteer that volunteering is not without obligation.

Another issue that can be raised is highly relevant in the light of sustainability and the need for social organisations to be more sustainable. Especially in handling materials waste is inevitable. This might require a change in our mindset regarding waste management. Therefore, it is proposed to watch the following video: https://youtu.be/zCRKvDyyHmI. Thinking about your own handling of materials in your organisation, what are wastes that you create? And how could you prevent or re-use these?

Answers you might expect: E.g. packing materials from items received that can be used to ship other items. Using plastic cups for coffee which can be replaced by reusable mugs.

Sometimes it proves to be difficult to reduce waste as an individual organisation and you would require help from other organisations that supply you goods or that you supply goods to. Such as reducing the use of packing materials could only be achieved if your supplier actually implements such a change. This shows that the challenges in the handling of materials can extend beyond your organisation and internal operations. Therefore, you will learn more about the challenges in material handling and how other social organisations cope with these challenges.

Ask the learners to prepare for this lesson by reading the material in Content and discuss it with fellow learners in an online or offline session.

LEARNER ACTIVITY

Prepare for this lesson by reading the material in Content and discuss it in our forum / class meeting.

ACTIVITY 3.2 STUDY INDIVIDUALLY

Intended Learning Outcomes:

16. Understand the logistical challenges for social entrepreneurs
17. Understand typical personnel management issues for managing social innovations.
18. Understand financial management aspects of social entrepreneurship.

2 hours

LECTURER ACTIVITY

Materials are important to any organisation. Even to organisations that supply only services have a certain dependency on materials at some point. Albeit less obvious, a lack of office supplies may lead to less efficiency in providing services. Of course, organisations that handle materials to create products and value are more vulnerable to disruptions in the flow of materials. However, some concepts discussed in this section are also applicable to the service industry.

To stock or not to stock?

If you carry stock of all the important parts and materials you need and have enough in stock to keep producing when disruptions in your supply appear, you would think that you will face no problems at all. However, there are downsides to carrying a lot of stock. First of all, to acquire stock you need to make costs buying the stock. The more you have in stock, the more money is tied up in it. Second of all, changes to a product can render your current stock obsolete. Additionally, you need to have space to store all that stock, which further increases the financial investment. Furthermore, a certain product may lose value over time, meaning you overpaid for the material that you need today having bought in the past. Therefore, the question that often arises is whether you are going to stock a product or material and how much you are going to need. The answer to that question is not as straightforward as you might think. This is dependent on many factors, some of which are going to be discussed here such as:

- Product characteristics & Dependency
- Waiting times
- Suppliers

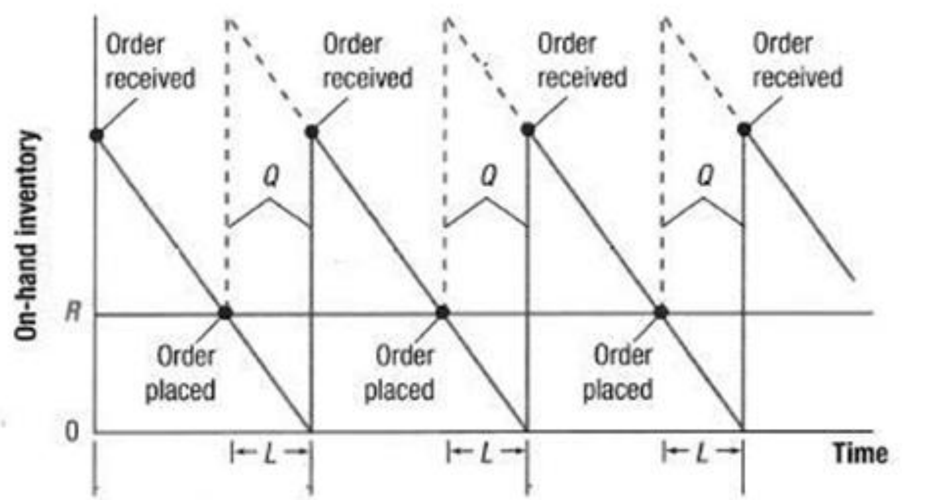
Product characteristics & Dependency

If you use a very special part in your production process that only you use and gets manufactured by only one supplier in the world it would make more sense to keep a certain level of stock of this product compared to a commodity product you could buy at every hardware store. The dependency on a very specialised part is often higher than the dependency on a commodity part. Granted, if one of both parts is missing production of final goods might not continue. However, a replacement part is likely to be quicker for the commodity part than the specialised part.

The basic rule that follows from this proposition is that the more unique a part or material is, the more inventory you need of this part or material. This rule holds for most scenarios, but can be subject to exceptions such as a good supplier relationship or costs of the part. Specifically the costs can make it undesirable to keep (a lot of) inventory of a certain product. If the costs of purchasing and/or holding are high then there is a lot of capital tied up in the inventory. Meaning that this money cannot be spent elsewhere. This is a tradeoff that has to be made between keeping inventory but money is tied up and possibly running out of a part but less money is tied up in inventory.

Waiting times

Waiting times, or lead times, can also have influence on the inventory decision. In this case we do not refer to waiting times in your own processes, but we refer to the time between ordering a part or material and receiving it. In the perfect world the lead time of a part is zero. After ordering a single part you would directly receive it. In this case you would not have any inventory at all. However, in the real world a lead time is unavoidable.



In the chart the lead time is represented by the “L” in the bottom. The chart represents the inventory level of a single part. The line “R” is your reorder point. As you can see your inventory is empty at the end of your lead time. But, a new batch of a part is ordered at the reorder point (beginning of the lead time period). Therefore, the inventory level does not go below zero. The longer the lead time “L” is, the higher your inventory should be. Otherwise you have the chance that you run out of a certain part.

Suppliers

Influences from suppliers become apparent from the moment material is sourced from outside of your own organisation. Different suppliers may charge different prices for products, have different quality, and/or different lead times. The choice of suppliers can be complex, but ties in with the decision to keep inventory or not. Aspects of relationships with suppliers can influence this decision. The better the relationship and agreements made with the supplier the less the need is for additional inventory if the lead time allows it.

Another option with suppliers is to select multiple suppliers for a single part or material. In this way the risk of running out of a part or material is lower as you would be able to order more from one of the suppliers you already have a contract with if a supplier falls away. However, this is only possible if the material or part is available from multiple suppliers. If this is not the case it is very important to maintain a good relationship with your supplier.

Sustainable supply chains and the circular economy

Shifting our attention more towards social innovation results in a field that is of particular interest to this sector. For the last decade the concept of sustainability is much discussed in organisation worldwide. When diving deeper into sustainability one will come across the term circular economy. Circular economy revolves around making the entire production and distribution chain more sustainable, by reducing waste of raw materials, reusing products and components as much as possible, and recycling used products to regain raw materials as much as possible. However, the circular economy does not only focus on a sustainable physical supply chain, as it also includes the treatment of humans (employees, suppliers, clients) and energy sources that are needed.

Many social organizations define their service in parts of the circular economy where value can be added in processes that may involve people with a distance to society. In order to be able to reuse materials in very efficient production processes within industry, materials that are suitable for reuse or recycling need to be sorted, checked, graded and packaged in such a way that the flow of materials that are sourced from reuse can compete with regular raw material flows. For example, thrift shops collect and check used clothing and resell it to a specific target group of clients, e.g., people without employment that cannot afford to buy new clothes. This case of thrift shops will be explored in one of the next lesson activities in this module.

The material provided above gives learners some useful tools to study material flow aspects f social organizations. It is an individual study activity, but you may have to ask the learners to share their progress, questions, and findings in order to have them study more effectively and help each other to learn more on the topic.

LEARNER ACTIVITY

Study the material on material flow and try to understand the basic concepts in the context of social organizations. Involve fellow students or a lecturer in order to get a better understanding of concepts that you think are difficult to grasp.

ACTIVITY 3.3 JOINT WORK

Intended Learning Outcomes:

19. Identify coping mechanisms that a social entrepreneur may use to mitigate managerial business challenges.

1 hour

LECTURER ACTIVITY

This is a joint study activity that can take the form of a role play (two students interview each other), or of a reallife activity (where one student provides feedback on the interview by other students that watched the interview). In both cases, the lecturer should assure that small groups of students work together on this joint activity.

LEARNER ACTIVITY

During the joint work exercise, you are going to conduct an interview with a co-worker, fellow student, or manager, preferably from a different social innovation organisation than your own. The goal is to find out what a challenge is in material handling of the interviewee. Try to find out what he or she struggles with the most relating to the handling of material. Also, try to find out what the interviewee has done in order to cope with the challenge. In the interview, it is important that you do not directly ask for answers regarding your goals. It is better to introduce the topic of handling materials and material flow first. This allows the interviewee to give answers to your questions within the framework. Furthermore, it will give you a higher chance that the responses to your questions relate to material management instead of general challenges the interviewee is dealing with. For example you can start with an example from your own experience and ask if the interviewee is recognising him- or herself in the situation. If not, you could ask if the interviewee is familiar with certain aspects of handling materials that you learned in the previous section. Do not be afraid to continue to ask questions if the interviewee is not clear with an answer or explanation. Also the initial challenge given by the interviewee might be the result of a deeper or larger challenge that he or she is facing. So, do not forget to try and find out why certain situations are challenging.

In order to structure your interview it is advisable to set up an interview protocol. In this protocol you write down your goals that you want to achieve in the interview, structured chronologically. However, the responses of your interviewee are not known to you. So, you have to allow for a degree of flexibility in your interview. Therefore, it is advisable to not write down your questions in full. Instead, write down your key questions/goals and leave space for follow-up questions based on answers given. Examples are given below.

1. *Do you have a mismatch between supply and demand in your organisation?*
a. *Why do you think there is/isn’t a mismatch?*

In the follow-up question “”1.a” you can see that you can adjust your wording during the interview based on the response given by the interviewee to question “1”.

1. *How long does it take for an item to be processed at your organisation?*
    a. *What do these processes entail?*
2. *Are there things in your process that you think you can improve upon?*
    a. *Focus on how this could be achieved, or why it currently cannot be achieved.*

In questions “2” and “2.a” the focus is on the process of an organisation. This serves as an introduction to the topic, similar to what you are going to do with the challenges regarding material handling. Furthermore, it serves as an help for you as an interviewer to better understand the answer that will be given to question “3”.

Question “3.a” is a good example of a follow-up question that is not yet formulated. As you want to explore the improvement opportunities in a process, or challenges in a process, but you do not yet know the exact answer of your interviewee. Now you can tailor your question to the answer given without losing the focus on what you actually want an answer to.

Now it is time to set-up an interview protocol and conduct an interview. Make sure you first introduce the topic you are going to ask questions about with an initial question. Finally, do not forget to ask follow-up questions to fully understand what your interviewee is saying.

ACTIVITY 3.4 DESIGN

Intended Learning Outcomes:

1 hour

20. Design a coping mechanism for a case of a social entrepreneur in the field of thrift shops.

LECTURER ACTIVITY

This is a design activity. Best to keep the same team composition as in the previous activity. Challenge the groups to select one interview/case on a thrift shop at a time and start the follow-up analysis. If they still have time, they may continue with the next case.

LEARNER ACTIVITY

After you have conducted the interview it is now time to continue the exercise in finding challenges that relate to material handling. In this part you will try and find one challenge you can improve upon yourself. The key is to start with small challenges. Big changes can be disruptive for you and the workers in the process whereas small changes are easier to implement. So, to start off you have to indicate a small challenge that you want to tackle in this assignment. To help you get along we provide you with two possible directions to identify these challenges:

- **Bottlenecks:** These are points of congestion in a system, process or operation. They can occur if materials arrive too quickly for a process to handle. A possible solution can be to increase the capacity of the bottleneck process or to fully optimise the bottleneck in order to achieve the maximum throughput.
- **Wastes:** Throwing material away can be considered a waste, which can possibly be solved by re-using the material elsewhere. Furthermore, time that a machine or person is waiting could also be considered a waste, as nothing productive is happening at that point. This could possibly be solved by combining tasks for a single person or try to use a machine for multiple activities.

When you have indicated a challenge you want to tackle you now have to make an improvement plan. In this plan you will highlight:

- What the challenge is and why you want to tackle it.
- Why this challenge occurs.
- How you think you can tackle this issue at hand.
- What you would need in order to tackle the issue.

In the next section you will try and execute the improvement plan that you just made in this part of the module. Additionally, the concept of continuous improvement can be applied to your improvement plan. For now, this is beyond the scope of this module, but it is good practice to be familiar with the concept of continuous improvement.

With continuous improvement you adjust your plan in such a way that you end up in a cycle of improvement as depicted above. It shows that you first have to be aware of your surroundings and what is happening in your workplace. Secondly, you identify your challenges and make plans to improve upon those. Then you implement these plans with incremental steps. Finally, after the plan is successfully implemented you start looking at your workspace again to look for your next challenge. If the problem is not solved successfully, the cycle starts over nevertheless. This time you might want to look in another direction for a solution, or try to solve a smaller problem first.

Remember the small changes we talked about earlier? The power of the continuous improvement cycle is that you repeatedly improve upon smaller problems you face. In the end it can be more valuable to solve many smaller problems successfully than to fail solving your biggest challenge at hand. Also continuous improvement promotes that you look for situations you can improve upon instead of looking for situations that are going wrong. This positive approach is perceived to be beneficial to improve your performance.

Plan: Recognize an opportunity and plan a change.

Do: Test the change on a small scale

Check: Review the test, analyse the results, and identify what you have learned.

Act: Take action based on what you learned in the previous step: If the change did not work, go through the cycle again with a different plan. If you were successful, incorporate what you learned from the test into wider changes. Use what you learned to plan new improvements, beginning the cycle again.

ACTIVITY 3.5 TRAIN

Intended Learning Outcomes:

21. Train your improvement skills.

30 minutes

LECTURER ACTIVITY

Challenge the same groups as in previous activities to develop a plan further towards implementation. This is a training activity where students learn after planning and doing, by reflecting and taking or suggesting appropriate measures. Lecturers should help them to focus on these latter outcomes.

STUDENT ACTIVITY

You as group are going to implement one of the improvement plans you made earlier. The advice was to tackle a small problem first. We continue in this direction by advising that you try to implement your plan on a small scale first. You could, for example, try your plan with one worker or colleague first before implementing a change to an entire department. In order to see if your improvement plan has a positive effect you have to measure a performance indicator. This could be anything as long as it is measurable and relates to the challenge you want to tackle. Examples are time, costs, amount of waste, or employee satisfaction. Before you implement your change it is important to take a baseline measure of the current situation. This baseline measure allows you to compare the results before and after the implementation of your plan. If the results of the performance indicator change positively your plan has the desired effect. If the results of the performance indicator are affected negatively you have to go back to the drawing board and adjust your plan.

Implementation steps of your improvement plan:

- Find a fitting performance indicator to test the effectiveness of the improvement
- Take a baseline measure of the performance indicator to compare results
- Implement the improvement plan
- Take a second measure of the performance indicator
- Compare results of the measures before and after the implementation

After this step you can opt for continuous improvement by restarting the steps you went through in this module. However, this time you will pick a different aspect that is challenging you in handling your materials. In the end you will notice that continuous improvement is not just applicable in managing your materials, but applies to almost any operation in your organisation.

ACTIVITY 3.6 TEST

Intended Learning Outcomes:

22. Testing your knowledge.

30 minutes

LEARNER ACTIVITY

Some multiple answer and multiple-choice questions that cover the main topics of Activity 3. This last section contains five theoretical questions on this subject. You can see this as a final test to see if you have mastered the theory.

1. **What is goods flow management?**
   a. The management of all office supplies and paperwork.
   b. <u>The management of the materials and information flows associated with the raw materials, components, and finished stocks needed in the primary process of the organization.</u>
   c. The management of order delivery, i.e., delivering final products to the customer.
2. **What is NOT a downside of carrying stock?**
   a. Financial investment.
   b. Risk of obsolescence.
   c. Space needed.
   d. Risk of value depreciation.
   e. <u>Anticipation on purchase price increase.</u>
3. **What is the effect of a lead time increase on the amount of stock that you need to maintain?**
   a. If the lead time of a part that you need to buy increases, you need to order earlier, but do not need to hold more stock of that part.
   b. <u>If the lead time of a part that you need to buy increases, you need to order earlier, and do also need to hold somewhat more stock of that part.</u>
   c. If the lead time of a part that you need to buy increases, you need to hold much more stock of that part, but do not have to order earlier.
   d. If the lead time of a part that you need to buy increases, you need to hold much more stock of that part, and do also have to order somewhat earlier.
4. **When do you preferably need more than one supplier of a specific component?**
   a. To benefit from price differences.
   b. To mitigate quality issues.
   c. To anticipate on lead time differences.
   d. <u>All of the above.</u>
   e. None of the above.
5. **What is meant with a circular economy?**

a. The economy of trading is optimal when it is reciprocal: client and supplier have to interchange roles as being part of a circle.
b. The circular aspect of the economy is restricted to the materials used in producing the product or service. If these materials can be recycled after consumption or usage, the economy is denoted as a circular economy.
c. <u>Circular economy is about a sustainable supply chain, which is not restricted to the material flow (recycling, reuse, waste reduction, energy consumption, CO2 emission) but also includes the sustainable treatment of employees and suppliers.</u>