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# Understanding the durability of community enterprises in England. Results of a fuzzy-set Qualitative Comparative Analysis

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## ABSTRACT

Despite increasing attention on how community enterprises support community well-being and public services, we know little about how durable they are to sustain their activities. Previous research has studied individual conditions for durability, ignoring the intricate interplay between these conditions. Based on literature on community enterprises, we identified five key conditions for durability. Using semi-structured interviews with representatives of 19 community enterprises, this article aims to better understand the interplay between these five conditions affects community enterprises' durability. A fuzzy-set Qualitative Comparative Analysis revealed 'aligned entrepreneurial culture' as a necessary condition and identifies two configurations of conditions sufficient for durability.


**KEYWORDS** Community enterprises; community leadership; entrepreneurial culture; durability; QCA

## Introduction

In many countries, there is a growing interest in community-based initiatives. Amidst economic recessions, budget cuts and policy discourses on active citizenship, self-organizing citizens are increasingly seen as protagonists of entrepreneurial activities supporting community well-being (Bailey 2012; Powell, Gillett, and Doherty 2019) and as a new form of public management (Kleinhans 2017). Community-based, entrepreneurial initiatives can arise from dissatisfaction with governmental policy, the awareness that local needs are neither covered by state nor market, or residents' belief that the community itself can manage better service levels than traditional service providers (Gofen 2015; Healey 2015; Edelenbos, Van Meerkerk, and Schenk 2018).

Community enterprises (CEs) are a particular subset of community-based forms of social entrepreneurship, focussing at least in part on generating income from trading and often located in a geographic community of interest, e.g. a neighbourhood (Peredo and Chrisman 2006; Bailey 2012; Montgomery, Dacin, and Dacin 2012; Spear et al.

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2017). CEs are often locally rooted, trade for the benefit of and are accountable to their community, and aim to have a broad community impact (Swersky and Plunkett 2015; Richards et al. 2018). This article focuses on CEs in England. During the 1960s and 1970s, CEs emerged out of the community development movement where community leaders saw the benefits of taking over assets in inner-city neighbourhoods which were under threat of redevelopment (Bailey 2012, 6). In 2019, the number of English CEs was estimated to be around 9,000 with an estimated total market income of £890 million (Higton et al. 2019).

Recently, many studies have delved into ‘success factors’ of CEs (Bailey, Kleinhans, and Lindbergh 2018; Van Meerkerk, Kleinhans, and Molenveld 2018; Igalla, Edelenbos, and Van Meerkerk 2020). As CEs have been suffering from the COVID-19 crisis (see e.g. Avdoulos, Wilkins, and Boelman 2020), researchers and support institutions are increasingly wondering what keeps CEs going through tough times. In this article we will explain and use the term ‘durability’. We will argue why durability is related but also distinct from resilience. In this article, we adopted the definition as outlined by Van Meerkerk, Kleinhans, and Molenveld (2018), focusing on the extent to which CEs have the capacities, financial stability and legitimacy to continue realizing their goals for the benefit of the community they serve for a long period (Van Meerkerk, Kleinhans, and Molenveld 2018).

Much of the previous research (see section 2) has examined ‘success factors’ individually and separately rather than how combinations of conditions jointly work together in affecting how CEs realize their goals and local community benefit over a long period. As such, research has missed out on the nature and strength of the relationships between conditions. Unravelling the factors behind durable CEs requires that we move beyond a focus on ‘stand-alone’ conditions, to reveal *configurations* of conditions for success. This article therefore aims to better understand the interplay between and combined impact of key conditions on the durability of CEs in England. The key conditions studied in this article are collective leadership, community engagement, business model, aligned entrepreneurial culture, and social capital and partnerships. In a previous study on the Netherlands, Van Meerkerk, Kleinhans, and Molenveld (2018) found that the combination of strong leadership, a strong business model, and social capital leads to a durable CE. We take this study one step further. First of all, we focus on a different context, namely England. Contrary to the Netherlands, CEs have already existed for several decades in England (Bailey 2012; Kleinhans 2017), so this is an interesting context to study their durability. Second, we extend the study by looking at both more cases (19 instead of 12) and more conditions (five instead of four).

Based on a theoretical elaboration of conditions, we use fuzzy set qualitative comparative analysis (fsQCA) to systematically compare 19 CEs across England. QCA explicitly focuses on *configurations* of conditions instead of the net effects of single conditions (Rihoux and Ragin 2009). This method also enables us to reveal which conditions are necessary or sufficient for CEs to realize their goals and local community benefit over a longer period of time. Without making a claim of generalization, the main research question of this article is: In what ways might the interplay between key conditions affect the durability of community enterprises in England?

The next section provides a brief theoretical background of CEs, followed by a conceptualization of key conditions and the term durability. Subsequently, we discuss our methodology, case studies, data, method and operationalisation. Afterwards, the analysis and results are presented. Finally, a discussion of the findings and conclusions are offered.

## Community enterprises and their durability

Recent years have seen a proliferation of CE studies. Based on Peredo and Chrisman (2006), Somerville and McElwee (2011), Bailey (2012), Healey (2015), Kleinhans (2017), Bailey, Kleinhans, and Lindbergh (2018), Richards et al. (2018), and Bagnall et al. (2020), CEs are defined here as businesses which:

- are established by people who are living or working in communities with a clear spatial base;
- are independent, not-for-private-profit organizations, that are managed and/or owned by members of the local community;
- attempt to deliver long-term social benefits to local people, by providing goods or services;
- aim to generate a surplus through (at least in part) engaging in trading or other economic activity, and reinvesting the surplus in the business or community;
- locally accountable and strongly committed to involving local people and other partners, through participatory decision-making and inclusive governance processes.

CEs are a member of a range of organizations in the third sector of the economy which is characterized by self-help, mutuality and social purpose (Pearce 2003; Ridley-Duff and Bull 2019). While there is much discussion on the differences between social enterprises and CEs, the authors referred to in the first lines of this section argue that CEs are more often rooted into a geographic community than SEs. Furthermore, CEs are built on collectively owned cultural, social, and ethnic endowments which create solidarity among community members, and receptivity to collective action (Peredo and Chrisman 2006; Bailey 2012). The mission of CEs centres around serving their members' needs, partly by addressing (product and service) gaps in public and private service provision (Pearce 2003; Kleinhans 2017).

Hybridity is seen as a key feature of social enterprises (Doherty, Haugh, and Lyon 2014). Because CEs can be seen as an extension of SEs, CEs' dual mission of financial sustainability and social aims requires them to span the boundaries of the private, public and non-profit sectors, bridging institutional fields and facing conflicting institutional logics (Bailey, Kleinhans, and Lindbergh 2018; Stott, Fava, and Slawinski 2019). Services offered by CEs facilitate the co-creation of 'public value', because they may contribute to achieving societal objectives such as well-being or social cohesion (Osborne, Radnor, and Strokosch 2016, 643).

### **The outcome: durability**

Durability of CEs refers to the long-term viability, i.e. the long-term success and capacity to survive (Igalla, Edelenbos, and Van Meerkerk 2019). It stems from the Latin word ‘durabilis’, which, according to the Merriam-Webster dictionary, translates as ‘able to exist for a long time without significant deterioration in quality or value’. Durability is related to the concept of *resilience*, that is also used in research on social entrepreneurship and non-profit organizations. Organizational studies on resilience have focused on how companies and social enterprises respond to disruptions and their abilities to adjust, adapt, and reinvent their business models in an unpredictable and quickly changing environment (Linnenluecke 2017; Littlewood and Holt 2018). Hence, resilience highlights the organizational capacity to bounce back to the condition the organization was in prior to a disruption and/or whether the organization emerged stronger after the disruption (Boin and Van Eeten 2013). It is thus focussed at particular crisis or stress situations and specifically required capacities to cope with this. In contrast, *durability* refers to a system’s capacity to deal with enduring stress or perturbations, which are chronic and endogenous to the system rather than exogenous (e.g. a financial crisis) (Stirling 2007; Dawson et al. 2010). This concept fits our purpose better, as we are interested in the long-term viability of CEs. Moreover, we are interested in explaining the building up of sufficient and stable capacities – and to maintain these at a sufficient level – to be able to survive in a scarce resource environment. CEs’ need for sufficient financial and staff resources is rather an enduring stress than a sudden shock or disruption (Haugh 2007; Bailey 2012).

Considering CEs’ aim to realize social and business goals in a self-sustaining way, financial stability is an important component of durability (Wallace 2005; Bailey 2012; Powell, Gillett, and Doherty 2019). This does not necessarily mean that CEs are completely self-sustaining, based only on trading. Their focus on responding to community needs provides important legitimacy for acquiring funds and other forms of support. This means that for being viable in the long run, community satisfaction and recognition is another important component (Igalla, Edelenbos, and Van Meerkerk 2020; Kleinhans et al. 2020). In this article, durability refers to the extent to which CEs have the capacities, financial stability and legitimacy to continue realizing their goals for the benefit of the community they serve for a long period (Van Meerkerk, Kleinhans, and Molenveld 2018). In examining durability we focus on four key components:

- (1) *Goal realization*: ideally, a CE achieves all its key objectives and is satisfied with the perceived level of goal achievement, or explicitly reflects upon its outcome (Bagnoli and Megali 2011; Ebrahim, Battilana, and Mair 2014; Bailey, Kleinhans, and Lindbergh 2018).
- (2) *Community satisfaction and recognition*: clear evidence that the local community appreciates the services or activities provided, and that the CE is actively supported and recognized by key statutory agencies (Bailey 2012; Buckley et al. 2017; Richards et al. 2018; Igalla, Edelenbos, and Van Meerkerk 2020).
- (3) *Leadership and staff capacity*: the CE has adequate staff capacity and a clear strategy for both short-time ‘replacement’ and training successors for key staff members and volunteers (Swersky and Plunkett 2015; Stott, Fava, and Slawinski 2019).

- (4) *Financial stability*: the situation in which a CE generates a stable income from various sources to cover the running costs of the enterprise and possibly an annual surplus (Clare and Marwood 2008; Bailey 2012; Swersky and Plunkett 2015; Littlewood and Holt 2018).

To identify conditions for durability, we surveyed both the scientific and grey literature for indicators for this outcome. ‘Success factors’ is a common indicator for factors that improve the ability of CEs to realize their goals and community benefits over time. Often used synonyms are (financial) ‘sustainability’ (Wallace 2005; Powell, Gillett, and Doherty 2019; Tang and Wang 2020; Traynor and Simpson 2020) and ‘performance’ (Dale and Newman 2010; Bagnoli and Megali 2011; Powell, Gillett, and Doherty 2019; Spear et al. 2017; Igalla, Edelenbos, and Van Meerkerk 2020). We conducted a Google Scholar search with these three search terms. Furthermore, we scanned reports by support institutions such as Local Trust and Power to Change, who have built a knowledge base on ‘what works’ for CEs and community businesses in various sectors. Details of this literature review are reported elsewhere (Kleinhans et al. 2020). After reviewing all the sources, we made an overall list of conditions for CE ‘success’. By looking at similarities and differences between separate conditions, we manually grouped them into clusters of conditions. We identified five clusters which represent five key conditions for durability. Each of these will be discussed in more detail.

### ***Collective leadership***

Unlike conventional businesses, CEs are run by and for the community. They are strongly committed to involving local people, through participatory decision-making and democratic governance processes (Peredo and Chrisman 2006). As with co-operatives, the CE ‘base community’ elects members of the board, as a form of democratic control. All this implies that leadership of the CE is not the exclusive responsibility of the chief executive officer. Instead, leadership is actively shared and involves members of the CE board, staff and volunteers (Selsky and Smith 1994; Richards et al. 2018; Stott, Fava, and Slawinski 2019). Such shared leadership implies engagement, openness, adaptability, creative problem solving, and continuous learning (Selsky and Smith 1994; Renko et al. 2015; Igalla, Edelenbos, and Van Meerkerk 2020). This collective form of leadership is important for the durability of CEs as it mobilizes active engagement of many community members in various roles. Moreover, dependence on just one or a few key individuals leads to a high vulnerability once such leaders leave the organization. The lifeblood of collective leadership is shared passion, ambition and values, to do those things which benefit both the CE and the local community (Healey 2015; Clare and Marwood 2008; Seixas and Berkes 2009; Stott, Fava, and Slawinski 2019). Finally, collective leadership implies a wider leadership role, in the sense that a CE can act as a key ambassador for wider community interests, and thus strengthen its legitimacy (Healey 2015; Vestrum, Rasmussen, and Carter 2017).

### ***Community engagement and accountability***

CEs are by definition locally rooted and they are accountable to their local community. This implies community engagement in various guises, ranging from the ‘production’ to ‘consumption’ of benefits and anything in between. Community engagement is

important for CE durability as it can also enhance support for the CE and help in realizing its objectives (Buckley et al. 2017; Igalla, Edelenbos, and Van Meerkerk 2020). It can contribute to mobilization of volunteers, as engagement can help to build stronger relationships with those who remain or become members of the network (Haugh 2007). Active involvement of community members in the delivery of services and goods provided by the CE is crucial for the success of any CE (Haugh 2007; Clare and Marwood 2008; Vestrum, Rasmussen, and Carter 2017; Bailey, Kleinhans, and Lindbergh 2018).

In its basic form, accountability means that the CE identifies community needs, responds to these and enables local people to contribute to the enterprise, including shaping its priorities (Clare and Marwood 2008; Buckley et al. 2017). Apart from annual general meetings, consultation, door-knocking and other *informal* forms of 'on-the-go' exchange are often strongly embedded in the daily working routines of CEs (Buckley et al. 2017; Kleinhans, Bailey, and Lindbergh 2019). *Formal* accountability towards funding agencies is a specific activity which is shaped by requirements from the latter, such as annual monitoring reports (Bradford, Luke, and Furneaux 2018). A final element of community engagement is the degree to which volunteers stably and actively contribute to the CE and have the necessary skills to do so (Valchovska and Watts 2016; Trup, Carrington, and Wyler 2019; Igalla, Edelenbos, and Van Meerkerk 2020).

### **Business model**

CEs reflect situations in which local communities create collective business ventures, and use these ventures to contribute to both local economic and social development. As such, CEs represent a shared interest in a community that acts co-operatively (Peredo and Chrisman 2006; Borzaga and Galera 2012; Ridley-Duff and Bull 2019). A business model generating a steady and secure revenue stream can enhance the durability of the CE (Wallace 2005; Richards et al. 2018; Van Meerkerk, Kleinhans, and Molenveld 2018). CEs vary considerably in how they rely on funding and trading activities. CEs engage, at least in part, in trade for the benefit of the local community, generating commercial income to cross-subsidize socially-focused activities and services for the local community. Yet, many CEs rely on grants and loans from public and charitable sources, particularly in their early years. Over time, CEs usually seek to combine trading and non-trading activities to minimize financial exposure (Higton et al. 2019).

A common form of trading is using assets (buildings and land) to generate an income through renting out spaces for work, recreation, care, or other activities (Bailey 2012; Kleinhans and Van Ham 2017; Richards et al. 2018; Trup, Carrington, and Wyler 2019). In terms of ownership of assets and democratic governance structures, many CEs resemble co-operatives and therefore adopt co-operative forms of business development (Borzaga and Galera 2012). The particular skills of staff and volunteers can play a key role and in some cases, volunteers are an indispensable part of the business model, as unpaid staff partaking in delivering key services and thereby reducing operational costs. Having a clear business plan (Haugh 2007) and achieving various sources of income are also part of a strong business model (Bailey, Kleinhans, and Lindbergh 2018; Powell, Gillett, and Doherty 2019) that might help contribute to CE durability.

### ***Aligned entrepreneurial culture***

While the previous four conditions are important, the organizational and entrepreneurial culture of a CE ultimately determines how the organization develops. It determines to what extent CEs are able to adapt to difficult circumstances, innovate and sustain in a scarce resource environment. Such a culture starts from a vision, through creating a ‘driving’ story about the values and ultimate purposes of a CE, ensuring that everyone is pulling together in the same direction (Selsky and Smith 1994; Clare and Marwood 2008). Aligned entrepreneurial culture is also defined by the extent to which the key agents in the CE are open to other people, to ideas and encouraging people to join in (Healey 2015; Valchovska and Watts 2016). It is reflected in people being willing to adapt, to embrace change, and to take risks in developing new activities and sources of income (Clare and Marwood 2008; Seixas and Berkes 2009; Stumbitz et al. 2018; Trup, Carrington, and Wylér 2019).

Finally, entrepreneurial culture influences whether CEs intentionally recruit volunteers and staff members locally, even though this may not (initially) deliver the ‘best’ skill sets. Recruiting locally supports the CE’s legitimacy and recognition, which contributes to durability. CEs that keep going over time are more likely to build a reservoir of skills and experience conducive to success (Trup, Carrington, and Wylér 2019).

### ***Social capital and partnerships***

The final condition concerns social capital and partnerships, i.e. the connections of CEs within and across scales, sectors and institutions. Here, social capital refers to both strong and weak social ties, and particularly the resources embedded in these ties (e.g. funding, knowledge and support) that are beneficial or even indispensable to the running of CEs (Somerville and McElwee 2011; McKeever, Anderson, and Jack 2014). Given the hybrid nature of CEs and their limited access to economic capital, social capital is often found to be important for the development of capacities, mobilization of resources and support (Haugh 2007; Seixas and Berkes 2009; Van Meerkerk, Kleinhans, and Molenveld 2018; Igalla, Edelenbos, and Van Meerkerk 2020). Social capital includes access to resources (knowledge, information and experience), facilitates the co-ordination of actions with other organizations and actors, and facilitates partnerships with institutional key players (Peredo and Chrisman 2006; Bailey 2012). These partnerships could help in better realizing the goals of the CEs, enhance its legitimacy as well as providing more structural access to resources (Seixas and Berkes 2009). Based on the work of Putnam (2000), Woolcock (2001), Dale and Newman (2010) and Van Meerkerk, Kleinhans, and Molenveld (2018), we distinguish three types of social capital for CEs:

- Bonding capital: strong relationships between the CE and members in the local community.
- Bridging capital: relationships and partnerships with other local organizations and networks, such as local private sector actors, general practitioners, churches etc.
- Linking capital: institutional partnerships and collaboration with key agencies, such as local or regional governments and national infrastructure organizations.

Now that we have defined the key conditions for durability of CEs, the next section explains our methodology, data collection, case studies, methods and operationalisation in more detail.

## Methodology

### Approach

Previous research has explored individual conditions for durability *separately* rather than assessing how combinations of conditions work together for CEs. Overcoming this limitation requires extensive data that can make sense of these combinations through lived experiences. We have therefore chosen to adopt a qualitative approach with in-depth semi-structured interviews with key stakeholders in CEs that either appear to be successful (durable) or failed in achieving their goals, as a result of not meeting certain conditions. In terms of data analysis, this approach requires a method which is suitable to disentangle relationships between qualitative conditions. We have selected fuzzy set Qualitative Comparative Analysis (fsQCA), a configurational method in which (theoretically) predefined conditions are not studied in isolation, but are identified as necessary and sufficient conditions that collectively lead to a certain outcome (Rihoux and Ragin 2009). This method will be explained below.

### Data collection and case studies

This article draws on a study that was completed before the early stage of the COVID-19 pandemic. Considering our focus on durability, we made a list of 25 CEs which were selected to ensure a variety in conditions, activities and outcomes, and included urban, rural and coastal examples from across the country (see Table 1). We have been careful not only to select successful CEs to ensure sufficient variety in the outcome. In fact, we encountered several cases that were struggling deeply and one CE that had actually been wound up. Chief executive officers and board members were asked to participate, after explaining the aim and context of the research. For six cases, we could not establish an interview appointment, due to non-response or a refusal to participate.

In total, we conducted 33 semi-structured interviews with CEOs and board members of 19 CEs. Interview questions were constructed through an operationalisation of the five conditions and the outcome ‘durability’ (see Appendix A). Interviews were usually conducted face-to-face at the premises of the CE, and occasionally at another meeting point jointly agreed upon by respondent and interviewer. Interviews lasted between 45 minutes and two hours; on average, they took one hour and 20 minutes. The interviews were transcribed verbatim and subsequently coded and analysed. For the analysis, we adopted a deductive coding scheme with indicators for the outcome and the conditions (see next subsection and Appendix A).

Ethics approval for the study was obtained from the Human Research Ethics Committee at TU Delft (first author’s affiliation). In line with GDPR requirements, we obtained informed consent with validated forms signed both by the respondents and the interviewer. In the analysis and discussion below, findings related to specific CEs will be indicated by code numbers, to preserve anonymity.

**Table 1.** Overview of the case studies, in alphabetical order.

Community enterprise	Location	Main objective
All Saints Action Network	All Saints, Wolverhampton	Develop sustainable enterprises that create local jobs and local services
Amble Development Trust	Amble, Northumberland	Economic, social and community regeneration in of a former fishing town
Barca Leeds	Bramley, Leeds, West Yorkshire	Provide specialist services supporting health and wellbeing
B-inspired	Braunstone, Leicester	Deliver a range of support services
Caterham Barracks Community Trust	Caterham, Surrey	Regeneration of a huge former military barracks to create housing, sports, childcare and social facilities
Centre at Threeways	North Halifax	Community Hub, using a former school by means of asses transfer
Glendale Gateway Trust	Wooler, Northumberland	Support the community of Glendale – a very sparsely populated area
Goodwin Development Trust	Hull	Improve quality of life in the social housing estate within which it is based
Heeley Development Trust	Heeley and Meersbrook, Sheffield	Improve public spaces, buildings and other assets, deliver projects for local people.
Highfields Community Association	Highfields, Leicester	Manage a family-oriented community education and development centre
Keystone Development Trust	Thetford, Norfolk	Empower people by creating their own organizations or enterprises.
Lyme Regis Development Trust	Lyme Regis, Dorset	Deliver community projects
Lynemouth Community Trust	Lynemouth, Northumberland	Promote rural regeneration in a small former fishing/mining village
Manor & Castle Development Trust	Manor and Castle, Sheffield	Regenerate the neighbourhood
Rowner Community Trust	Grange Ward, Gosport	Enhance the wellbeing of local people
St Werburghs City Farm	Ashley, Bristol	Equip people with knowledge, skills and confidence and provide green sites for all
Stour Space	Hackney Wick, London	Providing affordable workspaces for local artists and other creative workers, exhibition and performance spaces
The Bevy	Brighton	The first community-owned and run pub in the UK, in a social housing estate.
198 Contemporary Arts & Learning	Brixton, London	Nurture the career of emerging, under-represented artists and to advance public interest in the visual arts

### **Methods and operationalisation**

Fuzzy set Qualitative Comparative Analysis (fsQCA) is a configurational method which allows for the fact that the impact of an individual condition often unfolds in combination with other conditions. This is called *conjunctural causation* (Schneider and Wagemann 2012). It also takes into account that durable CEs might have different causal explanations for durability instead of just one. This is also known as the principle of *equifinality* (Schneider and Wagemann 2012). The fsQCA approach thus enables researchers to identify general patterns from case studies in a systematic and transparent way (Rihoux and Ragin 2009).

QCA requires researchers to describe both the predefined conditions and the outcome as ‘sets’. These sets are clusters with a specific characteristic, for example strong networks. Based on the characteristics of a particular case, the researcher assigns a specific membership score to the case in this set. The most basic type of QCA is ‘crisp set’ QCA, which translates all conditions and the outcome into binary terms (0 and 1), with 0 being non-membership and 1 full membership (Schneider and Wagemann 2012). Because we intended to create a more nuanced assessment, we used a four-value fuzzy set to examine cases and their causal explanations. We assigned scores ranging from 1 to 0 (with increments of 0.33) which indicate:

- 1 = a case is a full member of a set, showing a high degree of a particular condition;
- .67 = a case is more in than out of a set, showing a moderate degree of a particular condition;
- .33 = a case is more out than in the set, showing a partial (but not full) absence of a particular condition;
- 0 = a case is fully out of the set, showing the absence or a very low degree of a particular condition.

This four-value approach is often used in fsQCA (e.g. Van Meerkerk, Kleinhans, and Molenveld 2018; Molenveld et al. 2021).

In fuzzy-set QCA, the most important step after collecting the (interview) data is calibration. During calibration, data are converted into fuzzy-set values. In line with Basurto and Speer (2012), we followed a six-step calibration procedure. First, we operationalized the five conditions for durability into indicators, on the basis of the literature review. For example, the condition ‘collective leadership’ has been operationalized in three indicators (see Table A2 in Appendix A). We then created an interview questionnaire based on the operationalisation of conditions into multiple indicators. Third, after completing the interviews, we performed a content analysis of the interview transcriptions, and coded them based on the indicators and related code labels for each condition (see Tables A2 to A6 in Appendix A). Fourth, we summarized the coded information in the transcriptions by selecting respondent statements that reflect the qualification of each indicator. In step five, we jointly discussed the specific values for each of the conditions in order to assign the fuzzy-set values. During this phase, we elaborated the criteria for set membership, which enable us to choose one of the four fuzzy-set values for a condition. Using for example the condition ‘business model’, the chosen value will be 0 if the coded parts of the interview(s) for a case reflect the following state: ‘Some income from trading/services, but strong reliance on unpaid volunteer labour and a continued major reliance on grant funding; assets that yield a limited income, and an insufficient skill base and skill development in the CE’ (see Table A4 in Appendix A).

In the final step, we discussed each case intensively in the research team and assigned overall scores to the conditions. In case of doubt, we consulted additional information, particularly CE web sites and yearly reports, to decide upon the specific score. As is common in QCA, this implied going back and forth between theory and data to ensure that the conditions properly reflected both their theoretical meaning and fitted with the dataset. (Table 2) shows the conditions and shorter versions of the criteria for set membership calibration. The extended criteria are stated in Tables A2 to

A6 in Appendix A. We have thus taken extra care in calibrating each case as a solid calibration procedure is crucial for the reliability of the analysis. During this process, some indicators were slightly adapted to improve our ability to score the cases on some of the conditions and to do more justice to the specific context of our cases (Basurto and Speer 2012). With three of the four authors having extensive knowledge on CEs, this joint procedure supported interrater reliability.

Although QCA is praised for its potential to study the joint effect of conditions, there has been critique regarding its potential to draw causal inference (e.g. Baumgartner and Thiem 2017). In mind of this debate (expounded in Appendix A), we have taken steps to make the analysis as reliable as possible. First, we talk about the presence of configurations in durable CEs rather than claiming causal effects. Second, we performed the Enhanced Standardized Analysis (ESA) to exclude contradictory simplifying assumptions (see Appendix A). Third, we performed a robustness analysis to enhance the reliability of the results of our analysis (see Appendix B). In the next section, we present the results of the analysis using the following terminology:

- Necessary: a condition is always present whenever a community enterprise is durable;
- Sufficient: cases displaying a certain combination of conditions – also called a configuration or a path – usually display the outcome (in this case: durability).

A combinations of conditions in this article is also referred to as a path.

## Analysis and results

(Table 3) shows the raw data matrix.

### *Necessary conditions*

To determine whether a condition is necessary, we have used a commonly accepted consistency threshold of 0.9 (Ragin 2008). The word ‘consistency’ refers to the degree to which the empirical data is in line with the expected relationship between the condition and the outcome ‘durability’ (Schneider and Wagemann 2012). The analysis reveals is one necessary condition for durable CEs (see Table 4).

This necessary condition is the presence of an **aligned entrepreneurial culture**. Durable CEs in our dataset show this kind of organizational culture. CEs scoring below the threshold on aligned entrepreneurial culture are highly unlikely to be durable. Although the term ‘necessary condition’ suggests that it always has to be present in durable CEs, our analysis shows that there is no full consistency for the relationship between aligned entrepreneurial culture and durability. Instead, the consistency score of 0.941 indicates that most, but not all, empirical data is in line with the suggestion that an aligned entrepreneurial culture is necessary for durability of CEs in our dataset. Exceptions to the ‘rule’ are thus still possible.

Table 2. Overview of conditions and criteria for set membership calibration.

Value	C1: Collective leadership	C2: Community engagement & accountability	C3: Business model	C4: Aligned entrepreneurial culture	C5: Social capital and partnerships
0	Leadership is not strongly developed (one person), lacks active adaptation to context	Little community involvement, minimal consultation and accountability	Some income on unpaid volunteers and grant funding. Limited income from assets and an insufficient skill base	No clear entrepreneurial values, key staff not very open. Minimal adaptation, room for experimentation, learning and innovation.	No strong networks and partnerships with key players, no or few links to other local community organizations and with wider networks.
0.33	Collective leadership is modestly developed, narrow focus on delivering services	Little community involvement, but occasional community consultation and accountability	Several income sources (incl trading), significant reliance on grant funding and unpaid volunteer labour. Limited skill base and development	Limited entrepreneurial drive and values not shared widely. Risk-averse staff, little new adaptation, experimentation, learning and innovation	Several links with local community organizations, some underdeveloped relations with key players. Little exchange with wider networks
0.67	Leadership & responsibilities shared among key staff (and may include board members)	Significant involvement, consultation and accountability. Bit evidence of accountability impact on strategy & operations	Several key income sources (trading and owning assets). No reliance on grant funding, bit reliance on volunteers. Sufficient skill development	Key staff welcome ideas and engage (local) people to experiment, build skills, and innovate. Entrepreneurial, shared drive is a key value	Locally well-connected, i.e. <i>bonding</i> capital, Either strong <i>bridging</i> capital or <i>linking</i> capital (institutional partnerships)
1	Leadership is collectively enacted, joint responsibility, clear ambassadorial actions	Strong, on-going involvement, extensive consultation and accountability. Clear evidenced impact on strategy & operations	Wide, stable range of income sources (trading is core part), grant funding as 'icing on the cake'. Strong skill development, no unpaid volunteers	Very strong entrepreneurial drive and shared values, lots of experimentation, adapting to changing needs, and well-considered risks/innovation	Strongly connected with both local networks, key statutory agencies and wider networks. These links are effectively capitalized (strong bonding, bridging and linking capital).

Set membership values: 0 = fully out of the set; 0.33 = mostly out of the set; 0.67 = mostly in the set; 1 = fully in the set.

**Table 3.** Raw data matrix.

Case	Outcome: Durability	Conditions				
		CL	CEA	BM	AEC	SP
CE01	0.67	0.33	0.67	1	1	1
CE02	1	1	1	1	1	0.67
CE03	1	1	1	0.67	1	1
CE04	0.33	0	0.33	0.33	0.33	0.33
CE05	0	0	0.67	0.33	0.67	0.67
CE06	0	0	0	0.33	0	0
CE07	0.33	0.33	1	0.33	1	1
CE08	0.33	1	1	0.67	0.67	1
CE09	1	1	1	1	1	1
CE10	0.33	0	0	0.33	0.33	0.67
CE11	0.33	0.33	0.33	1	0.67	0.33
CE12	0.67	0.33	0.33	0.67	0.67	0.33
CE13	1	1	0.67	1	0.67	1
CE14	0.67	0.67	1	1	0.67	1
CE15	0.67	0.67	0.33	0.33	1	1
CE16	0.67	0.67	0.33	1	0.33	1
CE17	0.67	0.33	0.33	0.67	0.33	0.33
CE18	0.67	1	1	0.33	1	1
CE19	1	1	1	0.33	1	0.67

CL = Collective Leadership; CEA = Community engagement and accountability; BM = Business Model; AEC = Aligned entrepreneurial culture; SP = Social Capital and Partnerships.

### Sufficient conditions

We now turn to the analysis of sufficiency. A first step to determine such paths is to create a so-called 'truth table' (see Table 5) which displays all potential combinations of conditions in rows and each case is assigned to one of these rows.

In the analysis, we only included truth table rows with an inclusion value of 0.8 or higher. This a commonly accepted threshold and also coincides with a gap in the truth table rows (Schneider and Wagemann 2012). Rows with a lower score display combinations of conditions for which the empirical evidence is too weak to claim that these combinations of conditions lead to durability.

The conservative solution formula resulting from the analysis shows two configurations (see Table 6). Durable CEs usually display the combinations of conditions in the first and/or second path. These paths are not mutually exclusive. This means that, unlike real roads, CEs can 'travel' on both paths at the same time. The enhanced most parsimonious solution formula, which makes simplifying assumptions about logical remainders, is presented in Appendix A.

**Table 4.** Analysis of necessary conditions.

Condition	Consistency
Collective leadership	0.852
Community engagement and accountability	0.822
Strong business model	0.852
Aligned entrepreneurial culture	<b>0.941</b>
Strong social capital and partnerships	0.882
Absence of collective leadership	0.381
Absence of community engagement and accountability	0.382
Absence of a strong business model	0.381
Absence of an aligned entrepreneurial culture	0.292
Absence of strong social capital	0.264

Table 5. Truth table.

Combination number	CL	CEA	BM	AEC	SP	Outcome durability	Inclusion	Cases
28	1	1	0	1	1	1	1.000	CE18, CE19
20	1	0	0	1	1	1	1.000	CE15
24	1	0	1	1	1	1	1.000	CE16
32	1	1	1	1	1	1	0.954	CE02, CE03, CE08, CE09, CE13, CE14
16	0	1	1	1	1	1	0.909	CE01
5	0	0	1	0	0	0	0.751	CE17
7	0	0	1	1	0	0	0.748	CE11, CE12
2	0	0	0	0	1	0	0.663	CE10
12	0	1	0	1	1	0	0.620	CE05, CE07
1	0	0	0	0	0	0	0.496	CE06, CE04

Ten combinations are included in this table (each row), ordered by inclusion value. For the other 22 rows we have no empirical evidence, i.e. none of the CEs in our study shows this specific combination of conditions. They are left out of the table to keep it comprehensive.

**Table 6.** Paths towards durable community enterprises (conservative solution formula).

Conditions		Path 1	Path 2
Collective leadership	(CL)	●	
Community engagement & accountability	(CEA)		●
Strong business model	(BM)		●
Aligned entrepreneurial culture	(AEC)	●	●
Strong social capital and partnerships	(SP)	●	●
Consistency		0.928	0.919
Raw coverage		0.765	0.675
Unique coverage		0.149	0.059
Overall solution consistency			0.903
Overall solution coverage			0.824

● indicates the presence of a condition.

## Discussion

To sum up, the fsQCA has yielded two main outcomes. First, the presence of the condition ‘aligned entrepreneurial culture’ is necessary for a CE to become durable over time. Second, we have found two configuration of conditions (i.e. paths) that are sufficient to achieve durability. We will discuss each of these paths in more detail.

### *Interpretation of Path 1 (CL \* AEC \* SP)*

The configuration in Path 1 implies, first, an inclusive form of leadership that embraces engagement, openness, and continuous learning. It inspires staff and community members to make long-term commitments to the CE. Such distributed leadership is instrumental to make good decisions about the most effective way to allocate scarce resources (Renko et al. 2015). Many case study CEs also play a wider leadership role, as an ambassador serving a wider community interest (Healey 2015). CE03 and CE09 are good examples of this type of collective leadership. Both CEs have inspirational CEOs who are committed to devolving responsibility and building leadership at every level of the organization. They actively encourage front-line staff to make decisions, as well as suggestions for improving front-line services. This generates intense loyalty from staff and it creates an authenticity that is recognized by the wider community.

Secondly, a strong and aligned entrepreneurial culture enhances a willingness and ability to adapt to and take advantage of new (trading) opportunities (Haugh 2007; Gofen 2015; Stumbitz et al. 2018). Such a culture fosters repeated attempts to generate income and make good use of trading or funding opportunities, without necessarily developing a strong business model overall. We will explain this counterintuitive finding later on. Furthermore, the cases fitting this path clearly show how CE key values are continuously shared among staff and board members. Their aligned entrepreneurial culture makes sure that the CE develops and takes on the activities that support its continuation and sustained impact (Selsky and Smith 1994; Clare and Marwood 2008).

Thirdly, strong partnerships help the CEs to influence strategic agendas, get access to important resources or become aware of and make use of emerging (funding or trading) opportunities, and to collaborate with key institutional partners, not only on

local, but also regional and national levels. In sum, the combination of the aligned entrepreneurial culture, shared responsibility (collective leadership) and the resources provided by their networks and partnerships enable the CE to realize its key objectives.

Case CE15 is illustrative of the configuration in Path 1 as this case only displays this particular configuration (see Table 5). How CE15 functions therefore helps us understand why this combination of conditions is important for durable CEs. Leadership is distributed throughout the organization. The board takes a very active role in decision-making and there is a high degree of alignment on vision, values and purpose. This particular CE also adopts a high degree of effective networking, both locally and nationally. This combination of conditions enables the CE to build ‘internal ownership’ of every aspect of its operation, focus on shared objectives and maximize opportunities by taking advantage of the wider relationships of both the staff and board in a strategic fashion. At the same time, CE15 is in several ways an ‘outlier’ among our set of CEs as it is an arts-based organization. The English arts sector has traditionally relied strongly on public funding. This explains why CE15 scores low on the condition of a ‘strong business model’.

A surprising feature of Path 1 is that a strong business model is not a necessary part of the configuration towards durability, while previous studies have emphasized the importance of a strong business model (Wallace 2005; Kleinhans and Van Ham 2017; Bailey, Kleinhans, and Lindbergh 2018; Richards et al. 2018; Van Meerkerk, Kleinhans, and Molenveld 2018). However, we should note that most cases fitting Path 1 also meet the condition of having a strong business model. Three cases in our data set – including the arts-based organization (CE15) – do not have a strong business model but still realize a durable CE (see Table 5). If collective leadership, aligned entrepreneurial culture and strong social capital and partnerships are present and interact effectively in the sense of getting access to financial resources, a strong business model is not a decisive condition for achieving a durable CE.

Even so, access to financial resources is important. In our study, a ‘strong’ business model is operationalized in a way that considers dependence on grant funding and subsidies as a factor that may undermine durability in the longer term, as it opens up the CE to the vagaries of the external funding market (see Appendix A). The literature considers having limited access to external funding as a clear barrier to success (Wallace 2005; Stumbitz et al. 2018). For nascent CEs, acquiring grant funding can be a strategy to start activities supporting the main goals, or to cover operational costs in the early stages. There are strong indications that the combination of collective leadership, aligned entrepreneurial culture and strong social capital has helped to make these CEs more successful in acquiring grant funding.

### ***Interpretation of Path 2 (CEA \* BM \* AEC \* SP)***

Path 2 combines community engagement and accountability, aligned entrepreneurial culture, the development of a strong business model and strong social capital and partnerships. In fact, the one condition missing from this path is collective leadership – a finding we will explain below.

In cases travelling on Path 2, the combination of a shared entrepreneurial drive and strong, resourceful networks, provides opportunities to strengthen the business model (see also Seixas and Berkes 2009; Stumbitz et al. 2018). Several respondents reported well-considered ‘high-risk, high-gain’ projects that initially struggled but subsequently

flourished, through the interplay of entrepreneurial culture with strong links to service users, and strong engagement by the local community. Examples include multi-purpose community centres, renting out housing units or office floor space, and a commercial e-bike service shop.

The durable cases that fit Path 2 have a strong asset base (usually one or more buildings or work places) which generates a stable source of long-term income. In most cases, the relationship with key statutory agencies, such as local governments, is reasonably good or supportive. The quality of such partnerships is reflected in several ways, for example by local governments providing a very attractive lease for a building, contracting for services provided by CEs, or strongly involving a CE in strategic decision-making regarding its own locality. A good relationship helps to establish continuity and it paves the way for new initiatives that require co-operation with the local authority, such as providing childcare facilities or affordable housing. Moreover, the aligned entrepreneurial culture works together with high levels of engagement of local community members, to enable learning and skills development 'on the job', especially because local recruitment is prioritized. Examples are repair workshops and cafés. Through high levels of community engagement, forms of informal 'on-the-go' consultation can affect how the CE is run, sometimes also refining enterprise strategy and operations (Buckley et al. 2017; Kleinhans, Bailey, and Lindenbergh 2019).

A uniquely covered case is CE01 which only travels on Path 2. This multi-purpose charity offers specialist services to help people overcome issues with health and well-being. This CE has developed through strong leadership by a long-serving CEO. However, the leadership depends mostly on a small number of people who take most of the decisions. Both the CEO and board members flagged up succession of the CEO as a potential threat to durability. They expect a struggle to identify sufficiently skilled internal candidates who can take over when the current CEO leaves. This case helps explain why collective leadership is not crucial in the second path, because the presence and combined impact of the other conditions enable a durable CE. This finding is slightly at odds with other research pointing at the importance of (shared) leadership (Selsky and Smith 1994; Healey 2015; Igalla, Edelenbos, and Van Meerkerk 2020) and the need to build a reservoir of experience and skills conducive to success of CEs (Trup, Carrington, and Wyler 2019).

### ***Similarities and differences between the paths***

There are several similarities between the two paths. The most important one is the presence of an aligned entrepreneurial culture, which was identified as a necessary condition. However, while the condition 'strong social capital and partnerships' is an element of both paths, it is not a necessary condition. How can this finding be explained?

CEs seeking durability can benefit substantially from developing a repertoire of knowledge, practices and values for navigating the ever-changing external landscape. This aligns with previous research emphasizing the need for and decisive role of social capital and partnerships in community-based initiatives. Being embedded in the social structure of the community enables engagement with that community in a way that unlocks resources, i.e. social capital (Adler and Kwon 2002; Peredo and

Chrisman 2006; McKeever, Anderson, and Jack 2014). Social capital can also extend into partnerships with key institutional players and organizations at district, city, regional or even national level. However, networking does not by default provide benefits, and precisely for this reason, it is not a necessary condition. ‘Regular’ entrepreneurs have to manage the trade-off between strengthening existing network connections and forming new ties to unfamiliar contacts (Stam, Arzlanian, and Elfring 2014). For CEs who struggle with lack of time and resources, this is probably not different. Durable CEs do not ‘network’ for the sake of it, but have an understanding about where a time investment in networking will generate productive outcomes, by identifying business opportunities or developing partnerships that add value, and by influencing strategic agendas. In other words, they know how to identify and access social capital – information, skills, funding and support – embedded in these networks. Being socially situated, how entrepreneurs perceive and realize opportunities is influenced by their background and the relations and circumstances which surrounded them (McKeever, Anderson, and Jack 2014; Stam, Arzlanian, and Elfring 2014). Our findings chime with previous research maintaining that social capital only becomes ‘capital’ if resources are properly perceived and if a group has the motivation and ability to obtain them through membership in different social structures (Portes 1998; Foley and Edwards 1999; Adler and Kwon 2002).

There are also several differences between the paths. First, a strong business model is not a part of Path 1, even though previous studies emphasize its importance (Wallace 2005; Kleinhans and Van Ham 2017; Richards et al. 2018; Van Meerkerk, Kleinhans, and Molenveld 2018). As mentioned above, the fsQCA has established that a strong business model may be very helpful, but is not a decisive condition.

Second, ‘community engagement and accountability’ is not part of Path 1. Maintaining the enthusiasm and engagement typical of a CE business start-up is always a challenge. Once a nascent CE becomes established, community engagement may fade. However, when aligned entrepreneurial culture, strong social capital and collective leadership interact effectively, a strong business model and community engagement and accountability are not essential for a durable CE. Some CEs have developed into well-known, professionalized service providers that do not need or seek frequent community contact but rather embed community consultation and ‘on-the-go’, relational practices of accountability in their service provision (Buckley et al. 2017; Bradford, Luke, and Furneaux 2018; Kleinhans, Bailey, and Lindenbergh 2019). Hence, they deliver appreciated services for the community, but, given their aims and development stage, have no extensive formal community engagement processes. This situation inherently carries the risk of ‘mission drift’ i.e. a situation in which the CE loses sight of its social mission in its efforts to generate revenue (Powell, Gillett, and Doherty 2019). Its organizational governance is concerned with simultaneously balancing the dual objectives of profit (or surplus) generation and social mission (Ebrahim, Battilana, and Mair 2014). In ‘our’ CEs, the combination of strong collective leadership and an aligned entrepreneurial culture can prevent mission drift, thus explaining why strong community engagement and accountability is not essential for a durable CE.

Another possible explanation is that the necessary balance between short-term, rule-oriented mechanisms of accountability and more long-term approaches to evaluation and organizational learning (Ebrahim 2005, 61) has tilted towards

organizational learning. Especially CEs that have developed into professionalized service providers, effectively navigate both informal and formally required forms of accountability and focus on continuous improvement through training, self-evaluation and learning (Connolly and Kelly 2011, 234). This may also apply to the relationships between CEs and their funders, which may have been hierarchical and rigid at early stages, but evolve into more collaborative partnerships that prioritize organizational learning over accountability (see Lall 2019).

Third, 'collective leadership' is not part of Path 2. In other words, the combination of a strong business model, community engagement and strong networks, can interact with an aligned entrepreneurial culture to deliver durability. The lack of collective leadership can be overcome by ongoing community engagement. Alongside a strong business model, this creates the internal and external credibility that can be leveraged through strong social capital and partnerships, and effectively transform social capital into the specific resources, capacities and activities required for a durable CE.

## Conclusions

Our study sought to identify which particular configurations of conditions determine whether CEs sustain their activities and local community benefits over time. Their level of 'success' is defined as *durability*, i.e. the extent to which a CE is sufficiently equipped to continue performing in the long term due to goal realization, community satisfaction and recognition, sustained staff capacity, and financial stability. Using fuzzy set qualitative comparative analysis (fsQCA) based on 33 interviews, the article has systematically compared 19 CEs across England.

Our findings contribute to the literature on community-based entrepreneurial initiatives in three ways. Firstly, our analysis shows that *aligned entrepreneurial culture* is a necessary condition. Regardless of variations in configurations, this particular condition always has to be present for CEs to become durable over time. An aligned entrepreneurial culture is defined by the extent to which entrepreneurial values are incorporated and shared by everyone involved. Such a culture is based on a vision regarding the ultimate purposes and values of the CE, with everyone working together in the same direction (Selsky and Smith 1994; Clare and Marwood 2008; Renko et al. 2015). The effects of lacking such a culture may include a lost sense of mission, disoriented employees, increased staff turnover, thus losing 'organizational memory', and a damaged public image, especially among the customers and/or the local community (e.g. Stumbitz et al. 2018; Kleinhans et al. 2020).

Secondly, we have identified two configurations of conditions that are sufficient for CEs to become durable. We have unravelled how both configurations overlap in ways that CEs can become durable without the presence of either 'collective leadership', 'a strong business model' or 'community engagement'. This again emphasizes the limited utility of talking about single 'success factors'. Our finding that CEs can become durable without having a strong business model, runs counter to many previous studies (Wallace 2005; Bailey 2012; Kleinhans and Van Ham 2017). CEs with a strong, aligned entrepreneurial culture combined with

collective leadership and strong social capital and partnerships can make for enough social capital, support, innovation and goal achievement to sustain the CE over time.

Thirdly, having social capital and partnerships is widely considered as a *sine qua non* for CE durability (see e.g. Clare and Marwood 2008; Somerville and McElwee 2011; Seixas and Berkes 2009; Richards et al. 2018; Stumbitz et al. 2018). Our analysis has emphasized that networking is not by definition a prerequisite for this achieving this aim. Rather, it only becomes fruitful once it enables CEs to effectively access social capital embedded in these networks. Having various ties is not enough, but turning them into valuable assets can be highly important for durability. This requires CEs to be open and selective at the same time, and to avoid ‘draining ties’. The importance of bonding, bridging and linking social capital is in line with previous studies on the performance of community-based initiatives (Dale and Newman 2010; McKeever, Anderson, and Jack 2014; Van Meerkerk, Kleinhans, and Molenveld 2018; Igalla, Edelenbos, and Van Meerkerk 2020).

The findings in this article are based on the pre-COVID-19 situation in England. This crisis has a profound impact across many domains of society, including community-based initiatives. Further research is needed to understand how CEs will be affected in the longer term, and to what extent this changes the (impact of) configurations of conditions in a post-COVID-19 society.

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