

# Exploring the durability of community businesses in England

A comparative analysis



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## About this report

This research was funded in 2019 through the Power to Change Research Institute's Open Research grants programme. Power to Change has a vision of better places created through community business. The Power to Change Research Institute supports this vision by commissioning high-quality research that promotes rigorous analysis and stimulates critical scrutiny and debate, aiming to shape both policy and practice. The research is conducted independently of Power to Change. The work and any views presented are the authors' own.

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# Executive Summary

## Background

In 2019, Delft University of Technology, Erasmus University of Rotterdam and Cyta Consulting Ltd. secured grant funding from Power to Change to deliver the research they had proposed on the durability of community businesses.

Community businesses are locally rooted, trade for the benefit of the local community, are accountable to the local community, and have a broad community impact. For the purposes of this study, **durability** means a community business has the community recognition, financial stability, staff capacity and capability to continue realising its goals for the benefit of the community it serves for an extended period.

Recent research has addressed the question of 'what works' (success factors) for community businesses in various subsectors, ranging from pubs, housing and transport to community hubs, health, wellbeing, sport and leisure. However, previous research has examined these conditions for success individually rather than in conjunction, missing out on the intricate interplay between them. The added value of this study is that it provides a better understanding of this interplay and the combined impact of various conditions upon the durability of community businesses in England. It uses desk research and a Qualitative Comparative Analysis of 19 community businesses in England (see Appendix 1).

## Key findings

On the basis of a critical literature review, the study has identified **five conditions** for durability:

1. Collective leadership
2. Community engagement and accountability
3. Strong business model
4. Aligned entrepreneurial culture
5. Strong networks and partnerships.

The study shows that an **aligned entrepreneurial culture is a necessary condition** for durability. In an aligned entrepreneurial culture, entrepreneurial values are incorporated and shared in the community business, making everyone 'pull together in the same direction'. This culture is also reflected in people being willing to adapt and embrace change, to take responsibility, to take risks in developing new activities/sources of income, and to experiment, learn and innovate.

Not all five conditions need to be met to achieve durability. Two specific **combinations of conditions** can be sufficient to create durable community businesses:

1. an aligned entrepreneurial culture, collective leadership, and strong networks.
2. an aligned entrepreneurial culture, high levels of community engagement and accountability, a strong business model and strong networks.

## Methodology

A critical literature review of evidence for successful community businesses, including the most up-to-date scientific studies and insights of completed Power to Change studies, identified the conditions for community business durability and informed interviews with senior representatives of 19 community businesses across England. These were selected to ensure a variety in conditions and outcomes and included urban, rural and coastal examples from across the country (see Appendix 1). In total, 33 semi-structured interviews with chief executive officers and board members were conducted. Respondents were asked to sign an informed consent form and interviews were transcribed and analysed.

The analysis used *fuzzy set Qualitative Comparative Analysis* (fsQCA), a configurational approach in which factors are not examined in isolation but are identified as **necessary** and **sufficient** conditions that collectively lead to a certain outcome (Rihoux and Ragin, 2009) – in this case, durability. The report uses the following terminology:

- **‘necessary’**: a condition always present whenever a community business is durable, or
- **‘sufficient’**: a certain combination of conditions – i.e. a configuration or path – leads to durability

Appendix 2 contains an overview table of conditions, indicators and the scoring procedure. Through the fsQCA software, an overview of the configurations of conditions for all case studies identified different ‘paths’ leading to durable community business.

## Conditions for durability

The critical literature review defined five conditions for the durability of community business that were used in the Qualitative Comparative Analysis. In summary:

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### 1. Collective leadership

In this condition, leadership and responsibility are inclusive and proactively and collectively shared between the chief executive officer, board members, staff and volunteers. Collectively shared leadership also implies openness, engagement, continuous learning, adaptability, creative problem solving and – in this context – acting as a key ambassador for wider community interests.

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### 2. Community engagement and accountability

This condition reveals how and to what extent members of the local community are actively involved in the (co-)creation, delivery and consumption of services and goods provided by community businesses. It implies regular contact and consultation with the local community to ensure that the business responds to community needs and that local people can contribute to the business, including actively shaping its priorities and strategic direction.

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### 3. Business model

By definition, community businesses trade for the benefit of their local community. While many rely on grants and/or loans from public and charitable sources in their formative days, community businesses usually seek to combine trading and non-trading activities to minimise financial exposure in the longer term. A specific form of trading is using assets (specifically buildings and land) to generate an income, such as renting out spaces for work, recreation or other activities. Volunteers may be a crucial part of the business model, as unpaid staff taking part in delivering key services.

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### 4. Aligned entrepreneurial culture

Crucially, an aligned entrepreneurial culture is defined by the extent to which entrepreneurial values are incorporated and shared by everyone involved. In an aligned entrepreneurial culture, people are willing and encouraged to adapt and embrace change, take up and share responsibility, and take risks in developing new activities and sources of income. The shared entrepreneurial values are also expressed by a 'driving' story on the ultimate purposes and values of a community business, with everyone 'pulling together in the same direction'. Proactive learning, experimentation and innovation are key elements of an aligned entrepreneurial culture.



5. Networks and partnerships

The final condition revolves around the connections and networks of community businesses within and across scales, sectors and institutions. Beyond the local community, building inter-organisational relationships and partnerships with various stakeholders is important. Strong social capital refers to both social ties and resources (such as funding, knowledge and support) that are beneficial or even indispensable to the running and impact of community businesses.

Conclusions

All community businesses that have been shown to be durable in our study foster an aligned entrepreneurial culture. This is a **necessary condition**. The analysis suggests that any community business that lacks this condition is unlikely to survive in the longer term. In addition, the presence of all other conditions cannot compensate for the absence of an aligned entrepreneurial culture in realising durability. The analysis has shown that community businesses that do not act in an entrepreneurial way, with clear and shared goals and values and a culture of experimentation, cannot be ‘saved’ even by a combination of collective leadership, a strong business model and strong networks. An aligned entrepreneurial culture must ripple through every act of policy, business strategy and operational delivery. It shapes attitudes and behaviours in wide-ranging and durable ways. Cultural norms define what is encouraged, discouraged, accepted, or rejected within the business. When properly aligned with personal values, drives, and needs, such an aligned entrepreneurial culture can unleash tremendous amounts of energy toward a shared purpose and foster an organisation’s capacity to thrive.

However, besides the necessary condition, there are also two combinations of conditions that are **sufficient** for community businesses to become durable (see table below). In the report, we use the word **paths** to refer to such combinations of conditions. As with the proverbial ‘all roads lead to Rome’, multiple paths can lead community businesses to durability.

Paths towards durable community businesses (12 out of 19 community businesses)

Conditions	Path 1	Path 2
Collective leadership	✓	
Community engagement and accountability		✓
Strong business model		✓
Aligned entrepreneurial culture	✓	✓
Strong networks and partnerships	✓	✓
Community businesses that fit this path:	10 (out of 12)	7 (out of 12)

There are some similarities between the two paths, but also some important differences. Starting with the similarities: both paths share the presence of an aligned entrepreneurial culture and strong networks. Given the challenging environment of scarce resources and communities that often have a relatively low socio-economic status, an aligned culture including a shared vision on key values and learning, taking some risks and adapting to changing circumstances is crucial to survival. In contrast, although important, 'strong networks' is not a necessary condition. Durable community businesses do not network for the sake of it but have a clear understanding about where an investment of time will generate the most productive outcomes, whether that is in terms of influencing strategic agendas, identifying business opportunities or developing partnerships that add value. Alongside an aligned entrepreneurial culture, the three conditions 'collective leadership', 'community engagement' and 'strong business model' can interact in different ways with 'strong networks' to effectively transform social capital into specific resources, capacities and activities to realise a durable community business. This probably explains why strong networks is not a single necessary condition but part of the two identified paths towards durability.

A surprising difference between the two combinations of sufficient conditions concerns the business model. A strong business model is not a part of Path 1, whereas previous studies have actually emphasised the importance of this condition. Our research indicates that although this aspect may make a major contribution towards durability, it is not a decisive condition. When collective leadership, aligned entrepreneurial culture and strong networks are present and interact effectively (see Path 1), a strong business model is not an essential requirement for achieving a durable community business.

# 1.0

## Introduction

### 1.1 The search for durability

The primary focus of this study is the conditions underlying the durability of community businesses in England. Following the definition used by Power to Change, community businesses help make places better, e.g. by saving local shops, delivering training opportunities to local people, or providing affordable housing. They have four characteristics in common. They are:

1. <b>Locally rooted</b>	they were set up by local people, are rooted in a particular geographical place, and respond to local needs and opportunities.
2. <b>Accountable to the local community</b>	they can evidence regular community input into decision making through membership structures, ownership arrangements, or the involvement of local people as trustees/directors.
3. <b>Trading for the benefit of the local community</b>	they are businesses, they have a clear trading model and sell services and products in and around their local area (or, potentially, more widely) – but the way the business is run and the profits it makes are used to deliver local benefit.
4. <b>Delivering broad community impact</b>	they generate economic, social and environmental outcomes and engage with a variety of different groups in their community to address a range of different community needs.

Whereas many community businesses in England are well-established, others struggle to survive. There is considerable interest in building a better understanding of the conditions under which community businesses can flourish and continue to do so in the long term. The currently popular (if rather opaque) term ‘sustainability’ emerged as a component of corporate ethics in response to perceived public discontent over the long-term damage caused by a focus on short-term profits, specifically looking to protect our natural environment, human and ecological health, while driving innovation and not compromising our way of life. However, in this report, we prefer the term **‘durability’** in relation to the long-term operation of community businesses. In another study on community businesses, durability was defined as the combination of developed capacities, the level of goal realisation, and the business’ legitimacy which influence the continuity of community businesses over time (Van Meerkerk et al., 2018). Here, **durability is where a community business has the community recognition, financial stability, staff capacity and capability to continue realising its goals for the benefit of the community it serves for an extended period.**

There is already a significant body of research regarding ‘success factors’ for community business. However, our understanding of the **interactions** between various success factors, and their relative importance in the overall configuration of factors that affect the durability of community business, is still quite limited. Our starting hypothesis is that durability is predominantly determined by specific combinations of success factors (here defined as **conditions**) and by the way in which they interact in delivering durability. In other words, the relationships between conditions matter. Therefore, this report aims for a clearer understanding of the relative importance of, and relationships between, the conditions for the durability of community businesses in England.

## 1.2 Aim and research question

In the last five years, there has been a surge in research focussing on community businesses, community development trusts, community enterprises and recently also community hubs. While there is by and large agreement on how these forms of community activism are defined, this report will use the term ‘community business’ for consistency.

Recent research has addressed the question of ‘what works’ (success factors) for community businesses in various subsectors: pubs (Davies et al., 2017a), housing (Davies et al., 2017b), community transport (Kotecha et al., 2017), community hubs (Richards et al., 2018b; Traynor and Simpson, 2020; Trup et al., 2019), health and wellbeing community businesses (Stumbitz et al., 2018; Richards et al., 2018c), sport and leisure community businesses (Richards et al., 2018d), and also identifying key factors of community businesses in other countries, compared to England (Bailey et al., 2018a).

Figure 1.1: The Bevy, Brighton; a well-known example of a community pub



Picture courtesy of the Bevy

This body of evidence has worked to identify common success factors for community businesses, such as financial self-sustainability, community and volunteer engagement, staff and volunteer skill sets and roles, and strong partnerships and networks (Richards et al., 2018a; Trup et al., 2019). We will refer to such success factors as **conditions** for durability. However, previous research has examined these conditions individually rather than in conjunction, missing out on the intricate interplay between the various conditions. To further the growth, strength and impact of community businesses, we need to move beyond a focus on 'stand-alone' conditions, to reveal *configurations* of conditions for success. The aim of the report is to get a better understanding of the interplay and combined impact of various conditions upon the durability of community businesses in England. The report will ascertain whether certain conditions are **necessary** and which conditions may be **sufficient** for durable community businesses to emerge. Throughout the research, our leading question was: 'how does the interplay between key conditions affect the durability of community businesses in England?' The answer in this report will be based on both desk research and an innovative analysis of 19 community businesses in England (see Appendix 1).

## 1.3 Report structure

The report is divided into five main sections:

- Chapter 1 offers an introduction to the topic.
- The methodology is briefly discussed in Chapter 2.
- Chapter 3 reports a concise literature review regarding the conditions for durability of community businesses.
- In Chapter 4, the interviews are analysed, using a Qualitative Comparative Analysis (fsQCA) approach.
- In Chapter 5, we discuss the findings and draw conclusions.
- Appendix 1 lists the 19 case studies.
- Appendix 2 contains further information on the methodology.



## 2.0 Methodology

### 2.1 Introduction

This study builds on a validated evaluation method called Qualitative Comparative Analysis (QCA). In essence, QCA enables the analysis of multiple case studies in complex situations through explaining why change happens in certain cases but not others (Pattyn et al., 2017). QCA focuses on analysing the causal contribution of different *conditions*, i.e. aspects of an intervention and the wider context to an outcome of interest.<sup>1</sup> Here, **durability** is the outcome of interest. QCA was recently used to assess the durability of Dutch community enterprises by two of this project's research team (Van Meerkerk et al., 2018).

### 2.2 Approach

The approach consisted of five stages:

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#### Stage 1 – Evidence review

This stage consisted of a **critical review of evidence** of successful community businesses. We enriched this review by including the most up-to-date scientific studies on community development, social entrepreneurship and institutional governance. The outcome of this critical evidence review (see Chapter 3) is an **analytical framework** of conditions for durability, including a concise explanation of these conditions.

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#### Stage 2 – Fieldwork preparation

In the second stage, we constructed an **interview guide** based on the specific conditions for durability, following stage 1. A **selection of 19 community businesses** across England was made in consultation with Power to Change and using our own networks. This selection was done purposefully to ensure a variety in conditions and outcomes (i.e. successful cases, cases that have severely struggled to continue and, in one instance, a case that recently went into liquidation) and included urban, rural and coastal examples. For each case study, chief executive officers and, where possible, board members were identified and face-to-face interviews arranged.

<sup>1</sup> See [https://www.betterevaluation.org/en/evaluation-options/qualitative\\_comparative\\_analysis](https://www.betterevaluation.org/en/evaluation-options/qualitative_comparative_analysis)

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### Stage 3 – Data collection

Stage three consisted of **semi-structured interviews** with the chief executive officers and board members. We attempted to interview two respondents per community business although this was not always possible. In total, 33 interviews were conducted. At the beginning of the interview, respondents were asked to read and sign an informed consent form (see also section 2.3).

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### Stage 4 – Data analysis

In the next stage, we used **fuzzy set Qualitative Comparative Analysis (fsQCA)**. This enables systematic comparison of configurations of conditions (i.e. combinations of factors) that contribute to making individual community businesses durable over the longer term. fsQCA is a configurational approach, in which factors are not examined in isolation, but are identified as necessary and sufficient conditions that collectively lead to a certain outcome (Rihoux and Ragin, 2009). A configurational approach allows for the fact that the effect of an *individual* condition often depends on the presence or absence of other conditions. Furthermore, it also takes into account that durable community businesses might have different causal explanations for durability instead of just one (Schneider and Wagemann, 2012). In other words, there may be different configurations of conditions leading to a durable community business. The fsQCA approach enables researchers to go beyond individual case studies and retrieve general patterns from case studies in a systematic and transparent way (Rihoux and Ragin, 2009).

FsQCA requires researchers to describe both the conditions and the outcome in qualitative terms, using specific detailed labels (such as collective leadership). Generally, the procedure starts with conceptualising the most important conditions for durability and labelling them. This means that we used both the conditions and the outcome, so that we were able to assign a qualitative score (a value) to each condition and outcome. We subsequently coded the interview transcripts and systematically scored each indicator for the conditions and the outcome. You can find an overview table of all conditions, indicators and the scoring procedure in Appendix 2. We collectively discussed each condition and score for all the case studies, to maximise validity. Finally, using fsQCA software, we created an overview of the configurations of conditions for each of the case studies, identifying different paths leading to durable community business. The role of the conditions will be discussed using the following terminology:

**‘necessary’**: a condition is always present whenever a community business is durable.

**‘sufficient’**: a certain combination of conditions – also called a configuration or a path – leads to durability or non-durability.

These insights enabled further analysis, elaborating on the specific details and practices related to the conditions, and conclusions.

### Stage 5 – Reporting

The results of the previous stages were discussed in draft with Power to Change.

## 2.3 Ethics and data protection

Prior approval was given by the TU Delft University Ethics Committee – the institution of the project leader of the consortium. In line with GDPR requirements, we obtained informed consent from interview respondents with validated forms signed both by the respondents and researcher. All interview data have been securely stored on TU Delft servers and anonymised data was doubly backed-up daily, to guarantee integrity and replication.

## 3.0

# Conditions for durability: a literature review

## 3.1 Introduction

Combining a Google Scholar search with our knowledge of available reports on 'success factors' of community business, an encompassing review of the literature has provided the basis for a conceptualisation of conditions for durability, which has been used in the Qualitative Comparative Analysis (Chapter 4). We have reviewed approximately 60 sources, of which more than half have been used in the report (see Bibliography).

In recent years, across England, the community business sector has grown in terms of size, attention and impact. Alongside a long-standing desire to promote forms of 'citizen-centred governance' (Barnes et al., 2008), there has been a groundswell of local responses that not only see people coming together to improve their local areas, but also to do so in innovative and enterprising ways that are durable in the long term and allow local people to benefit directly from local community-led business ventures. This 'on-the-ground' change has also been reflected in policy and legislative developments. The Localism Act 2011 demonstrated the government's determination to put the dispersal of power to individuals, communities and local government at the heart of its agenda. Within the bill, the General Power of Competence offered local authorities the opportunity to develop new joint ventures with the community sector. Housing reform offered new opportunities to build community-owned housing (including through the refurbishment of empty homes) – reinforced by the Community Right to Build. The Right to Challenge opened up the possibility of community organisations delivering more public services. Changes to the Community Infrastructure Levy (CIL) meant it could be used to resource innovative community asset developments. Neighbourhood forums aimed to encourage citizens to have a more effective voice in planning and community decision-making.

The Community Right to Bid was particularly important as it allowed many assets of community value (irrespective of ownership) to be registered to facilitate community buy-outs (extending community asset ownership which has been one of the great success stories of recent years). Other relevant legislation like the Public Services (Social Value) Act 2012 and the Neighbourhood Planning Act 2017 reinforced this approach, as did discrete funding programmes to encourage community ownership of pubs and housing. In sum, various changes in legislation and government programs have created a framework within which community business can thrive.

## 3.2 Defining durability

Parallel to the changes in context, a growing body of knowledge is developing. This relates to the potential of, and challenges for, community business in terms of organisation, finance, governance, asset transfer, community development and impacts, across many domains (e.g. Bailey, 2012; Healey, 2015; Wright, 2017). Any community business passes through various stages, from inception to full bloom, failure or anything in between (Swersky and Plunkett, 2015). As with regular businesses, a key question is which factors contribute to the long-term survival and **durability** of community businesses. In a Dutch study on community enterprises, durability was defined as the combination of developed capacities, the level of goal realisation and the business' legitimacy which influence the continuity of community businesses over time (Van Meerkerk et al., 2018). Durability is therefore a more encompassing concept than either efficiency or effectiveness, as it includes important factors beyond finance, such as networks and partnerships, staff capacity, trading activity, and accountability towards and impact on local communities – key elements of the Power to Change definition of community businesses. For example, if a community business is financially healthy but cannot make a significant contribution to improving wellbeing in a local community, the durability of that business – *as a community business* – has to be brought into question.

Ultimately, we have defined durability along **four key dimensions**, which together reflect a situation in which a community business is equipped to continue performing in the long term:

1. <b>Goal realisation</b>	ideally, a community business achieves all its key objectives and is satisfied with the perceived level of goal achievement, or explicitly reflects upon its outcome.
2. <b>Community satisfaction and recognition</b>	there is clear evidence that the local community appreciates the activities or services provided by the community business, and that it is actively supported by and gets strong public recognition by key statutory agencies.
3. <b>Leadership and staff capacity</b>	the community business has adequate staff capacity and a clear strategy for both short-time 'replacement' and training successors for key staff members.
4. <b>Financial stability</b>	the situation in which the community business generates a stable income to cover the running costs of the business and possibly an annual surplus.



### 3.3 Success factors

To identify conditions for durability, we searched the literature for indicators that help to understand this outcome. 'Success factors' is a commonly used term in both the academic and practitioner literature. Not surprisingly, Power to Change has recently built up a body of knowledge regarding 'what works' for community businesses in various subsectors, including pubs (Davies et al., 2017a), housing (Davies et al., 2017b), community transport (Kotecha et al., 2017), community hubs (Richards et al., 2018b; Traynor and Simpson, 2020; Trup et al., 2019), health and wellbeing businesses (Stumbitz et al., 2018; Richards et al., 2018c), and sport and leisure community businesses (Richards et al., 2018d). Other research has taken a more thematic approach and has analysed key issues of community business, such as measuring impact (Willis et al., 2017), addressing accountability (Buckley et al., 2017), and identifying key factors of community businesses in other countries, compared to England (Bailey et al., 2018a).

This body of evidence has identified common success factors for community businesses, such as financial self-sustainability, community and volunteer engagement, staff and volunteer skill sets and roles, and strong partnerships and networks (Richards et al., 2018a; Trup et al., 2019). In this report, we refer to these factors as **conditions** for durability. In Chapter 4, we will reveal which configurations of conditions arise from the interviews in our 19 case studies. Below, we discuss the literature review in more detail.

We listed all 'success factors' from the literature, ordered these into five categories, on the basis of a manual cluster analysis, grouping similar factors together. The choice of five categories was based on the maximum number of conditions that we could include in the fsQCA, given the number of case studies. Table 2.1 outlines the results of this review and ordering process. The right-hand column indicates to which condition the particular success factor has ultimately been allocated.

Table 2.1: Success factors for community business

Success factors	Chosen condition
Ability to mobilise place-specific assets (Stumbitz et al., 2018)	<b>Collective leadership</b>
Ambition and passion (Clare & Marwood, 2008)	
Bridging leadership (Seixas & Berkes, 2010)	
Committed leadership and various management skills (Healey, 2015)	
Community entrepreneurship (Seixas & Berkes, 2010)	
Community leadership (Richards et al., 2018a)	<b>Community engagement and accountability</b>
Accountability (Buckley et al., 2017)	
Accountability (Clare & Marwood, 2008)	
Community and volunteer engagement (Richards et al., 2018a)	
Provision of voluntary initiative and labour (Valchovska & Watts, 2016)	
Stakeholder and resource mobilisation (Haugh, 2007)	<b>Business model</b>
Barrier: access to funding (Richards et al., 2018a; Wallace, 2005)	
Barrier to success: asset transfer (Richards et al., 2018a)	
Business plan and feasibility study (Haugh, 2007)	
Diverse income streams (Bailey et al., 2018a; Powell et al., 2019)	
Financial self-sustainability (Richards et al., 2018a)	
Focus upon quality provision, including good relationships with service users and local community (Powell et al., 2019)	
Having assets (property/building) (Richards et al., 2018a; Trup et al., 2019)	
Hybrid workforce (Powell et al., 2019)	
Staff and volunteer skill sets and roles (Richards et al., 2018a)	
Strong business model (Kleinhans & Van Ham, 2017)	

Success factors	Chosen condition
A commitment to quality (Clare & Marwood, 2008)	<b>Aligned entrepreneurial culture</b>
Bridging the gap between service delivery and policy development (Clare & Marwood, 2008)	
Embracing change (Clare & Marwood, 2008; Trup et al., 2019)	
Embracing risk (Clare & Marwood, 2008)	
Entrepreneurial capacity to identify opportunities and to diversify income streams (Stumbitz et al., 2018)	
Entrepreneurial leadership (Valchovska & Watts, 2016)	
Inspiring champions (Clare & Marwood, 2008)	
Learning and experimentation (Seixas & Berkes, 2010)	
Learning and experimentation (community of practice) (Healey, 2015)	
Navigating the hybrid nature of community businesses and preventing 'mission drift' (Stumbitz et al., 2018)	
Organisational and mobilising capacity (Healey, 2015)	
Sharing responsibilities (Clare & Marwood, 2008)	
Working with the market (Clare & Marwood, 2008)	
A range of informal and formal relationships (Stumbitz et al., 2018)	<b>Networks and Partnerships</b>
Bonding, bridging and linking social capital (Van Meerkerk et al., 2018)	
Inter-organisational relations with key stakeholders (Powell et al., 2019)	
Fruitful wider 'community business ecosystem' (Stumbitz et al., 2018)	
Investing in networks (Clare & Marwood, 2008)	
Partnerships and institutional linkages (Seixas & Berkes, 2010)	
Strong and weak ties, for assisting the creation, development and growth of community businesses (Haugh, 2007)	
Strong partnerships and networks (Richards et al., 2018a)	
Strong social capital (Somerville & McElwee, 2011)	
Strong social capital (McKeever et al., 2014; Igalla et al., 2020)	
Use of network relationships rather than network size (Haugh, 2007)	

## 3.4 Conditions

Based on the evidence, this section provides our 'final' definition of the five conditions for durability.

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### Collective leadership

Leading a community business is a complex affair. Unlike 'normal' business, community businesses are run by and for the community. This implies that leadership is not the exclusive responsibility of the chief executive officer, but is distributed and involves other people, including board members, staff and even volunteers (Richards et al., 2018a; Clare, 2016). The key argument is that *leadership and responsibility are actively and collectively shared and inclusive*, instead of being solely in the hands of a few senior staff and board members. Collectively shared leadership also implies openness, engagement, continuous learning, adaptability and creative problem solving. The lifeblood of collective leadership is *shared passion, ambition and values*, to do the things which benefit both the business and the local community (Healey 2015; Clare and Marwood 2008; Seixas and Berkes, 2010). Finally, collective leadership also implies a *wider leadership role*, in the sense that the community business acts as a key actor/ambassador for wider community interests (Healey, 2015).

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### Community engagement and accountability

Three distinguishing features of community business are that they are locally rooted, trade for the benefit of their local community, and are accountable to their local community. This requires various forms of community engagement, ranging from the 'production' to 'consumption' of benefits and anything in between. A key indicator is the degree to which community members are actively involved in the (co-)creation, delivery and consumption of services and goods provided by community business.

Another indicator is accountability. Research has shown that accountability in community business takes various forms, which are predominantly informal and embedded in the daily working routines of community business (Buckley et al., 2017; Kleinhans et al., 2019). In its most basic form, accountability implies the business identifies and responds to community needs and that local people can contribute to the business, including actively shaping its priorities and strategic direction. In a more structured way, community businesses may have a membership and organise annual general meetings, as well as door-knocking and other forms of 'on-the-go' exchange and consultation. *Formal* accountability towards funding agencies and other formal stakeholders is a more specific activity which is largely shaped by requirements posed by the latter, for example through annual monitoring reports.

A final element of engagement relates to volunteers. To what extent are volunteers stably and actively contributing to the community business and have the required skills (see: e.g. Valchovska and Watts, 2016). This is to be distinguished from the extent to which volunteers perform activities that are an indispensable part of the business model (see following section).

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### Business model

By definition, community businesses trade for the benefit of the local community. This means that the business generates commercial income to cross-subsidise socially-focused activities and services for the local community. Many rely on grants and loans from public and charitable sources, particularly in the early years, and a lack of access to grant funding can be a barrier to growth (Richards et al., 2018a; Wallace, 2005). However, over time, community businesses usually seek to combine trading and non-trading activities to minimise financial exposure. A common form of trading is using assets (specifically buildings and land) to generate an income through renting out spaces for work, recreation or other activities. The particular skills of staff and volunteers can play a key role in this respect (Kleinhans and Van Ham, 2017; Powell et al., 2019; Richards et al., 2018a) and, in some cases, volunteers are an indispensable part of the business model, as unpaid staff that take part in delivering key services (thereby reducing operational costs).

Figure 3.1: The small business units ('pods') rented out by the Glendale Gateway Trust



Picture courtesy of the Glendale Gateway Trust



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### Aligned entrepreneurial culture

This fourth dimension is strongly related to the three previous dimensions. Leadership, community engagement and business model are important, but the organisational culture of a community business ultimately determines how the organisation moves forward. This starts with a vision, through instilling and embedding a 'driving' story about the ultimate purposes and values of a community business and what it dreams to achieve in the long term, i.e. what might be called organisational alignment of values and beliefs – everyone 'pulling together in the same direction' (Clare and Marwood, 2008). Crucially, the aligned entrepreneurial culture is defined by the extent to which entrepreneurial values are incorporated and shared by everyone involved, and the extent to which the CEO and other key change agents are open to other people, ideas and encouraging people to join in (Healey 2015; Valchovska and Watts, 2016).

Part of this aligned entrepreneurial culture is also reflected in people being willing to adapt and embrace change (in general and in the context of the community business), take up and share responsibility, and dare to take risks in developing new activities and sources of income (Clare and Marwood, 2008; Seixas and Berkes, 2010; Stumbitz et al., 2018). Risk-taking also includes the extent to which people are prepared to experiment and make mistakes, as part of their own personal growth, and whether trial and error are a 'way of life' to improve the business' performance. In other words, proactive learning, experimentation and innovation are key elements of an aligned entrepreneurial culture (Healey, 2015; Seixas and Berkes, 2010). Bailey, Kleinhans and Lindbergh (2018b) have argued that new opportunities, the acquisition of new assets and other trading or non-trading opportunities can lead to 'creative disruption' within community businesses where a sudden shift in activity can open up new potential for growth. Finally, as part of the local 'rootedness', the entrepreneurial culture also strongly influences the extent to which a community business intentionally recruits staff members locally, even though this may not (initially) deliver the 'best' skill sets. Other research has found that community businesses which can keep going over time are more likely to build up a reservoir of skills and experience necessary for financial resilience and success (Trup et al., 2019).

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## Networks and partnerships

The final condition revolves around the connections and networks of community businesses within and across scales, sectors and institutions. Beyond the local community, building inter-organisational relationships with various stakeholders is important (Powell et al., 2019; Richards et al., 2018a; Seixas and Berkes, 2010). While networks are relevant in their own right, the social capital embedded in these networks matters most. Social capital here refers to both social ties (between community members) and resources (funding, knowledge and support) that are beneficial or even indispensable to the running and impact of community businesses (Haugh, 2007; McKeever et al., 2014; Somerville and McElwee, 2011). In line with Van Meerkerk and colleagues (2018), we distinguish between three types of social capital for community business:

1. <b>Bonding capital</b>	strong relationships within the local community and with other local community networks or platforms.
2. <b>Bridging capital</b>	relationships and partnerships with other local organisations and networks, such as local private sector actors, general practitioners, churches etc.
3. <b>Linking capital</b>	institutional partnerships and collaboration with key agencies, such as local or regional governments and national infrastructure organisations. Examples of the latter are Locality, Power to Change, Plunkett Foundation, Co-operatives UK and the Heritage Trust.

The next chapter analyses which configurations of conditions lead to a durable community business, distinguishing between necessary and sufficient conditions for durability.

# 4.0

## Analysis and findings

### 4.1 Introduction

The analysis of interview transcriptions was conducted with *fuzzy set Qualitative Comparative Analysis* (fsQCA). In this configurational approach, factors are not examined in isolation but are identified as *necessary* and *sufficient* conditions that collectively lead to a certain outcome (Rihoux and Ragin, 2009) – in our case, durability. The role of the conditions is discussed using the following terminology:

- **necessary:** a condition is always present whenever a community business is durable.
- **sufficient:** a certain combination of conditions – also called a configuration or a path – leads to durability or non-durability.

Both necessary conditions and sufficient (combinations of) conditions can lead to durability. The difference, however, lies in the extent to which a case must display these conditions. By definition, all durable community businesses will display the *necessary* condition. There is no durability without meeting the necessary condition. However, this is different for sufficient conditions. As mentioned, *sufficient* implies that a specific combination of conditions usually results in durability. If a community business does not display this specific combination, it does *not* mean that this case is not durable. This is because other specific *combinations of conditions* may also lead to the durability of a community business. In other words, several (different) combinations may actually be sufficient for durability. However, the necessary condition will **always** be part of each of these different sufficient combinations.

In this report, we refer to these combinations of conditions as **paths**. Just as ‘all paths lead to Rome’, there can be multiple paths that lead community businesses to durability. To protect the promised anonymity, individual community businesses will be indicated by a code rather than by name, i.e. CB01 through CB19.

### 4.2 Analysis of necessity

The first step identifies **necessary** conditions. These are conditions that are always present in durable community businesses. 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 indicates that there is one necessary condition for durable community businesses (see Table 4.1 and Figure 4.1).

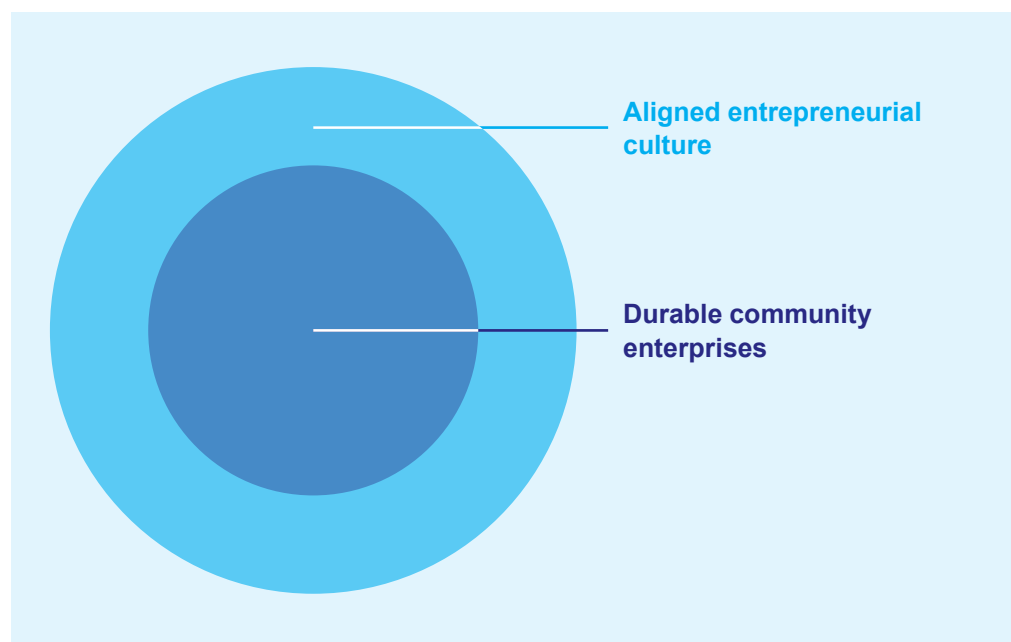
Table 4.1: Results of the analysis of necessity

Condition	Consistency
Collective leadership	0.852
Community engagement and accountability	0.822
Strong business model	0.852
Aligned entrepreneurial culture	0.941
Strong networks 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 a strong network	0.264

This necessary condition is the presence of **aligned entrepreneurial culture**. This means that community businesses that are durable display this kind of organisational culture. Community businesses that score below the threshold on aligned entrepreneurial culture are highly unlikely to be durable.

Although the term 'necessary condition' suggests that this condition always has to be present in durable community businesses, our analysis shows that there is no full consistency for the relationship between aligned entrepreneurial culture and durability. Instead, the consistency of 0.941 indicates that most, but not all, empirical data is in line with the suggestion that aligned entrepreneurial culture is necessary for durability. This means that exceptions to the 'rule' are still possible.

Figure 4.1: Aligned entrepreneurial culture as a necessary condition



### 4.3 Analysis of sufficiency

Besides necessary conditions, there are also combinations of conditions that are **sufficient** for a community business to become durable. Community businesses that display such a sufficient combination of conditions are usually durable businesses. As explained in section 4.1, there can be multiple combinations of conditions (paths) that are sufficient.

A first step to determine which paths there are, is to create a truth table (see Table 4.2) which displays all potential *combinations of conditions* in rows and assigns cases to one of these rows. Based on the scoring of a case on each of the conditions, the case is assigned to the row that shows the same combination of absence and presence of conditions as the case itself. We've used community business CB15 to demonstrate how the truth table functions. This community business is assigned to row 20, highlighted in blue. Based on its position in the truth table, we know that this community business shows evidence of collective leadership, aligned entrepreneurial culture, and a strong network (all indicated by a 1 in row 20 of the truth table). It is not considered to have a strong business model or high levels of community engagement and accountability (as shown by the 0 for those conditions).



Table 4.2: Truth table for the outcome 'durability'

Assigned combination number	Collective leadership	Community engagement	Business model	Entrepreneurial culture	Networks and partnerships	Outcome	Inclusion	Cases
28	1	1	0	1	1	1	1.000	CB18, CB19
20	1	0	0	1	1	1	1.000	CB15
24	1	0	1	1	1	1	1.000	CB16
32	1	1	1	1	1	1	0.954	CB02, CB03, CB08, CB09, CB13, CB14
16	0	1	1	1	1	1	0.909	CB01
5	0	0	1	0	0	0	0.751	CB17
7	0	0	1	1	0	0	0.748	CB11, CB12
2	0	0	0	0	1	0	0.663	CB10
12	0	1	0	1	1	0	0.620	CB05, CB07
1	0	0	0	0	0	0	0.496	CB06, CB04
#	Ten combinations are included in this table (each row). They are ordered based on the inclusion value. The ordering of row numbers is descending, starting with the highest value (1.000) for inclusion and ending with the lowest value (0.496) for inclusion. For the other 22 rows – combinations of conditions – we have no empirical evidence, i.e. none of the community businesses in our study shows this specific combination of conditions. They are 'redundant' and therefore left out of the table and any further analysis.							

For the subsequent analysis, only truth table rows with an inclusion cut of 0.800 or higher are included. This is a commonly accepted threshold and also coincides with a gap in the truth table rows (Schneider and Wagemann, 2012; Vis, 2009). 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.

All cases included in the remaining rows are durable community businesses with one exception. CB08 is a deviant case. This community business displays the combinations of conditions presented in row 32 (all conditions are present) but was considered not to be durable at the time this study was completed, in contrast to all the other community businesses in this row. CB08 is a unique case in a locality that has long been overlooked and suffered from a lack of public investment. Born out of a need to have a place where local residents, including many who live 'off the books' (i.e. are not registered with any statutory agency), and businesses could connect, it was set up by a group of local volunteers. With limited resources, donated materials, and renting a dilapidated building it managed to create a vibrant community space. The organisation of the community business has been chaotic and lacking any sort of strategic plan for years. Because of this, the finances were problematic and the organisation was

technically trading while insolvent. Donations from the public were needed to survive. However, CB08 is very successful at engaging and mobilising the local community and has strong relationships with three adjoining local authorities and several other strategic agencies. This has opened up several opportunities to take on major new income-generating assets. As a result, whilst its financial situation remains precarious for the moment, it is likely to become more stable in the near future. Although it has not proven to be a durable community business as yet, the current development – from precarious to stable – might explain why it scores high on all conditions but is not considered durable according to our definition.

As Table 4.3 shows, the results of the truth table analysis<sup>2</sup> consists of two **paths**. Each path consists of a combination of conditions. Meeting either the first or second path is usually sufficient for community businesses to become durable. Path 1 is a combination of collective leadership, aligned organisational culture and a strong network. In Path 2, durable community businesses show a combination of high levels of community engagement and accountability, an aligned entrepreneurial culture, a strong business model and a strong network. These paths are not mutually exclusive. This means that, unlike real roads, community businesses can ‘travel’ on both at the same time.

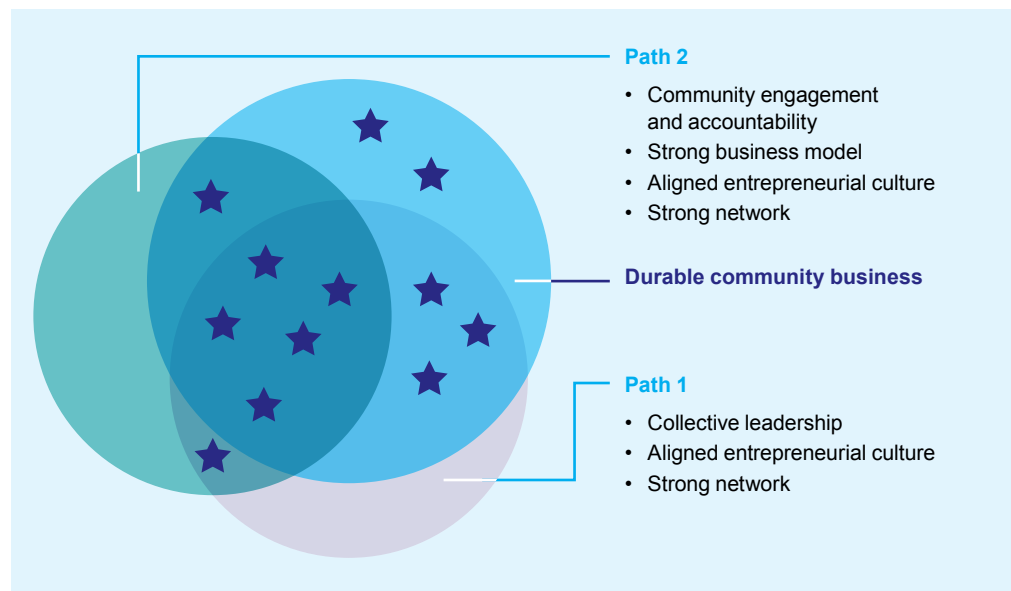
Table 4.3: Paths towards durable community businesses

Conditions	Path 1	Path 2
Collective leadership	✓	
Community engagement and accountability		✓
Strong business model		✓
Aligned entrepreneurial culture	✓	✓
Strong networks and partnerships	✓	✓
Community businesses that fit this path:	CB02; CB03; CB08; CB09; CB13; CB14; CB15; CB16; CB18; CB19.	CB01; CB02; CB03; CB08; CB09; CB13; CB14.

If a community business is assigned to one path only, they are ‘uniquely covered’ by that particular path. For example, the community businesses CB15, CB16, CB18 and CB19 are uniquely covered by Path 1 and CB01 by Path 2. CB02, CB03, CB08, CB09, CB13 and CB14 display strong signs of all five conditions and are thus associated with both paths. Figure 4.2 provides a graphic view of the durable community businesses, depicted as stars, and their fit into one or both of the paths.

<sup>2</sup> The results of the truth table analysis are presented in a so-called conservative solution formula. This type of analysis does not make assumptions regarding rows in the table for which there is no empirical evidence and thus excludes them from the analysis.

Figure 4.2: Two paths explaining durable community businesses



In Figure 4.2, a few cases stand out. First, there is the star at the bottom left of the diagram. This community business falls outside the set of durable community businesses (i.e. it is currently not durable), even though it is covered by both Path 1 and Path 2. This is the deviant case CB08 discussed earlier in this section.

The other cases that stand out are the two top stars. These are community businesses CB12 and CB17. They are durable, but do not fit in either of the two paths. CB12 can be explained as it displays an aligned entrepreneurial culture – the necessary condition. CB17 however is a community business with an unusual and particularly stable business model, through owning the lease of land on which large numbers of housing units have been built – each of which pay an annual fee. This has a clear and strong impact on its durability, even though the scores on the conditions are quite low. In the next section, the two paths will be explained in more detail.

## 4.4 Discussion of Path 1

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### Metrics from the analysis

This path displays a high consistency score of 0.928. This indicates that the empirical evidence is well in line with the idea that a combination of *collective leadership*, *aligned entrepreneurial culture* and *a strong network* is important for community businesses to become durable. The coverage of this path scores 0.765. Coverage expresses how much of the outcome (durability) is explained by this path. It assesses the relationship between the path and the set of durable community businesses (see Schneider and Wagemann, 2012). The score indicates that this path is by no means trivial. Ten out of the twelve durable cases in our set fit with this path.

### Interpretation of Path 1

This combination of conditions enables community businesses to muster resources in the widest sense of the word, including volunteers, financial and institutional support and materials to keep the business viable. First, the combination implies an inclusive leadership that embraces openness, engagement, continuous learning, adaptability and creative problem solving – thereby motivating staff and members of the community to make long-term commitments to the business. This distributed leadership may also help the business to make the right decisions about how best to allocate scarce resources. In most cases, the community business also plays a wider leadership role in the community, as ambassador and serving a wider community interest. CB03 and CB09 are good examples of this type of leadership: both have inspirational CEOs who are committed to devolving responsibility and building leadership at every level of their organisation – and to encouraging front-line staff to take decisions and feed back proposals for how front-line services could be improved. This generates intense loyalty from the whole team and an authenticity that is recognised and respected by the wider community.

Secondly, a strong and aligned entrepreneurial culture enhances a willingness and ability to adapt and take advantage of new (trading) opportunities, repeatedly attempting to develop new activities and to generate income, without necessarily developing a strong business model overall. This aligned culture is also reflected by how the key values of the business are shared among staff and board and generate a sense of everyone ‘pulling together in the same direction’.

Thirdly, strong networks help the community businesses to influence strategic agendas, get access to important resources (particularly information about funding and other business opportunities), and to collaborate with key institutional partners. Together, these three conditions make for a durable community business. For instance, strong networks combined with the wider leadership role enhance the recognition by key statutory agencies of the added value of the community business. The aligned entrepreneurial culture together with shared responsibility (collective leadership) and the resources provided by the network enable the community business to realise its key objectives.

The most typical cases for this path are CB03 and CB09, as referenced earlier. These are community businesses that best fit the idea that this specific combination of conditions is present in durable community businesses. However, CB03 and CB09 travel not only on Path 1 but also on Path 2 (see next section). The other cases that reflect Path 1 also score highly on one or more other conditions (e.g. a strong business model). Conversely, a community business that *only* travels Path 1 is CB15. How CB15 functions might help us understand why this specific combination of conditions is important for durable community businesses. Leadership is distributed throughout the organisation with the board taking a very active role in decision-making (including, on occasion, day-to-day decision-making). While the entrepreneurial drive is not particularly embedded, there is a high degree of alignment on vision, values and purpose. This means that everyone understands the priorities and is pulling in the same direction. Similarly, there is a high degree of effective networking, both locally and nationally. This combination of conditions enables the business to build 'internal ownership' of every aspect of its operation, focus on shared objectives and maximise opportunities by taking advantage of the wider relationships of both the staff and board in a coherent and strategic fashion. At the same time, case CB15 is in several ways an 'outlier' in that it is an arts-based organisation, and the arts sector in England has traditionally relied heavily on public funding as a core component of the business model. This explains why it scores low on the condition of a 'strong business model'. However, at the time of the interview, the organisation was on the cusp of a 'sea-change' as it is developing a major asset base which will allow it to work more closely with a wider range of partners, become more entrepreneurial and, to some degree at least, move away from an over-reliance on grant funding in the future.

A somewhat surprising feature of Path 1 is that a strong business model is not a necessary part of the path towards durability, whereas previous studies emphasise the importance of a strong business model (e.g. Bailey et al., 2018; Kleinhans and Van Ham, 2017; Richards et al., 2018a; Van Meerkkerk et al., 2018; Wallace, 2005). However, we should note here that most cases fitting the first path, also meet the condition of having a strong business model. There are also three cases – including the arts-based organisation (CB15) – without a strong business model but still realising a durable community business. Although a strong business model might contribute to an organisation's durability, it is not a decisive condition for explaining it. In other words, when collective leadership, aligned entrepreneurial culture and strong networks and partnerships are present and interact effectively, a strong business model is not necessarily needed for achieving a durable community business.

Access to financial resources is still important. In our study, a 'strong' business model is operationalised in a way that considers dependence on grant funding and subsidies as something that may undermine durability in the longer term, because it opens up the business to the vagaries of the external funding market. However, while having limited access to external funding is considered as a clear barrier to success (Richards et al., 2018a; Wallace, 2005), effectively acquiring grant funding can be a key strategy to cover operational costs, or to set up activities that are at the heart of the community business' goals – at least in the early stages. In fact, several of the community businesses that participated in this study have applied for funding to start up various community projects, renovate buildings in need of repair, or implement staff training programmes.

However, there are strong indications that the combination of collective leadership, aligned entrepreneurial culture and strong networks has helped to make these community businesses more successful in acquiring grant funding or other subsidies.

## 4.5 Discussion of Path 2

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### Metrics from the analysis

Just like the first, this path displays high levels of consistency, reflected by a score of 0.919. Again, empirical evidence is consistently in line with this path. A combination of *high levels of community engagement and accountability, an aligned entrepreneurial culture, a strong business model and a strong network* is important for community businesses to become durable. A coverage of 0.675 suggests that this path covers slightly fewer of the durable cases than the first path, although it remains important in explaining durability. Seven out of the twelve durable cases adhere to this recipe.

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### Interpretation of Path 2

We have observed a strong interplay between strong networks, community engagement and accountability, aligned entrepreneurial culture and the development of a strong business model in the cases that travel on Path 2. The combination of a shared entrepreneurial drive (including room for experimentation, learning and innovation) and strong, resourceful networks, provides opportunities to strengthen the business model. In the context of an aligned entrepreneurial culture, well-considered 'high-risk, high-gain' projects are undertaken to develop the business model. Several cases report business opportunities that initially struggled but subsequently flourished, through the interplay of entrepreneurial culture with strong links to service users, and strong engagement with the local community. Examples include community centres, renting out housing units or office floor space, and a commercial e-bike service shop.

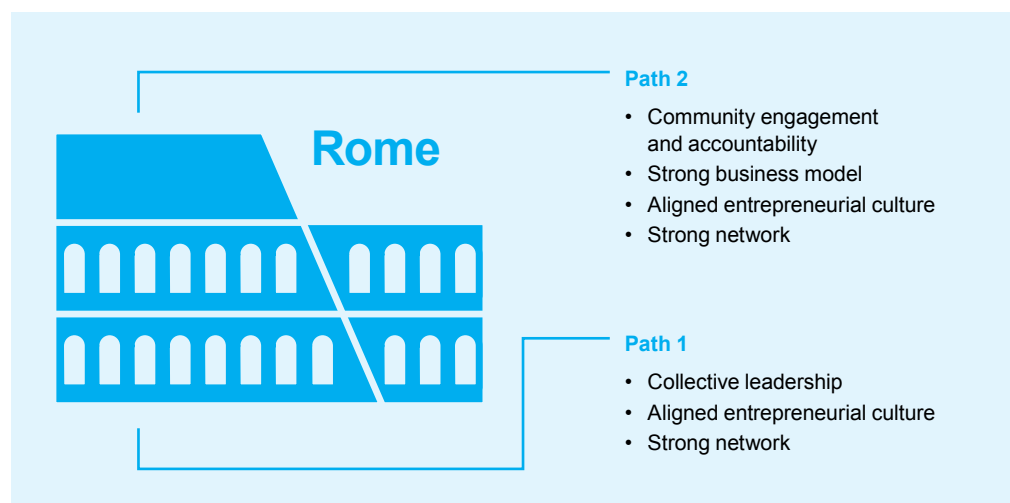
The durable cases that fit the second path have a strong asset base, which generates a stable source of long-term income. In most cases, the relationship with key statutory agencies, such as local authorities, is reasonably good or supportive. This is reflected, for example, by local authorities providing a very attractive lease for a building, contracting for services provided by community businesses, or strongly involving a community business in strategic decision-making regarding the locality of the community business. A good relationship helps to establish continuity and it paves the way for new community business initiatives that require co-operation with the local authority, such as providing childcare facilities or affordable housing. Furthermore, these durable cases effectively use their networks with regional or national agencies (such as Plunkett Foundation or Locality) to develop their businesses further. 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' as local recruitment is prioritised. Examples are repair workshops and cafés.



Through such high levels of community engagement, various forms of informal ‘on-the-go’ consultation can also impact on how the business is run, sometimes refining business strategy and operations (see Buckley et al., 2017; Kleinhans et al., 2019).

The community businesses that best fits the suggested relationship between this combination of conditions and durability is CB09. Conversely, a uniquely covered case for this path is CB01. This community business only travels on Path 2. It is a multi-purpose charity that provides specialist services to help people overcome a broad range of issues, particularly with health and wellbeing. It has been highly entrepreneurial in developing into a large service-oriented organisation. In terms of delivering welfare provision, it has become a serious competitor to mainstream service providers and has built up a strong business model in tandem with strong networks with local statutory agencies and its service users. The community of service users is consulted on a regular basis, to make sure that the services match community needs. This community business has developed through strong leadership by a long-serving CEO. However, the leadership is not significantly distributed across the business – it depends mostly on a small number of key people who take most of the decisions. Both the CEO and board members have flagged up succession of the chief executive as a potential threat to durability. Having not developed a ‘cadre’ of leaders within the organisation, they are now struggling to identify both experienced and 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 of the other conditions jointly enabled the development of a durable community business.

Figure 4.3: Two paths towards durability



In summary, the results show that an aligned entrepreneurial culture is **necessary** for durable community businesses. However, the analysis shows that there are two combinations of conditions that are **sufficient** for durability. As with the proverbial ‘all roads lead to Rome’, multiple paths can lead community businesses to durability.

## 5.0

# Conclusions

There is one **necessary** condition for durable community businesses: an **aligned entrepreneurial culture**. All those community businesses that have been shown to be durable, benefit from an aligned entrepreneurial culture. Crucially, the culture is defined by the extent to which entrepreneurial values are incorporated and shared by everyone. This starts with a vision about the ultimate purposes and values of the community business and what it dreams to achieve in the long term, with everyone 'pulling together in the same direction'.

Any community business that lacks this condition is unlikely to survive in the longer term. The potential consequences of lacking such a culture include a lost sense of mission, disoriented employees, increased staff turnover (thereby losing 'organisational memory'), and a damaged public image, as the disconnect between values and day-to-day operations generates cynicism from those observing it – especially customers (i.e. the local community). A clear example is the community business (CB06) which owns a large building but struggles to generate the aligned entrepreneurial culture that is required to motivate the staff team, engage the local community, build the business model and to develop strong networks. However, even these conditions would not compensate for the absence of an aligned entrepreneurial culture in realising durability.

Besides necessary conditions, there are also combinations of conditions that are **sufficient** for community businesses to become durable. We use the word **paths** to refer to such combinations of conditions, and multiple paths can lead community businesses to durability. Two combinations of conditions are sufficient for durability and there are therefore two paths that may lead community businesses to become durable in the long term.

Table 5.1: Paths towards durable community businesses (12 out of 19 community businesses)

Conditions	Path 1	Path 2
Collective leadership	✓	
Community engagement and accountability		✓
Strong business model		✓
Aligned entrepreneurial culture	✓	✓
Strong networks and partnerships	✓	✓
Community businesses that fit this path:	10 (out of 12)	7 (out of 12)

Path 1 is a combination of collective leadership, aligned entrepreneurial culture and strong networks. In Path 2, durable community businesses show a combination of high levels of community engagement and accountability, an aligned entrepreneurial culture, a strong business model and strong networks. These paths are not mutually exclusive. This means that, unlike real roads, it is possible to travel both paths simultaneously.

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### Comparison of the paths

There are several similarities between the two paths, the most important of which is the aligned entrepreneurial culture already outlined. However, the presence of strong networks on both paths is also noteworthy and although not a necessary condition, they are clearly important. Community businesses seeking durability benefit enormously from developing a repertoire of knowledge, practices and values for navigating the ever-changing external landscape. This aligns with previous research stressing the need and decisive role of networks and social capital for community-based initiatives (e.g. Igalla et al., 2020; Van Meerkerk et al., 2018). Networks and partnerships include strong ties both within the local community and beyond, extending into connections and partnerships with key institutional players and organisations at district, city, regional or even national level. However, networking does not by default provide benefits. More important is the extent to which community businesses can access social capital – such as information, skills, funding and support – embedded in these networks. Successful community businesses do not network for the sake of it but have a clear understanding about where an investment of time will generate the most productive outcomes, by influencing strategic agendas, identifying business opportunities or developing partnerships that add value.

However, on the basis of the existing knowledge about durability (discussed in Chapter 3), there are also two slightly surprising differences regarding the combinations of sufficient conditions:

1. A strong business model is not a part of the Path 1 route towards durability, whereas previous studies emphasise its importance (Bailey et al., 2018; Kleinhans and Van Ham 2017; Richards et al., 2018a; Van Meerkerk et al., 2018; Wallace, 2005). In fact, three cases without a strong business model are still realising a durable community business. Although a strong business model may make a major contribution towards an organisation's durability, it is not a decisive condition.
2. Community engagement and accountability is not part of Path 1. Maintaining the enthusiasm and engagement that is typical of a community business start-up (often centred around a 'fight' to preserve a much-loved building or service) is always a challenge. Once the battle appears to be 'won', community engagement and accountability can fade. However, when aligned entrepreneurial culture, strong networks and collective leadership (and the associated openness, engagement, continuous learning, adaptability, creative problem solving and, in this context, acting as a key ambassador for wider community interests), are present and interact effectively, a strong business model and community engagement and accountability are not essential for a durable community business. Internal and external 'coherence' generates the credibility and respect that can effectively overcome the lack of both conditions.

Similarly, Path 2's combination of a strong business model, community engagement and networks, can interact with an aligned entrepreneurial culture to deliver durability. The lack of a collective leadership approach is counter-balanced by ongoing community engagement. Alongside a strong business model, this creates the internal and external credibility that can be leveraged through strong networks and effectively transform social capital into the specific resources, capacities and activities required for a durable community business.

To summarise, the specific combination of conditions outlined in both Path 1 and Path 2 can deliver durable community enterprises. However, underpinning both is the necessary condition of an aligned entrepreneurial culture. Some community businesses forget the importance of culture and put strategy first. Perhaps they think culture takes care of itself, but that is not the case. Company culture means taking care of each other to do more for the world with your services and products. Get it right and it ripples through every act of policy, business strategy and operational delivery. It shapes attitudes and behaviours in wide-ranging and durable ways. Cultural norms define what is encouraged, discouraged, accepted or rejected within the business. When properly aligned with personal values, drives and needs, such an aligned entrepreneurial culture can unleash tremendous amounts of energy toward a shared purpose and foster an organisation's capacity to thrive and be durable.

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## Appendix 1:

# Community businesses that participated in the study

Community business	Location	Basic description
<b>All Saints Action Network</b>	Wolverhampton	A community business whose vision is to improve the quality of life for all people who live and work in All Saints area of Wolverhampton. It seeks to develop sustainable enterprises that create local jobs and deliver local services including childcare provision.
<b>Amble Development Trust</b>	Amble	The principal mission and objective of Amble Development Trust is to regenerate the former fishing town of Amble by taking a lead in most aspects of economic, social and community regeneration in partnership with other agencies.
<b>Barca Leeds</b>	Bramley, Leeds	A multi-purpose charity providing specialist services to help people overcome a broad range of issues particularly around health and wellbeing, supporting members of the local community, from children and young people to adults and families.
<b>B-inspired</b>	Braunstone, Leicester	B-inspired is the trading name of the Braunstone Foundation. It leads on a number of local and citywide initiatives, working with and within the community to deliver a wide range of support services and to create and promote events aimed at enriching the lives of local residents.
<b>Caterham Barracks Community Trust</b>	Caterham, Surrey	An award-winning development trust working in partnership with a developer, Linden Homes, and Tandridge District Council. The Trust has led on the regeneration of a huge former military barracks to create housing, sports, childcare and social facilities.
<b>Centre at Threeways</b>	North Halifax	The biggest community asset transfer in England, Threeways took over a large former school to create sustainable social change in and across North Halifax, where it acts as a Community Hub and operates a Health and Wellbeing Centre.
<b>Glendale Gateway Trust</b>	Wooler, North Northumberland	The Glendale Gateway Trust is based at the Cheviot Centre. The Trust was set up to support the community of Glendale – one of the most sparsely populated areas of the country.

Community business	Location	Basic description
<b>Goodwin Development Trust</b>	Hull	Committed to improving the quality of life within the communities of Hull and particularly in the large social housing estate within which it is based, the Goodwin team has a workforce of 200 employees along with 140 volunteers who are taking action to help local people.
<b>Heeley Development Trust</b>	Heeley and Meersbrook, Sheffield	Heeley Trust is a community anchor, aiming to improve public spaces, secure buildings and other assets for the community and deliver projects for the people who live here and beyond.
<b>Highfields Community Association</b>	Leicester	Highfields Community Association is a company limited by guarantee, aiming to manage a family-oriented community education and development centre and to benefit one of the most disadvantaged areas in Leicester.
<b>Keystone Development Trust</b>	Thetford, Norfolk	The Trust aims to build community capital in Thetford, Norfolk, and surrounding areas by empowering individuals, groups and communities to tackle needs and issues by creating their own solutions, organisations or enterprises.
<b>Lyme Regis Development Trust</b>	Lyme Regis, Dorset	An organisation with a track record of innovation and experimentation. It is a charity, independent of other agencies, keen to deliver community projects.
<b>Lynemouth Community Trust</b>	Lynemouth, Northumberland	The aim of the Trust was the promotion for the public benefit of rural regeneration in an area of social and economic deprivation, i.e. the small former fishing/mining village of Lynemouth, Northumberland, and its environs. The Trust was wound up in 2019.
<b>Manor and Castle Development Trust</b>	Manor and Castle, Sheffield	A community-based charity that was set up in 1997 to work with local people to regenerate the neighbourhood of Manor and Castle.
<b>Rowner Community Trust</b>	Grange Ward, Gosport	Rowner Community Trust is a community development trust that has been created to enhance the wellbeing of people in Grange Ward, Gosport.
<b>St Werburghs City Farm</b>	Bristol	Situated in the Bristol ward of Ashley next to four other highly disadvantaged wards, it strives to offer targeted community services that equip people with knowledge, skills and confidence, and provide green sites accessible to all.

Community business	Location	Basic description
Stour Space	Hackney Wick, London	A non-profit socially minded organisation providing affordable workspaces for local artists and other creative workers, exhibition and performance spaces which are subsidised by corporate and private hire activities, and meeting, café and bar facilities for the local community.
The Bevy	Brighton, East Sussex	Re-built, re-decorated and re-opened by volunteers in December 2014, the Bevy is the first community-owned and run pub in the UK based in a social housing estate. It is a Community Benefit Society with over 700 shareholders and profits are reinvested in the local area, making The Bevy 'more than just a pub'.
198 Contemporary Arts & Learning	Brixton, London	A centre for visual arts, education and creative enterprise, based in Brixton, London. Its mission is to nurture and support the career of emerging, under-represented artists (particularly from the local BAMER communities), and to advance public interest in the visual arts.

## Appendix 2

# Overview of the conditions, indicators and the scoring procedure for each condition

Conditions	Indicators	Questions asked during the interviews	Total score (4-point scale)
<b>Collective leadership</b>	<ul style="list-style-type: none"> <li>General, ambition, passion, shared among multiple actors</li> <li>Changes in leadership</li> <li>Wider leadership role</li> </ul>	<p>Leadership including others than CEO sharing responsibility</p> <p>Focus on collectively shared leadership</p> <p>Active adaptation to changes in community business (CB) and its context</p> <p>Active role as key actor/ambassador for wider community interests</p> <p><i>Note: To score .67 or above there should be a clear indication of a shared, collective form of leadership. The wider leadership role in the community is of added value, but not decisive.</i></p>	<p><b>0:</b> Collective leadership is not strongly developed, in the hands of one person without active adaptation to context</p> <p><b>.33:</b> Leadership is modestly developed among few individuals complementing each other in some skills, but the focus is narrowly on delivering certain services</p> <p><b>.67:</b> Leadership is shared among several key staff (may include board members), complementing each other's skills, sharing responsibility</p> <p><b>1:</b> Leadership collectively enacted among board and staff members, there is a joint responsibility, clear ambassadorial activities/serving wider community interest</p>
<b>Community engagement and accountability</b>	<ul style="list-style-type: none"> <li>Community engagement</li> <li>Accountability</li> <li>Volunteer engagement</li> </ul>	<p>Number and extent to which community members actively involved in (co-)creation, delivery and 'consumption' of community business' services</p> <p>Extent to which CB uses (in)formal accountability mechanisms, such as AGM, 'on-the-go' exchange or structured consultation</p> <p>Extent to which a sufficient number of volunteers stably and actively contribute to CB activities and have the needed skills</p> <p>Extent to which volunteers are part of business model (as unpaid staff) ► placed under <b>Business model</b></p>	<p><b>0:</b> Limited involvement of community, minimal consultation and accountability, neither formal nor informal</p> <p><b>.33:</b> Limited involvement of community, but occasional community consultation and accountability</p> <p><b>.67:</b> Significant community involvement, regular 'on-the-go' consultation, formal and informal accountability. Incidental evidence of accountability impact on strategy and operations</p> <p><b>1:</b> Strong and on-going community involvement, and extensive 'on-the-go' consultation and (in)formal accountability. Clear evidence of accountability impact on strategy and operations</p>

Conditions	Indicators	Questions asked during the interviews	Total score (4-point scale)
<b>Business model</b>	<ul style="list-style-type: none"> <li>• Business model, and diverse income streams</li> <li>• Role of assets; role of trading, and access to funding/other income</li> <li>• Hybrid work force and various skills</li> <li>• Volunteer engagement</li> </ul>	<p>Single source, few or multiple sources of income?</p> <p>Assets rented/owned by CB generate a substantial and stable income</p> <p>Having (partly) based community staff</p> <p>Extent to which volunteers are part of business model (as unpaid staff) and part of delivering key activities</p> <p><i>Note: Cases are only scored above the 0.5 threshold if they:</i></p> <ul style="list-style-type: none"> <li>• have multiple sources of income and</li> <li>• do not rely on grant funding</li> </ul> <p><i>If either one of them is not the case, they score below 0.5. Only if both are present, then they score above 0.5.</i></p>	<p><b>0:</b> 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 CB</p> <p><b>.33:</b> Several income sources, including trading, but still a significant reliance on grant funding and quite some reliance on unpaid volunteer labour. Limited skill base and limited development in the CB</p> <p><b>.67:</b> Several income sources; trading is a key source of income, including owning/long-term renting out assets. No reliance on grant funding, evidence for sufficient skill base and development in CB. Some reliance on unpaid volunteer labour</p> <p><b>1:</b> Wide and stable range of income sources, but trading is the core part of the business model and covers all operational costs. Grant funding is incidental, 'icing on the cake'. A strong skill base and development within the CB. A minimal reliance on unpaid volunteer labour</p>



Conditions	Indicators	Questions asked during the interviews	Total score (4-point scale)
<b>Aligned entrepreneurial culture</b>	<ul style="list-style-type: none"> <li>• Entrepreneurial vision</li> <li>• Entrepreneurial values are shared among the organisation, staff, and its members</li> <li>• Embracing change and taking up responsibility</li> <li>• Attitude to risk</li> <li>• Pro-active learning, drive to innovation, and room for people to experiment and grow</li> <li>• Local recruiting</li> <li>• Challenges</li> </ul>	<p>Instilling and emanating a 'driving' story on the ultimate purposes and values of the CB, what it dreams to achieve in the long term</p> <p>Extent to which CB entrepreneurial values are shared among those involved; extent to which CEO and key members are open to other people, ideas and practices, and encouraging people to join in</p> <p>How do people take up and share responsibility? How does the organisation actively adapt to changing needs?</p> <p>Deliberately taking risks in developing new activities/income</p> <p>Extent to which people can experiment and make mistakes, also as part of their own personal growth, and whether trial and error are considered as a 'way of life' to improve the community business' performance</p> <p>Extent to which CB deliberately recruits local staff members, even if this may not initially deliver the 'best' skill sets</p> <p>To what extent do the activities underlying the vision reflect coherence or tensions?</p> <p><i>To score above .67 it is important that there is a clear entrepreneurial drive and that this is shared among members. There is a culture of learning and experimentation.</i></p>	<p><b>0:</b> No clear and/or shared sense of entrepreneurial values. CEO and key members are not very open and responsibility is not shared beyond 'inner circles'. Lacking skill base, adaptation, and minimal room for making mistakes and personal growth. Little focus on learning and innovation</p> <p><b>.33:</b> Limited entrepreneurial drive and not shared widely. Some staff or board members are quite risk-averse, and not encouraging new ideas, experimentation and sharing responsibility. CB struggles to establish a sufficient skill base</p> <p><b>.67:</b> CEO and key staff welcome ideas and engage (local) people to make mistakes, build skills, take responsibility and grow. There is a shared drive for innovation. Entrepreneurial drive is a key value of the community business</p> <p><b>1:</b> Very strong entrepreneurial drive and attitude. Values like pro-active learning, inclusiveness and experimentation with new projects, opportunities and services are widely shared. There is adaptation to changing needs; trial and error and well-considered risk-taking are an inherent part of the culture. Very innovative</p>

Conditions	Indicators	Questions asked during the interviews	Total score (4-point scale)
<b>Networks and partnerships</b>	<ul style="list-style-type: none"> <li>Bonding capital, i.e. strong relationships within local community</li> <li>Bridging capital, i.e. relationships/partnerships with other organisations in the city or village</li> <li>Key private sector relationships</li> <li>Wider networks</li> <li>Linking capital, i.e. institutional partnerships with key players, e.g. local government</li> </ul>	<p>Good relationships with local community networks or other local platforms</p> <p>Good relationships with other organisations and networks across the city or village</p> <p>Good relationships with local private sector actors (e.g. local entrepreneurs)</p> <p>Ties with wider networks (e.g. sub-regional, regional or national), exchange of information and learning</p> <p>Possession of partnerships/collaboration with local and national key players (local government, NHS, or others)</p> <p><i>Note: To score above .67 there should be a combination of bonding and linking OR bridging capital.</i></p>	<p><b>0:</b> No strong developed network, no partnerships with key players, no or few links to other community organisations in the area and wider networks. The CB operates almost exclusively on its own</p> <p><b>.33:</b> Several connections with local community organisations, some relationships with key players, but these are not well developed (indifference, conflicts, little collaboration). Few/no exchanges with wider networks on city/regional/national level. Links are formed by few members but are not effectively used</p> <p><b>.67:</b> Well-connected with other local community organisations (bonding). Either strong developed relations with local key players and wider networks on city/region/nation level, (bridging) OR strong developed linking capital (i.e. partnerships with local government or other institutional key players)</p> <p><b>1:</b> Strongly connected with both local networks, key statutory agencies (KSAs) and wider networks. These links are used to form partnerships to collaborate, to get funding and/or to co-create changes (e.g. to discuss policies, coordinating services etc.). Strong recognition by KSAs. In short, there is strong bonding, bridging and linking capital</p>

Conditions	Indicators	Questions asked during the interviews	Total score (4-point scale)
<b>DURABILITY</b>	1. Goal realisation 2. Community satisfaction and recognition by key statutory agencies 3. Durability in terms of leadership and staff capacity 4. Durability in financial terms/stability	<p>CB achieves all its key objectives and is satisfied with this extent of goal achievement, or explicitly reflects upon its outcome</p> <p>Clear indications that community appreciates the CB's activities</p> <p>CB is actively supported by and gets strong public recognition from key statutory agencies (KSAs)</p> <p>Has a strategy/ideas how to deal with replacement of key individuals ('successors')</p> <p>Acquires stable financial resources beyond the money needed for the running costs of the business, and possibly an annual surplus</p>	<p><b>0:</b> There is a consistent shortage of funds and (staff) resources. The CB does not at all achieve its key objectives. Service use and participation are limited, as well as community appreciation. CB is not publicly recognised as important player in the local community. (None or only one of the components scores a 'one')</p> <p><b>.33:</b> CB struggles regularly to make ends meet, financially and in staff capacity. A hard time to achieve key objectives. Take-up of activities by community is irregular and hardly appreciated. Little recognition as important actor, incidentally involved in community decisions/policies/projects. (Two out of four of the components scores a 'one')</p> <p><b>.67:</b> CB is financially stable, it achieves satisfaction/recognition and it realises goals or has good staff capacity. CB achieves (most of) its objectives in a satisfactory way. While its services and activities are appreciated, there is not much evidence for wide community participation or strong KSA recognition</p> <p><b>1:</b> CB has some financial leeway to deal with unexpected setbacks. It has a clear strategy for short-time 'replacement' and training successors for key members. CB achieves all its key objectives in more than satisfactory way. Services and activities are widely appreciated and there is evidence for broad participation. It is recognised by KSAs as a crucial player in the community</p>

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