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# Hybrid Coping: The Impact of Covid-19 on Social Enterprise Resilience

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## ABSTRACT

This article explores the impact of Covid-19 on nonprofit resilience, utilizing the UK social enterprise ecosystem as the area of focus. The article engages the theoretical concepts of organizational resilience and community engagement; specifically, how these are impacted by exogenous shocks that change ecosystem dynamics. The article focuses in particular on financial resilience within the context of social enterprises in the United Kingdom both before and during the Covid-19 pandemic, explored through a grant funding program delivered between 2021 and 2023. The research utilizes quantitative financial and organizational data gathered from 1507 social enterprise applicants to this grant fund, based upon the period 2019–2022. This is supplemented by qualitative data in the form of interviews and focus groups held with social entrepreneurs ($N=17$) and key ecosystem support stakeholders ($N=16$), as well as researcher observations of discussions of social enterprise applications from the grant fund panel meetings. The research demonstrates how Covid-19 impacted organizations' resilience over time, illustrating financial and social resilience among the social enterprise sample engaged during the period 2019–2022. The paper posits that this financial and social resilience is grounded within social enterprises' focus on their communities and their hybrid missions. The findings are useful to policy-makers and practitioners looking to understand and support third-sector resilience in the post-pandemic world.

## 1 | Introduction

Before the Covid pandemic, research had explored issues around the marketization of the third sector and the sustainability of the nonprofit organizations that operate within it (McKay et al. 2015; Eikenberry 2009; Hazenberg and Denny 2020). Research has suggested that nonprofit organizations can experience sustainability issues, both in terms of their financial viability and their social mission (Jenner 2016). This sustainability is dependent upon the ecosystems that nonprofits operate in Hazenberg et al. (2016a, 2016b) and Roy and Hazenberg (2019). Further, sustainability can be linked to organizational resilience, particularly in times of crisis, when organizations need to anticipate, cope, and adapt to new environments that threaten their existence (Duchek 2020). Research has explored resilience in nonprofits and social enterprises (SEs) across a number of areas, including international development (Littlewood and Holt 2018), organizational logics (Bonomi et al. 2021), financial ratios (Searing 2021), and leadership (Suriyankietkaew et al. 2022). However, the majority of studies on nonprofit resilience were published before, or are based on data gathered prior, to the Covid-19 pandemic.

Resilience can be conceptualized as the "maintenance of positive adjustment under challenging conditions, such that the organization emerges from those conditions strengthened and more resourceful" (Vogus and Sutcliffe 2007, 3418). When specifically focused on the SE sector itself, resilience has been conceptualized as the reorganization, activation, and expansion of activities or services (Borzaga and Tallarini 2021). Resilience can thus be viewed as being predicated on down-to-earth assessments of one's context, the ability to lean on strongly held beliefs, and to be innovative when external pressures are great (Coutu 2002; Baker and Nelson 2005). These can be correlated with our understanding of nonprofits and particularly SEs, whereby they have been characterized in the literature as bricoleurs (Di Domenico et al. 2010) and as having strong hybrid identities predicated on social values and missions (Doherty et al. 2014).

The emergence of the Covid-19 pandemic in 2020 placed significant pressures on economic stability and the sustainability of sectors across the world (not just the third sector), but what remains unclear is the nuanced impact of the pandemic on the third sector and the nonprofits operating globally. Further, the pandemic was unusual in that is placed severe social constraints (lockdowns and isolation) on society that are atypical compared with normal recessions. Understanding this impact and the needs of the third sector as we move to a post-pandemic world is critical, if the third sector is to be enabled to grow, scale, and continue to deliver its social impact work. The current research explores this through data gathered from 1507 UK SEs engaged with a grant fund delivered between 2021 and 2023, designed to support them with resilience issues through the pandemic. The central research question for this paper is "What has been the impact of the pandemic on the financial resilience and sustainability of UK SEs?" Our results reveal strong SE resilience during the pandemic that translated into strong financial and social performance.

The paper hypothesizes that this apparent resilience, particularly with regard to innovative coping and adaptation, was borne from the SEs need to continue (or even increase) their delivery of frontline support to communities despite the pandemic. This aligns with the findings of Borzaga and Tallarini (2021), who argued that SE resilience during the pandemic was embedded within the organizations' need to become a stronger "reference point" for their communities. Further, the paper is embedded theoretically in concepts of organizational resilience (Duchek 2020; Vogus and Sutcliffe 2007) and notably how exogenous shocks to the system, such as seen through the Covid-19 pandemic, impact this resilience. In so doing, it leans on prior research in this area focused on organizational resilience and the strategies adopted by nonprofits to overcome this (Littlewood and Holt 2018; Bonomi et al. 2021; Searing 2021; Suriyankietkaew et al. 2022; Young and Kim 2015).

The paper seeks to make an original contribution to knowledge by utilizing empirical data to demonstrate the long-term impacts on the nonprofit sector in the United Kingdom, and extrapolate this globally, to suggest possible trends for the future surrounding nonprofit resilience. In doing so, it draws on prior theories related to organizational resilience, hybridity in nonprofits, and prior research that has shown nonprofit resiliency during previous exogenous shocks (i.e., the 2008 recession). The findings presented are important in not only understanding how SEs fared during Covid, but more widely in understanding the reasons behind this resilience, so that scholars, policy-makers, and practitioners looking to support third sector growth, can be better informed. Understanding resilience to exogenous shocks is more important than ever, given the increasingly uncertain world that we are living in, characterized by numerous economic, social, and environmental challenges, and ongoing conflicts related to these.

The paper begins with an exploration of SE ecosystems and the wider environments that SE operate in; there is then an exploration of hybridity among SEs, with a particular focus on resilience. The literature review then finishes by detailing the key features of financial resilience in SEs, before an exploration of the methodological approach to this empirical research is conducted. The results of the mixed-methods data analysis are then presented, along with a discussion of the theoretical, policy, and practical implications of the findings. The paper finishes with a short summary of the key findings and an overview of the limitations of the current study and opportunities for further research.

## 2 | Theoretical Framework

### 2.1 | SE Ecosystems and Exogenous Shocks

The idea of SE ecosystems has emerged in the literature in recent years, growing out of a base of business research that conceptualized local economies as ecosystems (see Moore 1993), drawing on ecological and environmental literature (Hazenberg et al. 2016a). Within this stream of research, SEs are conceptualized as living organisms, operating within ecosystems, within which historical, cultural, political, and socio-economic factors impact their development and survival, while the SE's own internal structures, and its wider stakeholder networks and resource streams, mediate how it reacts to its external environment and exogenous shocks (Hazenberg et al. 2016b; Roy and Hazenberg 2019). As noted by Okuneviciute-Neverauskiene and Pranskeviciute (2021), this reaction is embedded within an SE's hybridity, which affects interactions at the macro level.

Ecosystems are particularly important to SEs as they facilitate access to resources (financial or otherwise) that can support growth and social value creation, through the identification of beneficiaries and resources (Diaz Gonzalez and Dentchev 2021). Roundy and Lyons (2022) argue that it is the "humility" of the social entrepreneur that opens them up to engaging with these ecosystem resources, albeit we would argue that somewhat downplays the wider organizational aspects explored later in relation to hybridity. Nevertheless, ecosystems certainly provide a blend of social, cultural, and material resources that SEs can utilize to scale their impact (Spigel 2017). In doing so, organizations are required to react to their environments, as ecosystems are relational environments (Spigel 2017), where SEs can be envisaged as living organisms that can react through in-built modalities of resilience to exogenous shocks (Lapoutte 2020). In the context of this paper, this exogenous shock has come in the form of the Covid-19 pandemic.

The Covid-19 pandemic created negative health, social and economic implications across the globe (Kuckertz et al. 2020). The pandemic especially impacted SEs, with Weaver (2020) noting challenges for SEs in terms of financial resilience, managing social and economic goals, and institutional collaboration. The challenges SEs face in securing finances were compounded by the pandemic, which has resulted in decreasing funding streams. Although a decrease in funding opportunities was evident in the United Kingdom, new funding opportunities emerged through Covid-19 focused support funds (e.g., in the United Kingdom, this included the Furlough scheme, Restart Grants and Local Restrictions Grants) (DfBIS 2023), albeit none of these were SE specific. When thinking about the impact of the pandemic on SEs, it is easy to imagine that those organizations most prepared, that is, organizations with rigorous risk-management strategies in place, would be the best placed to survive (and grow). However (and pertinently for this study), whilst organizations can plan for eventualities as part of a risk management strategy, this is not necessarily more important than their ability to react effectively to exogenous shocks (Barasa et al. 2018).

Whilst data on the impact of Covid-19 on SE ecosystems remains patchy at best, prior research around nonprofit resilience in the face of exogenous shocks offers suggestions as to what may occur. Brown et al. (2013), when exploring the impact of the 2008 global recession on US-based nonprofits, found a failure rate by 2012 of just 5% of charities,[1] compared with a rate of 4.3% before the recession. This suggests that nonprofits (at least in the United States) were surprisingly resilient in the face of the worst recession since the 1930s. Caution as always should be applied here as research also showed that in the same US content, some of this was dependent on size, with larger nonprofits faring better than smaller organizations between 2008 and 2015 (McCambridge and Dietz 2020), a finding also supported across 29 years by Chen et al. (2024). Explanations for this have shown that resilience during the crisis for nonprofits was mediated by surplus generation and equity/assets, alongside diverse revenue streams (debt and high administration costs had the opposite effect), whilst older organizations were also shown to rebound from recessions better (Lin and Wang 2016; Chen et al. 2024).

However, the Covid-19 pandemic was unique to a degree, in that as well as economic recession, it involved long periods of societal lockdown and social isolation. This placed extra strains on communities and society as a whole, but it was particularly difficult for hybrid organizations existing in heavily relational ecosystems to support vulnerable beneficiary groups (Diaz Gonzalez and Dentchev 2021; Spigel 2017). A study by Borzaga and Tallarini (2021) examining the impact of the Covid-19 pandemic on SEs and other third-sector organizations, explored the sector's opportunities to navigate and adapt, rather than the specific impacts on organizations themselves (albeit it did suggest that SEs acted resiliently across Italy). The authors noted that the pandemic created pressure on SEs, testing their resilience, leading to a reimagining or adaption of their social missions to allow the organization to become a stronger "reference point" for the community (Borzaga and Tallarini 2021). However, what remains unknown is the extent to which this led to increased resilience and the impact on the hybrid mission.

### 2.2 | Hybridity and Resilience

Hybrid organizations, such as SEs, seek to combine social and financial missions to create social value through market mechanisms, which poses different types of governance challenges (Ebrahim et al. 2014). Ebrahim et al. (2014) identified two hybrid-type organizations, namely differentiated and integrated hybrids. In the former, the social mission and beneficiaries supported are distinct from the trading mechanisms utilized to secure income to fund the social mission. In contrast, in the latter, the social mission and the beneficiaries supported are integral to the market functioning of the hybrid organization (Ebrahim et al. 2014). These different types of organizational mission structures can affect how hybrid organizations manage themselves and the different types of actors that can influence decisions (Wolf and Mair 2019). Maine et al. (2024) conceptualize this with regard to what they term the "Strategic Apex," namely the Board and Senior Management, and how they shape the direction of an organization. This process can be one of compromise, team-building, and resource allocation, which may look different in an integrated hybrid (where beneficiaries may be represented on the Strategic Apex), compared with a differentiated hybrid where the social and market logics are separated.

Hybridity in SEs has been shown to be a dynamic quality, which is shaped by external and internal feedback mechanisms, such as customer/beneficiary needs, risk perceptions, and policy/regulatory frameworks (Okuneviciute-Neverauskiene and Pranskeviciute 2021). Prior research has envisaged SE hybridity as being a balancing act atop a "hilltop," where mission drift can lead to organizational transformation (either into the market or social valleys), where the organization either transforms into a for-profit business or a more socially orientated institution (i.e., charity), and can consequently cease to exist (organizational demise) (Young 2012; Young et al. 2012). SEs are able to pursue hybrid missions because of their ability to "exert entrepreneurial action of a social character," features that are not found in commercial or public entities (Tortia et al. 2020, 472). In this organizational paradigm, the goal of financial sustainability is subsumed within a wider institutional logic centered on collective action and social sustainability (Tortia et al. 2020).

Managing these social and economic goals presents a test of resilience for SEs, with Bacq and Lumpkin (2020, 287) questioning the challenges SEs experience in terms of "mission drift" and "mission agility." Mission drift refers to SEs' deviation from their social mission in response to social and/or economic concerns (Ebrahim et al. 2014), while mission agility refers to the flexibility of mission in response to social and/or economic concerns (Bacq and Lumpkin 2020). Bonomi et al. (2021, 474) state that "organizational learning, creative problem-solving, and human resources management play a key role in enabling hybrid organizations to successfully maintain their hybridity," a critical element particularly when coping with new extant realities in the midst of a global pandemic. Further, they articulate that SE resilience is embedded within organizational resilience centered on the roles, rules, and expectations that are embedded within the organization's business and impact model, as well as their legal structure (ibid). These organizational logics are embedded within (a) the flexibility of the hybrid model with regards to the interpretability, acceptability, and usability of the hybrid logics to staff and stakeholders; and (b) the ability of beneficiaries to cocreate value with the SE (Bonomi et al. 2021).

However, Littlewood and Holt (2018) argue that resilience should not be viewed statically, it is not just about how quickly an organization can rebound to the status quo, but rather how they adapt to new conditions, construct new realities, and most importantly continue to deliver their social mission. This is important when understanding that organizational crises can be embedded within longer-term problems that undermine resilience, and that these can play out progressively over time (LaPorte 2007). On longer trajectories, an organization may gradually lose resilience due to changes in financial income (amounts and diversity of sources), changes in staffing and human resource capacities, or (especially for SEs) mission drift away from a balanced approach to economic and social value creation. Effective responses to these more pernicious impacts on resilience are what Duit (2016) termed adaptive resilience.

Building on these arguments, the process of resilience is not linear, with organizations moving through periods of degeneration in financial or social performance, followed by regeneration in these areas (Bretos, Bouchard, et al. 2020). Indeed, often as is the case with hybrid organizations, financial degeneration might lead to social regeneration and vice-versa, albeit degeneration in both elements may lead to organizational demise (Young 2012; Young et al. 2012). Such cycles of degenerative and regenerative performance occurring in organizations simultaneously, can create irreconcilable tensions, albeit financial growth can occur alongside the strengthening of social and community values (Bretos, Errasti, et al. 2020). Regeneration is driven in part by external conditions, such as economic factors, which can drive changes in working practices and innovations in order to improve efficiency (Bretos, Errasti, et al. 2020).

Finally, organizational resilience can be embedded within the legal structures adopted by the SE, and how social they are deemed to be, for instance, the asset locks contained in Community Interest Company (CIC) legal forms (Young and Kim 2015). Further, contractual relationships can help organizations to prioritize adaptability through a focus on social outcomes, as FitzGerald et al. (2021) noted when exploring the resilience of Social Impact Bonds during COVID-19. These factors link back to the earlier arguments presented on the internal structures present within SE organisms operating in their ecosystems, with said internal factors mediating how SEs react to external stimuli. However, while the factors most associated with organizational resilience are useful in conceptualizing our approach to how SEs were impacted during COVID-19, of most relevance to this study are the key factors underpinning financial resilience in SEs.

## 2.3 | Financial Resilience in Nonprofits

As was noted earlier, resilience can be conceptualized as an organization's ability to positively adjust and emerge from a crisis in a stronger (or at least equal) position to when it started (Vogus and Sutcliffe 2007). When exploring the SE sector with regard to financial resilience, there are several studies that have sought to understand which factors are key. Tuckman and Chang's (1991) seminal work on nonprofit financial sustainability focused on the indicators that could predict service disruption, as opposed to wider financial indicators of distress such as bankruptcy. Indeed, the authors identified four core indicators for service disruption, notably equity balances, revenue concentration, administrative expenses, and operating margins (Tuckman and Chang 1991). Although this focus on equity (assets), revenue, profit, and expenses would be of equal importance when exploring for-profit businesses, it is still important to understand those financial indicators most relevant, while also acknowledging the earlier arguments presented around SE hybridity and social value creation. Resilience when dealing with external shocks, such as those experienced during the Covid-19 pandemic, should be focused on ensuring long-term survival, with social and financial trade-offs made to ensure the creation of social impact in local communities in the long run (Tortia et al. 2020).

Financial security is not a new challenge for SEs, with research by (Sunley and Pinch 2012) outlining the challenges in obtaining financial support for starting, scaling, and growing well-established organizations. The challenges to financial resilience have been compounded by the ongoing decrease in (or more competitive) funding streams. Greenlee and Trussel (2000) identified that nonprofit financial vulnerability could be distilled down to a ratio of service expenditure vs. income, with a decreasing ratio over time (in this case, 3 years) indicating increasing vulnerability (and mission drift). Further, research has identified decreasing assets over time as another factor signaling nonprofit vulnerability, with the equity ratio (equity vs. revenue/turnover) similarly being correlated with vulnerability (Trussel 2002; Trussel and Greenlee 2004). Indeed, as assets depreciate over time, nonprofit surplus generation should match or exceed the annual inflationary depreciation of assets (Bowman 2011).[2] Failure to do this over the medium to longer term, will cause an organization to degrade its service delivery (Bowman 2011).

Searing (2021) explored SE resilience, focused on issues related to equity, surplus generation, income diversity, nonprofit size, and age, as being predictors of resilience, finding that equity and income diversity were predictors of resilience, but that surplus generated, age and size were not. As Searing (2021) notes, when recovering from financial turmoil, the retention of assets remains more important than merely increasing revenues and/or surplus. Young and Kim (2015) similarly posit that there is a trade-off for SEs in being resilient, with regard to how much "organizational slack" they hold. Whilst traditionally, organizational slack is seen as a bad thing, as it suggests inefficiencies in delivery that require innovation to overcome, it can be useful in a crisis as it provides the organization resource reserves to call upon (fiscal, human, or otherwise).

## 2.4 | Theoretical Summary

The arguments presented in the above literature review, suggest that SE resilience is embedded within organisations' place within their ecosystem, as well as their internal mechanisms and structures. This former embeddedness speaks to the relational aspects of an SE's place within its ecosystem and how it can use these to access resources and remain resilient (Diaz Gonzalez and Dentchev 2021; Spigel 2017). These latter internal mechanisms are the core focus of this paper, particularly in relation to financial metrics of resilience, notably turnover, income diversity, assets, and profitability (in relation to asset depreciation). The paper seeks to build upon this as part of a wider contribution to knowledge, by linking these financial metrics to wider conceptions of hybridity and social value creation, notably service delivery to communities. We seek to utilize the empirical data presented in this paper to demonstrate the impacts of the Covid-19 pandemic on SE resilience, both in relation to financial metrics, and with regard to social impact. Indeed, when exploring resilience in the SE sector, one cannot ignore the interplay between these two core elements of the SE business model, especially when assessing the impact of exogenous shocks on SEs' ability to remain on the hybridity "hilltop" (Young 2012; Young et al. 2012).

## 3 | Methodology

### 3.1 | Research Question and Hypotheses

Based upon the theoretical approach laid out above, the research seeks to answer the following broad research question, as well as the subsequent six hypotheses with regard to SE resilience during the pandemic.

RQ1. What has been the impact of the pandemic on the financial resilience of UK SEs?

**H1.** *The Covid-19 pandemic negatively impacted turnover.*

**H2.** *The Covid-19 pandemic negatively impacted staffing levels.*

**H3.** *The Covid-19 pandemic negatively impacted profitability/surplus generation.*

**H4.** *The Covid-19 pandemic negatively impacted trading income*[3] *as a percentage of turnover.*

**H5.** *The Covid-19 pandemic increased reliance on grant income.*

**H6.** *The Covid-19 pandemic negatively impacted the number of beneficiaries supported.*

### 3.2 | The Fund

The Fund in question was established to support SEs to recover and rebuild during the Covid-19 pandemic, through the provision of grant funding and nonfinancial resources (i.e., mentoring) to applicants. The Fund operated a broad definition for SE based within the UK context in which numerous legal structures are available to organizations wishing to trade as SEs.[4] There was a key focus on the need for the Fund to be equitable in its targeting of funding to organizations, with an acknowledgment that issues of equality, diversity, and inclusion (EDI) affect some organizations' ability to apply for grants (through a lack of awareness, networks or capacity/skills to apply). Significant work was therefore undertaken by the Fund to target organizations with an EDI focus or operating in diverse parts of the United Kingdom. Organizations applied to the Fund through an online portal, with regional development agencies, SE support organizations, and wider sector literature coopted to advertise the Fund. Further, regional workshops were held to explain the aims of the Fund, the support available, and how to apply.

The Fund was targeted at supporting those organizations that were struggling with financial resilience, organizations that applied and were assessed to be too financially resilient, were not given access to the grant funding available. Decisions on applications were made through an expert assessor scoring of applications (each application was scored by multiple assessors), followed by discussions at Assessment Panels to order applications in terms of matching the funding criteria. Final decisions were based on eligibility criteria, expert assessor scores, potential impact, and overall Assessment Panel scores. Successful applicants received funding and wider support from the Fund over a 12- to 18-month period (depending on the plan they submitted for the use of the funding) and reported back to the Funder periodically on progress. It should be noted that the sample broadly utilized for analysis in this paper includes all applicants to the Fund, whether successful or otherwise.

### 3.3 | Design and Participants

In answering this research question and the six hypotheses, the research adopts a mixed-methods design that offers significant advantages for investigating financial resilience among SEs in the United Kingdom during the Covid-19 pandemic, particularly within the context of a grant funding program delivered between 2021 and 2023. By integrating both quantitative and qualitative data, this approach enables a comprehensive and multidimensional analysis that captures the full scope of the issue. Quantitative data, such as financial statements and performance metrics, provide a macro-level view of trends, revealing how revenue, costs, and overall financial stability were impacted across a wide sample of SEs. These numerical insights are further enriched by qualitative data gathered from interviews and focus groups with SE leaders and stakeholders, which offer in-depth, contextual, and experiential narratives. This combination allows for the exploration of not just what happened in terms of financial outcomes, but also why and how these outcomes occurred, giving a fuller, more nuanced understanding of resilience.

Quantitative data were gathered from 1507 SEs that applied to the Fund, focused on their organizational demographics and resilience (i.e., turnover, surplus generation, income diversity, staffing, beneficiaries support, and grant income received, for the period 2019–2022). Qualitative data were gathered in the form of interviews and focus groups held with social entrepreneurs ($N=17$) and key ecosystem support stakeholders ($N=16$). Qualitative and Quantitative data were contextualized when the research team attended and observed the decision-making panels for the Fund that decided on grant awards, to better understand the opinions of the Fund's experts in relation to applicant sustainability and resilience. These data are analyzed and triangulated within this paper, to understand the issues facing the applicant SEs during and after the pandemic, and the barriers they experienced in relation to their financial and social resilience.

### 3.4 | Procedure and Measures

Data were obtained from SEs upon applying for the Fund, with applicants having to provide data for the most recently completed financial year and the 2 years preceding this, with this data passed to the research team by the Funder in 2022–2023. The data collected included information on turnover, staffing levels, profitability/surplus, income diversity, social mission, and grant dependency. These data were inputted into an online application form with predefined response parameters, and then exported to the research team as Comma-Separated Values (.csv) files.

Semi-structured interviews were conducted with SEs receiving funding awards to understand the SEs' perceptions of the Fund, as well as providing a chance to reflect on the extent to which the support was delivered effectively; how intended impacts on the SEs (and the people they support) was achieved; how the Fund delivered against its equality and inclusion targets and actions; the role played by contextual blockers and enablers (e.g., further local lockdowns related to the pandemic); applicant satisfaction and dissatisfaction with the Fund; and learning developed throughout the Fund's delivery. SEs participating in interviews are self-selected, which introduces potential bias, as these entrepreneurs may not be representative of the broader population. Although the research team sought the views of SEs who did not receive grant funding, only those receiving grant funding chose to participate in the research. This may lead to skewed results that overestimate the resilience or effectiveness of certain strategies. Consequently, the findings may not fully capture the challenges and experiences of less successful or resource-constrained SEs, limiting the generalizability of the research. To overcome issues of bias, Fund partners were invited to participate in reflective focus group sessions, and supporting partners were invited to participate in semi-structured interviews to enable understanding of eligibility criteria and selection processes applied by the Fund. These interviews offered a wider exploration of the purpose of grant funding and the potential opportunities for SEs including those not receiving grant funding. The focus groups and semi-structured interviews were audio-recorded and transcribed to allow for rigorous analysis.

### 3.5 | Quantitative Analysis

The research team then imported the CSV data files into a Statistics Package for the Social Sciences (SPSS) v28.0 spreadsheet, and the quantitative data were cleaned, checked for errors, and coded into and analyzed. Where data were missing, it was excluded from the analysis (as further described in Section 4). The analyses undertaken included descriptive statistics, paired-sample $t$-tests, and one-way ANOVAs. These tests were chosen due to their ability to explore specific hypotheses that explore changes over time (as are presented here), to provide robust results with relatively small sample sizes, and to explore new data for trends where population parameters are uncertain. This was important here as the aim was to explore each hypothesis variable to see how that changed over time and affected resilience, and to triangulate these findings with the qualitative data gathered. In this respect, more complex analyses (such as regressions) to compare inter-variable relationships were not required. All six hypotheses were tested against a 95% confidence interval, with hypotheses only confirmed if the data matched the hypotheses' direction and was shown to be statistically significant.

### 3.6 | Qualitative Analysis

Qualitative information from semi-structured interviews and reflective focus groups were organized in NVivo 12 and analyzed using Braun and Clarke's (2006) thematic analysis approach. This qualitative analysis was a crucial component of the study's triangulation strategy, where qualitative insights were used to complement and deepen the understanding derived from the quantitative data. Triangulation in this context aimed to provide a more comprehensive and nuanced understanding of resilience among SEs, particularly in the context of the Covid-19 pandemic. This approach allows researchers to identify and analyze patterns or themes, within qualitative data systematically. The process began with data familiarization, where the researchers immersed themselves in the collected data by thoroughly reading and re-reading the transcripts from semi-structured interviews and reflective focus groups. This immersion was vital not only for understanding the data in depth but also for ensuring that the qualitative findings could effectively complement the quantitative data. The familiarization process allowed researchers to start identifying potential areas where the qualitative insights might align or expand the patterns observed in the quantitative data.

In the data coding phase, the qualitative data were systematically labeled with codes that captured relevant features related to resilience. This coding was done with an eye toward how these qualitative insights might triangulate with the quantitative findings. For instance, if quantitative data indicated a general trend of increased financial strain, the coding process sought to identify specific examples, explanations, and contextual factors that could either support or complicate this trend. The theme development phase involved identifying patterns within the coded data that could inform the broader narrative about resilience. The themes that emerged were not only reflective of the qualitative data, but also designed to resonate with the quantitative findings. This step was integral to triangulation, as the emerging themes provided a narrative depth that enriched the numerical trends identified in the quantitative analysis.

During the theme review and development phase, the themes were refined through cross-checking the themes against the entire data set and considering how these qualitative themes might reinforce, explain, or complicate the statistical patterns observed. The iterative process of refining themes ensured that the qualitative insights were both valid in their own right and valuable in triangulating the overall findings of the study. In the theme refinement and naming phase of the analysis, themes were clearly defined, each capturing a critical aspect of the SEs' experiences with resilience. These refined themes were then positioned within the broader study to triangulate with the quantitative data, providing a richer, more nuanced understanding of how SEs navigated challenges during the pandemic. The final themes, "New pressures on service delivery," "Flexible and responsive approach," and "Building financial resilience," were crucial in providing insights that complemented and deepened the quantitative findings, thereby enhancing the overall credibility and comprehensiveness of the study through triangulation. Table 1 provides an overview of the themes and subthemes, linked to the hypothesis, with associated quotes to help evidence this process.

### 3.7 | Limitations

The authors acknowledge that there are some limitations to this research. First, the data gathered are based on SE performance broadly between 2019 and 2022, which means that the perspectives put forward here in terms of SE financial resilience do not take into account the tail-end of the pandemic. This paper should be viewed therefore through a lens of examining SE resilience during the early-mid stages of the pandemic. Further research that seeks to explore SE performance in more recent times would be welcome, while a longer-term data set could allow for exploration of wider issues related to sustainability.

Second, while our data set captured the core areas of SE resilience, namely turnover, profit/surplus generation, trading income ratios, staffing levels, grant subsidy, and beneficiary engagement, it did not capture data on total assets and debt levels. Searing (2021) illustrated how a key element of financial resilience is related to turnover/profit/surplus generation ratios vs. assets (or net assets when debt is accounted for) and this is an area that future research could explore.

The third and final limitation relates to the sample utilized, all of whom were SEs seeking grant funding support through a national program designed to support SEs through the pandemic. This is obviously a biased sample, as it does not account for either those SEs that did not have the capacity to apply to grant funding programs during Covid, or those organizations that did not feel the need. This limits the generalizability of the findings outlined in this paper, as the data are inherently biased toward organizations that have the capacity and networks to apply for grant funding, missing those organizations that do not apply and may be facing much more acute financial and social resilience issues due to Covid (and the wider cost-of-living crisis). The paper seeks to contextualize this limitation in the quantitative data through links to the rich qualitative data gathered and we believe that this mixed-methods approach helps to limit the impact of our lack of ability to generalize this data to the wider population of SEs. However, as was noted earlier, there were limitations to the qualitative data in relation to interviews only being secured with SEs that were awarded grant funding (despite the research team's best efforts to engage with nongrant awardees). Future research could seek to continue our analyses with respect to a wider sample of SEs and to understand this sample's place in the wider SE ecosystem.

## 4 | Results

### 4.1 | Quantitative Data

The full descriptive data for the six variables related to the hypotheses being tested is presented below in Table 2, to provide context for readers when exploring the results in this section. The data in Table 2 are based on the analysis with the outliers removed for each hypothesis, as is explained further below.

H1. *The Covid-19 pandemic negatively impacted turnover.*

Data were analyzed from the 1507 SE applications to the Fund, to explore longitudinal changes in their turnover over time. This was done in relation to their stated current turnover and their turnover from 2 years before (before the pandemic). From the 1507 applications received, 10 contained missing data for turnover, while 5 outliers were identified and removed from the analysis.[5] This left a total of 1493 SEs for analysis (as there was overlap between the missing data and outliers). A paired-sample $t$-test revealed that turnover increased over time from £243,768.29 to £313,158.98 ($\bar{x} = +£69{,}390.69$; $t = 3.28$; $p < 0.001$)[6] despite the effects of the Covid pandemic, illustrating increased resilience (Searing 2021; Trussel 2002; Trussel and Greenlee 2004). H1 not confirmed.

H2. *The Covid-19 pandemic negatively impacted staffing levels.*

Data were analyzed from the 1507 SE applications to the Fund, to explore longitudinal changes in their staffing levels over time. This was analyzed with regard to their stated current staffing levels, measured as Full-Time Equivalent (FTE), as of March 31, 2020 (just as the pandemic began) and as of March 31, 2021 (1 year into the pandemic). From the 1507 applications received, 45 outliers were identified and removed from the analysis. This left a total of 1462 for analysis. A paired-sample $t$-test revealed that average staffing levels increased over time from 4.99 FTE in 2020 to 5.44 FTE in 2021 ($\bar{x} = +0.55$ FTE; $t = 7.79$; $p < 0.001$)[7], demonstrating that SEs were not losing resilience over time with regards to their staffing and human resources (Duit 2016). H2 not confirmed.

It should be noted here that the UK government's furlough scheme (where the government paid 80% of workers' salaries to avoid unemployment) may have contributed to this. This was tested for in the data as the SE respondents were asked if they had received Furlough support. One-way ANOVA analysis reveals that in fact the opposite was true, with the 770 SEs that did not access Furlough funding having an average increase in FTE of +0.71, vs. the 692 SEs that did access Furlough having an average FTE increase of 0.38 ($p < 0.05$; $F = 5.51$). This growth in staffing over time was therefore not mediated by government funding.

H3. *The Covid-19 pandemic negatively impacted profitability/surplus generation.*

The SE applicants provided data on their profitability/surplus generation in relation to their stated current profitability/surplus and their profitability/surplus from 2 years before (before the pandemic). Although it should be noted that many SEs do not operate *for* profit/surplus, this is still an intrinsic element in their resilience and ability to continue to operate. Indeed, as was identified earlier, if an SE's profits decrease over time along with assets (or do not keep pace with asset depreciation), this can impact resilience (Bowman 2011). From the 1507 applications received, 58 outliers were identified and removed from the analysis. This left a total of 1449 for analysis and a

**TABLE 1** | Overview of themes linked to hypothesis ($N = 33$).

| Theme (link to hypothesis) | Subthemes | Example |
|---|---|---|
| New pressures on delivery services (H2/H5/H6) | Adapt delivery | "We had to stop it so we pretty much did nothing other than keeping in contact with the kids, doing virtual calls. The kids just didn't like—they were so sick of virtual calls the engagement was really little. So unfortunately we just had to stop it, other than that communication, and then restart when we were allowed to. At that point we had to just try and keep social distancing, which isn't always possible when you've got kids running round the studio, but we did try" (A15). |
| | Demand for services | "During Covid it was a really tough time for us because kids were isolated at home, didn't have school as a solace, a refuge, a place to go away from home…Our referrals really shot up, they shot up by something silly, it was like a 900% increase from the year before. The year before that we had just one or two members of staff and then we were just forced to try and react to the referral increase, we expanded our staff and have continued to do that. The referrals have continued to go up but not as dramatically" (A07). |
| | Volunteering | "In terms of the volunteering, we stopped it completely, both for their benefit and because we were very, very worried about getting staff becoming ill. We were exempted from closure as a business, which was quite a mixed blessing, so we basically just tried to keep going in the shop. But we stopped all of our volunteering…Covid was just awful" (A14). |
| | Existing and emerging issues | "We moved all of our stuff online in terms of just training, but actually we kept face-to-face. The National Youth Association gave us guidelines in terms of how to work with young people in terms of small groups of one-to-one. But we kept that in-person because our young people needed it and equally needed a break from home as well. So, we had mentors who were working with young people in small groups, who were still meeting them, mainly in outside spaces" (A10). |
| | Hybridity—renew practice | "…it changes your business model. If you are a café that is offering training and employment opportunities to disabled people and you are a disability friendly café, you weren't open and there wasn't another option for you. So quite a lot of the other things we were able to think about, doing things in a different way and doing home deliveries and stuff…" (IP01). |
| Flexible and responsive approach (H2/H5/H6) | Responsive | "It was because I think by default everybody went online…But unfortunately, especially for disadvantaged families you've got two problems here, (1) you've got digital poverty, so they haven't got access to a good broadband package; (2) they probably don't have the computer to go online either; or (3) it's also a question of space as well. Where do you sit within the home to have those meetings when quite a lot of our disadvantaged families come from overcrowded houses?" (A03). |
| | Space to explore alternatives | "As part of this project, part of our outcomes for the project were to go to some new funders that we'd never been to before, and we did…I would say that the [Fund's grant] money gave us the confidence to go for that and to ask for something that didn't have arduous targets attached to it…From the top of my head, I think we said that we would get £85,000 additional funding and we got loads more than that…we got more than double that" (A08). |
| | Reliable partners to promote resilience | "Obviously [the Fund's grant] was perfect for us because it was investment that didn't create debt, which allowed us to expand without the pressure of necessarily having to have additional income ready to go. I do think a big issue is you can be a financially and organisationally sound outfit yourself, but that doesn't necessarily translate to the people that you probably need to be working with and one of the distinct challenges over the last 12 months has been the relative instability of current and potential partners, it's very difficult" (A02). |
| | Grow income | "It's enabled us to start it and next year I'm hoping will enable us to grow it. It's helped to get out of Covid. Our project was living with Covid, our next project is moving on from Covid. The programme's already written, it will follow on from this programme and there will be much more focus on community and group sessions" (A05). |

(Continues)

TABLE 1 | (Continued)

| Theme (link to hypothesis) | Subthemes | Example |
|---|---|---|
| Building financial resilience (H1/H3/H4/H5) | Financial resilience | ""What it's allowed us to do is transition that period and that programme and those people that really needed it when we wouldn't have been able to. So, it allowed us to bring people out of furlough, but it allowed us to keep some people back. We wouldn't have been able to do both, so the flexibility has allowed that transition, which in turn leads to a more sustainable course of action" (A05). |
| | Organic growth | ""Because we started in the one area then we built the programme up [after Covid-19]. At the start, I think we only started with two programmes, which would account for 60 children. Since then, between [all staff] we've now managed to get more regions across different areas and more young people. So we've got about 160 young people that we are reaching and supporting at the moment....Then also in terms of the wider impact, we've been able to support young people on a longer term basis, for our 12 month programme rather than our 12 week programme. More job opportunities for young people, more leadership qualifications" (A15). |
| | Structural changes to support resilience | ""So turnover-wise... We had a big jump and then it's crawling, which I'm very hopeful, optimistic that we should be able to probably grow another 50% also this year. No guarantees, but we'll keep pushing.... we ended up with an infrastructure that is very responsive" (A09). |

TABLE 2 | Descriptive statistics across the six organizational variables.

| Variable | Subvariable | *N* | Mean | Range | SD | Change |
|---|---|---|---|---|---|---|
| Turnover | Pre-Covid | 1497 | £243,768.29 | £0–£2,636,875 | £354,935.27 | +£69,390.69 |
| | Application | | £313,158.98 | £0–£3,857,152 | £399,989.43 | |
| Staffing | Pre-Covid | 1462 | 4.99 FTE | 0–30 FTE | 5.60 FTE | +0.55 FTE |
| | Application | | 5.54 FTE | 0–32 FTE | 6.00 FTE | |
| Profits/surplus | Pre-Covid | 1449 | £10,494.49 | −£518,185 to £715,856 | £63,810.88 | +£9340.50 |
| | Application | | £19,834.99 | −£479,372 to £625,000 | £76,125.63 | |
| Trading income (% of turnover) | Pre-Covid | 1507 | 0.5813 | 0–1 | 0.3575 | −0.0072 |
| | Application | | 0.5741 | 0–1 | 0.3035 | |
| Grant income | Pre-Covid | 1503 | £51,346.21 | £0–£987,524 | £102,723.65 | +£26,022.22 |
| | Application | | £77,368.43 | £0–£1,408,094 | £123,746.79 | |
| Beneficiaries supported | Pre-Covid | 1494 | 3532.86 | 0–150,000 | 11,358.66 | +394.88 |
| | Application | | 3927.74 | 0–185,000 | 13,198.03 | |

paired-sample *t*-test revealed that profitability/surplus increased over time from £10,494.49 to £19,834.99 ($\bar{x} = +£9340.50$; $t = 4.11$; $p < 0.001$)[8] despite the effects of the Covid pandemic, illustrating increased resilience (Bowman 2011). It would be interesting to compare this with historical data on assets and cash reserves held; however, this type of longitudinal data was not available within the applications to explore this impact during Covid. H3 not confirmed.

H4. *The Covid-19 pandemic negatively impacted trading income as a percentage of turnover.*

All 1507 SE applicants provided longitudinal data on their trading income as a percentage of total income. There were no outliers identified (unsurprisingly for a variable that ranges from 0 to 1) and paired sample *t*-tests revealed that the SEs did experience a slight decrease in trading income, dropping from 58.13% 2 years to 57.41% at the time of application during Covid ($\bar{x} = -0.72\%$; $t = 0.81$). However, the change was not statistically significant, so this drop in trading income as a percentage of turnover may be a random fluctuation. This result is inconclusive, albeit the relative stability of trading income during Covid is a positive. H4 not confirmed.

H5. *The Covid-19 pandemic increased reliance on grant income.*

Further, it was interesting to explore whether SE applicants' reliance on grant funding had increased during Covid, especially as the UK government did not launch any SE-specific grant funds to support the sector during this time. From the 1507 applications received, 4 outliers were identified and removed from the analysis. This left a total of 1503 for analysis, and a paired-sample $t$-test revealed that reliance on grant income increased over time from £51,346.21 to £77,368.43 ($\bar{x} = +£26{,}022.22$; $t = 12.33$; $p < 0.001$)[9]. This shows that the SE applicants had become more reliant on grant funding over time, with grant funding as a percentage of overall turnover increasing from 21.1% pre-Covid to 24.7% of turnover. This increase equates to 37.5% of the overall increase in turnover reported in H1, showing that grant funding has played a significant part in the uplift in SE finances. This runs contrary to the finding in H4, which suggests that SEs are becoming more reliant on grant funding, albeit not to hugely significant degrees. H5 confirmed.

H6. *The Covid-19 pandemic negatively impacted the number of beneficiaries supported.*

Although the previous five hypotheses focused on the financial aspects of resilience, it was important to ensure that social resilience and hybridity were also covered. One of the areas that the Fund applicants provided data on, was in relation to their engagement of beneficiaries over time. While a focus on beneficiary *numbers* can be problematic due to difficulties in capturing the *depth* of engagement, it does give us an indication of SE social mission commitment over time. From the 1507 applications received, 13 outliers were identified and removed from the analysis. This left a total of 1494 for analysis and a paired-sample $t$-test revealed that the average number of beneficiaries increased over time from 3532.86 to 3927.74 ($\bar{x} = +394.88$; $t = 1.41$).[10] However, this increase was not statistically significant (albeit was close at $p = 0.08$). This finding again confirms that SE resilience remained strong during the pandemic, showing what Littlewood and Holt (2018) argued was a retention of social mission focus despite turmoil. Further, it could be argued that it demonstrates Borzaga and Tallarini's (2021) notion that Covid had led to SEs refocusing on their social mission and becoming community "reference points." H6 not confirmed.

### 4.2 | Qualitative Results

The qualitative data aimed to answer the following research question: RQ1. What has been the impact of the pandemic on the financial resilience of UK SEs? The themes constructed and shaped in the analysis are: *New pressures on service delivery*; *Flexible and responsive approach*; and *Building financial resilience*. The themes enrich insights from the quantitative analysis by providing in-depth contextual narratives of the experience of SEs, not only in terms of the financial outcomes, but on the wider outcomes associated with the grant funding.

### 4.3 | Theme A: New Pressures on Service Delivery

The UK government introduced a series of lockdowns and restrictions, resulting in the temporary closure of services leading to new pressures on SEs and other third-sector organizations in delivering services and support:

> We had to stop it so we pretty much did nothing other than keeping in contact with the kids, doing virtual calls. The kids just didn't like—they were so sick of virtual calls the engagement was really little. So unfortunately we just had to stop it, other than that communication, and then restart when we were allowed to. At that point we had to just try and keep social distancing, which isn't always possible when you've got kids running round the studio, but we did try (A15).

The demand for services increased for SEs supporting vulnerable groups, with SEs remaining a reference point for community support (Borzaga and Tallarini 2021).

> During Covid it was a really tough time for us because kids were isolated at home, didn't have school as a solace, a refuge, a place to go away from home...Our referrals really shot up, they shot up by something silly, it was like a 900% increase from the year before. The year before that we had just one or two members of staff and then we were just forced to try and react to the referral increase, we expanded our staff and have continued to do that. The referrals have continued to go up but not as dramatically (A07).

This supports the quantitative findings for H6 which demonstrated that SE beneficiary engagement increased over time ($\bar{x} = +394.88$; $p = \text{NS}$). The pressure on service delivery had an impact on SEs who were providing volunteering opportunities, impacting the resilience of SEs who relied on volunteers:

> In terms of the volunteering, we stopped it completely, both for their benefit and because we were very, very worried about getting staff becoming ill. We were exempted from closure as a business, which was quite a mixed blessing, so we basically just tried to keep going in the shop. But we stopped all of our volunteering...Covid was just awful (A14).

The pressure on SEs to adapt services to support increasing numbers of disadvantaged groups, led them to reimagine or adapt their social missions. This led to changes in SEs' hybrid models, allowing them to react, adapt, and reconstitute their business models, to survive and carry on serving their communities (Duchek 2020).

The pandemic likewise created opportunities for SEs and other third-sector organizations, to adapt (Borzaga and Tallarini 2021; Duchek 2020), diversify, and create new services for tackling existing and emerging social issues:

> We moved all of our stuff online in terms of just training, but actually we kept face-to-face. The National Youth Association gave us guidelines in terms of how to work with young people in terms of small groups of one-to-one. But we kept that

> in-person because our young people needed it and equally needed a break from home as well. So, we had mentors who were working with young people in small groups, who were still meeting them, mainly in outside spaces (A10).

This aligns with the findings of Borzaga and Tallarini (2021), who argued that SE resilience during the pandemic was embedded within the organizations' need to become a stronger "reference point" for their communities. The reaction of SEs in adapting service delivery (i.e., moving services online) and developing new business models (i.e., adapting delivery for in-person services) illustrate hybridity, with SEs able to regenerate and renew practice as a result of the pandemic (Lapoutte 2020):

...it changes your business model. If you are a café that is offering training and employment opportunities to disabled people and you are a disability friendly café, you weren't open and there wasn't another option for you. So quite a lot of the other things we were able to think about, doing things in a different way and doing home deliveries and stuff... (IP01).

## 4.4 | Theme B: Flexible and Responsive Approach

Funding from the grant program helps SEs adopt a flexible and responsive approach (mission agility), which contributes to resilience (Bacq and Lumpkin 2020). This issue is prevalent for SEs offering activities that others are delivering virtually:

> It was because I think by default everybody went online...But unfortunately, especially for disadvantaged families you've got two problems here, (1) you've got digital poverty, so they haven't got access to a good broadband package; (2) they probably don't have the computer to go online either; or (3) it's also a question of space as well. Where do you sit within the home to have those meetings when quite a lot of our disadvantaged families come from overcrowded houses? (A03).

Financial resilience is not a new challenge for SEs (Sunley and Pinch 2012); however, the Covid-19 pandemic compounded existing problems. The financial resilience of SEs is dependent on diversification of funding, with SEs acknowledging that the "space" provided by grant funding allowed them to identify alternative funding revenues:

> As part of this project, part of our outcomes for the project were to go to some new funders that we'd never been to before, and we did...I would say that the [Fund's grant] money gave us the confidence to go for that and to ask for something that didn't have arduous targets attached to it...From the top of my head, I think we said that we would get £85,000 additional funding and we got loads more than that...we got more than double that (A08).

Funding that does not result in debt for the SE is beneficial, with research showing that some SEs choose to live within their financial means, rather than accepting loans, for fear of provoking a sustainability crisis (Battilana et al. 2015; Hynes 2009; Sunley and Pinch 2012). This is particularly true when organizations are looking for reliable partners to support resilience:

> Obviously [the Fund's grant] was perfect for us because it was investment that didn't create debt, which allowed us to expand without the pressure of necessarily having to have additional income ready to go. I do think a big issue is you can be a financially and organisationally sound outfit yourself, but that doesn't necessarily translate to the people that you probably need to be working with and one of the distinct challenges over the last 12 months has been the relative instability of current and potential partners, it's very difficult (A02).

The Fund offered essential financial support to help SEs in England to rebuild and grow their income from trading, with SEs discussing the development and growth of their SEs following funding. While this is not supported by the quantitative data when looking at changes in trading income, the results for this were inconclusive:

> It's enabled us to start it and next year I'm hoping will enable us to grow it. It's helped to get out of Covid. Our project was living with Covid, our next project is moving on from Covid. The program's already written, it will follow on from this programme and there will be much more focus on community and group sessions (A05).

## 4.5 | Theme C: Building Financial Resilience

The grant program created opportunities for SEs to build financial resilience, conceptualized as the "maintenance of positive adjustment under challenging conditions, such that the organization emerges from those conditions strengthened and more resourceful" (Vogus and Sutcliffe 2007, 3418):

> What it's allowed us to do is transition that period and that programme and those people that really needed it when we wouldn't have been able to. So, it allowed us to bring people out of furlough, but it allowed us to keep some people back. We wouldn't have been able to do both, so the flexibility has allowed that transition, which in turn leads to a more sustainable course of action (A05).

Adjusting to challenges allowed SEs to build and grow, building financial resilience in a way that allowed their services to grow organically both in terms of scale and depth:

> Because we started in the one area then we built the programme up [after Covid-19]. At the start, I think we only started with two programmes, which would account for 60 children. Since then, between [all staff] we've now managed to get more regions across different areas and more young people. So we've got about 160 young people that we are reaching and supporting at the moment....Then also in terms of the wider impact, we've been able to support young people on a longer term basis, for our 12 month programme rather than our 12 week programme. More job opportunities for young people, more leadership qualifications (A15).

SEs that developed flexible and responsive programs during the pandemic were positive in describing their financial resilience and how structural changes to the organization in terms of infrastructure supported this resilience:

> So turnover-wise... We had a big jump and then it's crawling, which I'm very hopeful, optimistic that we should be able to probably grow another 50% also this year. No guarantees, but we'll keep pushing.... we ended up with an infrastructure that is very responsive (A09).

## 5 | Discussion

The findings outlined in the previous section with regard to the analysis of the quantitative and qualitative data have illustrated that the SEs within this research sample showed remarkable resilience during the Covid pandemic, despite the wider impacts of the virus on economic and social life (and the lack of specific support from the UK government for SEs). The current research sought to answer the broad research question of "What has been the impact of the pandemic on the financial resilience of UK SEs?." This will now be explored here with respect to the three main areas identified in the data and literature review: financial resilience; human capital; and the hybrid/social mission of the SEs.

The data revealed that the financial resilience of the SEs during the pandemic, when compared with their fiscal performance before Covid struck, had increased. The key measures of financial resilience as noted by scholars, include turnover (Searing 2021; Trussel 2002; Trussel and Greenlee 2004), profit/surplus growth (Bowman 2011), and trading income (Jenner 2016) increased (turnover and profit/surplus generation) or broadly stayed the same (a small, none statistically significant drop in trading income ratio). The increases in turnover and profit/surplus generation were particularly notable, given the importance Tuckman and Chang (1991) placed on these indicators as a measure of financial resilience. Further, this demonstrates that financial growth can occur alongside the strengthening of social and community values (Bretos, Errasti, et al. 2020).

The one area that was less positive with regard to financial resilience was the increased reliance on grant funding, thus weakening resilience, albeit the interview data illustrated how this grant funding had been crucial to organizations in giving them the space to reshape their operations in the midst of significant flux. The authors argue here that these positive reactions to the pandemic and the increased (or at least stable) financial resilience seen, were a result of their reactive hybridity and modalities of resistance built into the organizations' structures (Okuneviciute-Neverauskiene and Pranskeviciute 2021; Lapoutte 2020). Here, the SEs' inherent focus on their social mission and desire to act as "community reference points" (Borzaga and Tallarini 2021), meant that the SEs could sustainably manage their hybridity through creative problem-solving and use of human resources (Bonomi et al. 2021). An SE's ability to demonstrate strategic management and systems thinking, as demonstrated above, forms part of Suriyankietkaew et al.'s (2022) five core competencies. However, the data also suggest that Suriyankietkaew et al.'s (2022) focus on anticipatory mechanisms is less important, certainly when compared to the value of reactive hybridity.

Indeed, it was this use of human capital within the SEs that was possibly one of the strengths of the SE sector during the challenges of Covid-19. The data gathered revealed that the SEs experienced increased staffing on average over time, with the greater human resources being used to support financial resilience and the social mission (Duit 2016). Bonomi et al. (2021, 474) argue that "organizational learning, creative problem solving, and human resources management" are features of SE's ability to maintain hybridity, and it could be argued that these organizational features supported SE resilience during Covid. Further, the interview data illustrated that the SEs lost access to one of their key resources during the lockdowns (their volunteers), which meant that staff had to develop new and innovative methods of mission delivery. This could in part be due to what Young and Kim (2015) call "organizational slack" in models that include volunteering, as volunteers free-up staff in normal times, thus creating organizational slack, which can be utilized during crises to innovate and solve service delivery issues. Certainly, the interviewees argued that the primary focus on the social mission, and the desire to act as "community reference points" (Borzaga and Tallarini 2021) means that one can argue that the primacy of the social mission enhanced SEs' ability to react to the exogenous shock of Covid. Indeed, as Barasa et al. (2018) have noted, it is an organization's ability to react *effectively* to crises that is more important than planning for one, with SEs here successfully reimagining their business models during the pandemic.

The data revealed that the SEs on average increased their level of beneficiary engagement during Covid, retaining or repurposing their social missions despite the turmoil experienced (Littlewood and Holt 2018). The interviews illustrated how the SEs engaged in adaptive service design and delivery (Borzaga and Tallarini 2021), which is a key feature of mission agility (Bacq and Lumpkin 2020). As was noted above, this ability to react effectively and repurpose the social mission was a key positive for SEs' resilience, and can thus be viewed as indicative of their ability to exert "entrepreneurial action of a social character," features that are not found in commercial or public entities

(Tortia et al. 2020, 472). Often, the literature has argued that hybridity presents SEs with resilience challenges, as they seek to balance atop the "hybrid hill," with economic or social mission drifts potentially leading to organizational failure (Young 2012; Young et al. 2012). However, the data presented in this paper have illustrated is that these dual hybrid logics (Bingham and Walters 2013; Mazzei and Roy 2017) actually strengthened SE resilience during this Covid crisis. This could be the result of SE's social embeddedness, ethical competencies, interpersonal modalities, and their understanding of their "community terroir," that is, their understanding of the key features of their locality (Suriyankietkaew et al. 2022; Thomas 2020). It could also be based on integrated models of hybridity (Ebrahim et al. 2014) and how organizations manage themselves through crisis (and who is engaged in this) (Wolf and Mair 2019).

## 6 | Summary

Roy et al. (2021) have highlighted how overall third-sector organizations have not fared well within capitalist systems, demonstrating the need for their legal protection through tax or employment subsidies/protections. Developing from their assessment of the normative ecosystem conditions, this paper has demonstrated resilience among SEs through the pandemic, despite these wider hostile ecosystem conditions, and a lack (at least in the United Kingdom) of SE-specific Covid-19 support (fiscal or otherwise). This may not be that surprising, given the research that has emerged previously on nonprofit resilience in the United States through recessions (Brown et al. 2013; McCambridge and Dietz 2020; Lin and Wang 2016; Chen et al. 2024), but nevertheless, this demonstrates that UK SEs have remained broadly resilient through the first phase of Covid (at least for the sample explored in this paper). Our findings suggest that resilience for SEs is a process of managed performance and positive adjustment to external pressures (Vogus and Sutcliffe 2007), with organizations needing to anticipate, cope, and adapt to new environments that threaten their existence (Duchek 2020). This paper suggests that the key feature of SE resilience lies in their hybridity and their ability to adapt to macro, exogenous shocks that require constant or significant regeneration (Okuneviciute-Neverauskiene and Pranskeviciute 2021; Lapoutte 2020).

The data presented in the current research suggest that SEs performed well during Covid because of their ability to react effectively to the socio-economic shocks experienced, rather than through any superior planning mechanisms (Barasa et al. 2018). Indeed, the data and themes elicited in the discussion around the factors behind SEs' increased financial resilience, use of human capital, and core focus on their social mission, all point to these elements. Further, it demonstrates that hybridity, at least in times of crises, can be a positive aspect of a business model when focused on resilience. This is particularly pertinent when considering the integrated and differentiated forms of hybridity discussed earlier (Ebrahim et al. 2014), and how this can affect decision-making within the "Strategic Apex" of hybrid organizations (Maine et al. 2024). Understanding wider governance structures in SEs could be a useful area for further research, to better understand the reasons behind the broad resilience trends we have identified in this paper.

We believe that these aspects of SE resilience provide interesting considerations for policy-makers and those stakeholder seeking to support the SE ecosystem, especially when looking at how they can better support the sector to have the space to explore (and, where required redesign) their social missions, to enhance resilience. Further, we believe that the paper makes an original contribution to knowledge by demonstrating the long-term impacts of Covid on the SE sector in the United Kingdom, and illustrating how their hybrid logics and social missions were a strength in ensuring sustainable operations. These are results and implications that we believe could be extrapolated globally, to suggest possible trends for the future surrounding nonprofit resilience.

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**Conflicts of Interest**

The authors declare no conflicts of interest.

**Data Availability Statement**

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

**Endnotes**

[1] For organizations that reported a turnover of at least USD$50,000 in 2008.

[2] For example, for an organization that has £100,000 in assets, given an example inflation rate of 6.7% (current UK inflation rate at the time of writing), then said organization would need an operating surplus of at least £6700 to maintain asset sustainability.

[3] The authors recognize that this may be considered a UK-centric term. To define what is meant here, trading income refers to the gross income received through sales of products/services and excludes any income received from grant funders, investors or as donative income.

[4] It should be noted that 44% ($N = 663$) of all applicants were Community Interest Companies (the legal form for SEs in the United Kingdom), while a further 30.6% ($N = 361$) were charities. Further, 3.9% ($N = 58$) were Community Benefit Societies or Industrial provident Societies (effectively Coops). This means that nearly four-fifths of the sample had social missions embedded in their legal structures, whilst the remainder (21.6%; $N = 325$) were private companies with social missions attached.

[5] Unless otherwise stated, outliers were identified and removed in this data set by calculating $Z$-scores in SPSS, a method of identifying those responses that are or more than three standard deviations above/below the mean value for the sample.

[6] $\overline{x} = +£90{,}204.95$; $p < 0.001$ if outliers were left in.

[7] $\overline{x} = +0.55$ FTE; $p < 0.001$ if outliers were left in.

[8] $\overline{x} = +£4523.18$; $p < 0.001$ if outliers were left in.

[9] $\overline{x} = +£31{,}639.75$; $p < 0.001$ if outliers were left in.

[10] $\overline{x} = +1831.99$; $p < 0.01$ if outliers were left in.

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