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Perspectives of the Business sector on social enterprise

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Perspectives of the Business sector on social enterprise

A presentation at

Engaging Community Leaders: Social Enterprise World Forum

September 11, 2012

Research Team members

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Special Thanks

- Research Sponsor:

- Research partners:

  Calgary Chamber of Commerce

  Edmonton Chamber of Commerce

  British Columbia Chamber of Commerce

  S.U.C.C.E.S.S.

Social Enterprise (SE)

…a business venture owned or operated by a non-profit organization that either sells goods or provides services in the market, for the primary purpose of achieving a blended return on investment, financially, socially, environmentally, and culturally.

Research Objective

- …. to examine the perception of the business sector toward social entrepreneurship in terms of perceived competitiveness, values, social mission, and social impacts.

Research Questions

- What are the perceptions of the business sector on the goals and objectives of social enterprise?
- From the perspective of the business sector, what are the values and benefits of social enterprise?
- What are the views of the business sector on social enterprise's competitiveness, challenges and impacts, and roles in the market economy?

Research Methods

- A mixed method research design
  - online survey
  - qualitative telephone interviews
- Target participants
  - business owners, operators, and/or administrators from different business sectors in Calgary, Edmonton, and Vancouver

- Recruitment: Multiple strategies
  - publicity and promotion by major business associations
  - personal and professional networks of the research team members and staff
  - ongoing email solicitations sent to business contacts
  - social media outlets, and online business bloggers identified through search of online business directories and websites

Research Methods

- Data collection: Between the end of August 2011 and mid-February 2012

- Participants:
  - 87 completed qualitative telephone interviews (Calgary 30, Edmonton 26 and Vancouver 26)
  - 502 participants completed the online survey (80% in Alberta, mainly in Calgary and Edmonton; 20% in British Columbia)

Findings

1. Knowledge of Social Enterprise

- SE is a “fairly new” idea for many – they have never “heard of the phrase”, “have no idea” what it is, and are “not familiar” with it

- Only some indicated that SE is a business with a charitable goal, operated by non-profit organizations

2. Mission, role and function

- Over three-quarters of participants in the online survey indicated that they support the mission, goals and business strategies used by SEs

- Most qualitative interview participants believed that SE can be beneficial at societal, community, organization and personal levels

3. Social enterprise vs. traditional charity model in addressing social problems

- …a creative way of solving social problems, and may be a more effective strategy than the traditional charity approach
- …can enhance people's integration, self-esteem, and independence, and is particularly helpful to those disadvantaged in our society
- …provides more employment opportunities, makes NPOs more productive and is more effective in generating resources apart from government funding

4. Competitiveness of social enterprise

- most of the participants considered the competition created by SE as healthy and beneficial

- others were concerned about sharing the market and increased competition

5. Values and benefits of social enterprise

- ….. balance the market economy, as it would create a sub-market and competition between social enterprise and the business sector
- …. helps non-profit organizations become more sustainable and independent
- …. brings benefits to vulnerable populations in many ways, including:
  - meeting their diverse needs
  - enhancing their life skills and self-worth
  - creating employment opportunities
  - helping them to be self-sustainable
  - providing a channel to connect to the larger society

6. Prospect of social enterprise

- …should align with the mission and purpose of non-profit organizations and/or charities
- …be transparent (mission, goals, operation strategies) in order to gain marketplace support
- Most of the qualitative interview participants reported a positive view toward SE and felt that SE could co-exist with the business sector

7. Challenges encountered by social enterprise

- lack of recognition and acceptance from the business sector and public
- affected by the complexity of the market, competition in the economic environment, rejection by business sectors, and are disadvantaged in competition
- have challenges in operation, governance and management
- challenges in human resource management such as the lack of business experience and capable expertise of the management team

- financial challenges such as a lack of and unstable funding for social enterprise, how to use funding or investments appropriately, hardships in generating profit for SE and financial losses due to various reasons
- over one-third of the online survey participants thought that SE faces greater financial challenges and market risks than for-profit businesses in trying to be profitable
- 23.5% of online survey participants thought that the for-profit activities of SE distract charities and non-profit social service organizations from their original community or social missions that they set out to achieve

8. Support and assistance required for social enterprise

- strategies for sustainability, good board governance and management, human capital and teamwork, start-up support, financial support and marketing support
- government should initiate education among the public to promote social enterprise, set up regulations, and monitor SE's structure, transparency and accountability
- businesses can provide mentorship (coaching, guidance and training), support social enterprise though partnership, share the corporate responsibility and mentality, and provide human resources for SE

- promotion of public awareness of social enterprise, voicing their needs and suggestions, and by donations and volunteering

- 58.3% of survey participants would be willing to offer their personal support (e.g. donate or volunteer to provide advice, guidance or training)

- most participants would hire people who have gained previous job experience in SE

Conclusions

- …strong support toward SE from the business sector
- ….the business sector echoes the mission and benefits of SE in bringing social goods, independence, and sustainability
- …sees the value of SE and does not view SE as competition

- Some concerns and challenges about the operation and development of SE are identified.

- While the business sector is willing to provide mentorship and business expertise to support SE activities, many believe that the government has a key role to play in promoting SE through establishing the legal and business infrastructure and environment for SE to flourish and grow in a healthy and accountable manner.

For further questions:

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