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Perspectives of the Business sector on social enterprise

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SOCIAL WORK

A social enterprise (SE) is defined as 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.

PERSPECTIVES OF THE BUSINESS SECTOR ON SOCIAL ENTERPRISE

EXECUTIVE SUMMARY

Background

Social enterprise (SE) is an emerging approach for the non-profit and charity sector to help build and bridge local resources and opportunities for marginalized, disadvantaged, and deprived groups.

It is a combined interest of commercial enterprise with social impacts (Alvord, Browns & Letts, 2001) for the ultimate purpose of building sustainable livelihood and leverage for economic transformation to alter the capacity of the marginalized groups (Alvord, Browns & Letts, 2001).

Knowledge of Social Enterprise

Most participants have limited or no knowledge about SE.

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

Additionally, a number of participants who connected SE with business and charity, non-profit and for profit, were unsure of its meaning and felt uncertain as to whether their understanding of SE is correct.

Some indicated that SE is a business with a charitable goal and operated by non-profit organizations.

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 the SEs.

74.6% of these participants strongly agreed or agreed that SE activities can help charities and/or non-profit organizations increase their financial viability.

80% of participants reported that SE is a good way to provide employment opportunities & training for disadvantaged groups.

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

Research Objective

The objective of this research is to examine the perception of the business sector toward social entrepreneurship in terms of perceived competitiveness, values, social mission, and social impacts.

Research Questions

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

Research Sponsor:



Research partners:

*Calgary Chamber of Commerce
Edmonton Chamber of Commerce
British Columbia Chamber of Commerce
S.U.C.C.E.S.S.*

Research Methods

- A mixed method research design consisting of an online survey and qualitative telephone interviews was used.
- The general target population of this study included business owners, operators, and/or administrators from different business sectors in Calgary, Edmonton, and Vancouver.
- To be eligible to participate in this study, one had to be a business owner or employed in a for-profit business as an employee.
- Multiple strategies were used for sample recruitment, including publicity and promotion by major business associations, personal and professional networks of the research team members and staff, and ongoing email solicitations sent to business contacts, social media outlets, and online business bloggers identified through search of online business directories and websites.
- Data collection took place between the end of August 2011 and mid-February 2012.

The Participants

- A total of 87 participants (30 from Calgary, 26 from the Edmonton area, and 31 from the Vancouver area) took part in the qualitative telephone interviews.
- 502 participants successfully completed the online survey; among them, 80% of their offices are located in Alberta, mainly in Calgary and Edmonton, with one fifth in British Columbia in the Lower Mainland.

Social enterprise vs. traditional charity model in addressing social problems

Many qualitative interview participants believed:

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

76% of the online survey participants thought the government should have high or very high responsibility in resolving social ills.

Similarly, the qualitative interview participants felt that the government should be responsible for setting the framework, legislation and policy for social enterprise that businesses and the public can follow.

Competitiveness of social enterprise

While most of the participants considered the competition created by SE as healthy and beneficial, others were concerned about sharing the market and increased competition.

60.3% of the online survey participants agreed that the benefits brought to Canadian society through SEs outweighed the potential market risks they face and/or create, while 42.4% did not agree that SEs will take market share from for-profit businesses.

Less than 20% of participants indicated that charities and/or non-profit social service organizations should not compete in the for-profit marketplace.

13.2% of participants agreed or strongly agreed that social enterprises create unfair competition in the marketplace.

One view expressed by the qualitative interviewees was that competition is healthy and can promote further development; therefore, because social enterprises are required to follow the same regulations they will not damage the free market.

However, some participants believed that advantages such as tax and labour costs, and consumer support based on the SE's mission and values might allow them to be more competitive than the business sector.

Values and benefits of social enterprise

Many participants in the qualitative interviews felt that SE could balance the whole market economy, as it would create a sub-market and competition between social enterprise and the business sector.

SE helps non-profit organizations become more sustainable and independent.

SE would bring benefits to vulnerable populations by meeting their diverse needs, enhancing their life skills and self-worth, creating employment opportunities, helping them to be self-sustainable, and providing a channel to connect to the larger society.

Prospect of social enterprise

74.3% of the participants reported that social enterprise activities should align with the mission and purpose of non-profit organizations and/or charities.

The majority of participants (81.4%) in the survey indicated that social enterprise activities must 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.

Challenges encountered by social enterprise

- SE most likely lacks the recognition and acceptance from the business sector and public.
- SE may be affected by the complexity of the market, competition in the economic environment, rejection by business sectors, and be disadvantaged in competition.
- SE may have challenges in operation, governance and management, such as goal and value conflicts between the non-profit and the for-profit, the balance between the need for market and the need for people, and how to follow the missions. Social enterprise needs different marketing strategies and models from the charity mode.
- Challenges in human resource management such as the lack of business experience and capable expertise of the management team, thus increasing difficulties in the management and competition of SE.
- Another major challenge identified is 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 (36.5%) of the online survey participants thought that social enterprises face greater financial challenges and market risks than for-profit businesses in trying to be profitable, conversely a similar percentage of participants expressed opposing or neutral view on this.
- 23.5% of these 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.

SUPPORT AND ASSISTANCE REQUIRED FOR SOCIAL ENTERPRISE

- The majority of qualitative interview participants indicated that SE needs a different type of support, including: strategies for sustainability, good board governance and management, human capital and teamwork, start-up support, financial support and marketing support.
- Many indicated that the government should initiate education among the public to promote social enterprise, set up regulations, and monitor SE's structure, transparency and accountability.
- A large group of participants think that businesses can provide mentorship (coaching, guidance and training), support social enterprise through partnership, share the corporate responsibility and mentality, and provide human resources for SE.
- Over half of the online survey participants expressed that the business sector is in the best position to coordinate resources and experts who can provide business training and support to SE.
- Some indicated that the public should support SE, through promotion of public awareness of social enterprise, voicing their needs and suggestions, and by donations and volunteering.
- 58.3% of survey participants stated that they would be willing to offer their personal support (e.g. donate or volunteer to provide advice, guidance or training).
- The majority (72.6%) also expressed that they would hire people who have gained previous job experience in SE.

CONCLUSIONS

- 1) There is strong support toward SE from the business sector.
- 2) Many people in the business sector echo the mission and benefits of SE in bringing social good, independence, and sustainability.
- 3) Most of the people in the business sector see the value of SE and do not view SE as competition for them.
- 4) Some concerns and challenges about the operation and development of SE are identified.
- 5) 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.

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