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# A PROFILE OF SOCIAL ENTERPRISE AND THEIR STAKEHOLDER NETWORKS AND ENGAGEMENT

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## Executive Summary

This report was commissioned by the Irish Social Business Campus to examine the barriers to engagement that exist between social enterprises, corporate organisations and social enterprise public and private support agencies, specifically focusing on the Munster region. The aim of the research is to understand what the barriers are and to identify opportunities to overcome them. The insights gained from this research will inform new ways to conceive of engagement between these stakeholders.

The research draws specific attention to the following barriers;

- Perception of social enterprises as non-profits, and a low level of awareness of social enterprise among corporates
- Stakeholder's capacity to engage
- Differing business norms resulting in communication barriers

This lack of awareness corporates have of social enterprise results in them being positioned as a charity or other form of non-profit which creates a barrier to them being perceived as a legitimate business. This widespread perception among corporates limits the opportunities social enterprises have to engage with mainstream businesses around procurement, supply chain activity and access to markets. Within the social enterprise sector itself the identity the enterprise assumes is influenced by the entrepreneur's self-identity and the wider context in which the enterprise is operating which may result in the enterprise being positioned as a non-profit.

From the perspective of the social enterprise, a lack of capacity in the area of commercial expertise and access to corporates are among the key issues that contribute to barriers to engagement. Corporate Social Responsibility policies within corporate organisations provide a high level of structure around their external engagement. This limits their opportunities to engage with social enterprises around projects that have mutual value for the organisations involved. Support organisations display different approaches to supporting social enterprise which contributes to a lack of cohesiveness in the sector.

Further insight from the research findings show that organisational norms create value and operational differences between these stakeholders. These are revealed in the words and phrases used by the participants to describe their activity, which are not mutually understood by all of the stakeholders, resulting in a barrier in communication. However, when the participants described their social impact in the areas of community, education, the environment, and sustainability, they used common words and phrases which offers a glimpse of potential to create a communication bridge between the stakeholders.

The research concludes with recommendations to overcome these barriers to engagement and offers insights to develop upon the opportunities presented with specific attention drawn to the need for facilitation through policy, research and practice to keep pace with this dynamic sector.

## 1. Introduction

The impact of the worst global recession in decades was felt across the European Union immediately after the crisis hit in 2008; economic growth ceased and the rate of unemployment rose. The social impact of the crisis is only recently being understood. We are now faced with the current global pandemic which presents the world with economic and social issues that are predicted to surpass the effects felt by past global crises.

The Social economy, sometimes referred to as the Third Sector, developed out of a need for new solutions to social, environmental and economic issues that are not being met by the private or public sectors. The social economy includes a diverse set of organisations that are driven by socially motivated values, some of which engage in entrepreneurial activity. These organisations comprise of cooperative, non-profit, voluntary and social enterprise activity carried out within communities, and in markets nationally, and internationally.

All economic activities aiming to promote social value based on reciprocity and solidarity (Monzon and Chaves 2008; Campos et al. 2012) fall into the category of a social enterprise which is a central component of the social economy and one of increasing interest in the research and practitioner domains. This is in line with the growing number of social enterprises emerging and the recognition of their multi-faceted social, economic and environmental impacts.

### I - Social Enterprise in Europe and the UK

Social Enterprises provide inclusive economic development in Ireland and across Europe. Europe has a strong history of recognising the importance of social enterprise as a key element of the European social model which, through its social innovation, will provide solutions to address societal challenges and will help member states to overcome times of crisis, (Europe 2020 Strategy). In the European context social enterprises are being thought of in a market orientated way and are recognised for their contribution to the social and economic objectives of the Europe 2020 Strategy which emphasis smart, sustainable and inclusive growth that underpins a sustainable social market economy. (ec.europa.eu)

## SOCIAL ECONOMY IN EUROPE

represents

**10%** Of EU Companies



employing more than

**11**  
million



= about **6%**  
of employment

Source: [European Commission](#)

The competitive advantage social enterprises have in the market as a viable long-term investment opportunity due to profits being reinvested back into the business is also highlighted, (ec.europa.eu). The start-up and scale-up initiative, (ec.europa.eu), was set up by the commission in 2016 with the aim of creating opportunities for social enterprises to become world leading companies. One of the main proposals of this initiative focuses on creating better opportunities for partnership, commercial opportunities and skills that will provide development and scaling opportunities for the social enterprises.

Our nearest neighbours, Scotland and the UK, have a strong tradition of recognising the contribution of social enterprise to the wider economy and investing in their development. Scotland has developed a national social enterprise strategy (Gov.Scot, 2016), which asserts that social enterprise is part of their national identity and reputation. The strategy acknowledges the need to place trust in social enterprises and to offer the right support which will enable the sector to collaborate more effectively across organisational boundaries. A report by the British Council (2019) on social enterprise recognises the entrepreneurial character of social enterprises who bring together the entrepreneurial skills of the private sector with the ethos and values of public service. This report concludes by saying one of the greatest lessons for the UK is to continually listen to social enterprises and that collaboration with other key stakeholders will be the key to success for this sector. (Britishcouncil.org)

## II - Social Enterprise in Ireland

Ireland recently launched a “National Social Enterprise Policy” for Ireland which is a first in the history of the state, (Gov.ie 2019-2022). The three main objectives of the policy are based around building awareness of social enterprise, growing and strengthening social enterprise and achieving better policy alignment. The policy recognises that the similarity social enterprises share with other trading enterprises is not widely understood or appreciated which is a key area of development going forward. The policy also recognises the lack of specific business supports available to social enterprises in this country that are in line with the level of support offered to mainstream trading organisations.

Community organisations, co-operatives and charities are more widely recognised as organisations operating in this sector, however with the increased emphasis on trading for these organisations to be self-sustaining, more enterprises are engaging in trading activity to reduce their reliance on funding. In line with this, there is an emerging sector of social entrepreneurs looking to gain access to markets to maximise their social impact. In Ireland a Social Enterprise is described under three components as follows:

- A Social Enterprise is an enterprise whose objective is to achieve a social, societal or environmental impact, rather than maximising profit for its owners or shareholders.
- It pursues its objectives by trading on an ongoing basis through the provision of goods and/or services, and by reinvesting surpluses into achieving social objectives.
- It is governed in a fully accountable and transparent manner and is independent of the public sector. If dissolved, it should transfer its assets to another organisation with a similar mission.

The diversity in the sector makes it challenging to understand the true size and scope of social enterprises in this country, a difficulty that was recognised in a Forfas report 2013 about social enterprise in Ireland. A report by Benefacts Analysis (2019) states that there are approximately 29,300 organisations in this sector, in Ireland contributing to €13.8bn in turnover. These figures incorporate all the organisations operating in the social economy in Ireland which range from non-profits such as charities social enterprises who engage in trading activity. However, social enterprises that trade are distinctly

different from non-profit charities for example, as generating a profit is a core activity of the enterprise.

State funding is the biggest form of revenue to the sector at €5.9bn with the majority of this funding targeted at non-profits, (Benefacts Analysis, 2019). The national policy recognises that the forms of funding support available to social enterprises provided through labour market activation programs and grants such as CSP (Community Service Program) fails to meet the needs of social enterprises who are operating in markets.

There is an increasing preference for these organisations to be self-sufficient, and their involvement and collaboration with the public and private sector is being acknowledged by government and policy makers for the value it adds to the economy (CPA Ireland, 2018, Ireland Social Enterprise Report). Correspondingly large public and private sector organisations understand that the success of their enterprises is not measured by profits alone and are seeking to generate social and environmental impact. This social impact is too frequently positioned under the broad umbrella of Corporate Social Responsibility (CSR). CSR policies are company specific and companies often adopt a model where they provide grant funding, sponsorship, and mentoring to social sector entities, essentially “outsourcing” to the social sector, which has the longstanding expertise and community access to perform social good. This approach however is all too frequently once off, sporadic, unpredictable and fails to contribute to the longer term sustainability and growth of the social enterprise, nor, it can be argued, does it sustainably address broader societal and environmental problems that are facing society.

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(CPA Ireland, 2018, Ireland Social Enterprise Report)

Despite organisational differences, both commercial and social enterprises subscribe to a common ‘social’ focus which is societal and environmentally determined but yet lack meaningful forms of business collaboration to deliver on the social focus. Social enterprise involvement and collaboration with the public and private sector has the proven potential to add value to the economy. Therefore, a need exists for both entities to achieve their social

mission collectively through meaningful partnerships and collaborations that have mutual benefits straddling social, economic and environmental added value.

This research sets out to address this under researched topic by exploring the notion of partnerships and collaborations and how these can generate mutually impactful interactions. In addressing this objective, the following areas are investigated

- An assessment of social enterprises and a determination of how they are perceived by themselves from the social entrepreneur perspective and externally how are they identified by private and public organisations.
- investigate the interest of social entrepreneurs in doing business with larger entities and what they consider are the internal company and external barriers impacting on this.
- Examine the knowledge and awareness of corporate organisations of social enterprises and if and how they perceive them as a legitimate part of their supply chain activities.
- Determine the support structures available to assist and enable social enterprises to scale their competencies and capabilities to work with corporate organisations.

The research incorporated a multi-stakeholder perspective using an online survey and a series of interviews to obtain insights from social entrepreneurs, large corporations and development agencies charged with supporting social entrepreneurs.

The report commences with a discussion on the notion of social enterprises, how they are defined and their increasing importance and growth in Ireland and other EU countries. Once the context and unit of analysis of the study is presented a discussion takes place on the perceived identity of the social entrepreneur by themselves and externally to the social enterprise.

The methodology section provides an insight into how the primary research was completed and the profile of respondents. This is followed by an analysis of the key findings and their implications for the development of meaningful and mutually beneficial forms of business collaboration. The report concludes with recommendations and suggestions for areas meriting further research and development.

## 2. Understanding Social Enterprise

### I Definition of a Social Enterprise

The definition of social enterprise is evolving nationally and internationally and is likely to continue to do so as social enterprises themselves adapt to new societal challenges. In line with this trend, social enterprise or social entrepreneurship has continued to be a field of academic interest with numerous approaches attempting to frame this activity (Defourny and Nyssens, 2006; Nicholls, 2006; Bacq and Janssen, 2011). Questions around what constitutes a social enterprise dominate both academic literature and policy documents with varying definitions and descriptors being deployed that seek to characterise this heterogeneous sector. The definitions are derived from the legislative, cultural and economic objectives of the country in which they reside.

A mapping exercise carried out by the European Commission, 2016, has found that there is a growing consensus across European member states around what the broad definition of a social enterprise is however there are some key differences in each country. (Wilkinson, C., Medhurst, J., Henry, N., Wihlborg, M. and Braithwaite, B.W., 2014). Recognising the diversity inherent in the sector, the report states that the “commission does not seek to provide a standard definition which would apply to everyone and lead to a regulatory straitjacket”. Social enterprises are often bound by the regulatory environment they find themselves in which can create obstacles for them achieving their social and economic objectives. It is therefore, important for the diverse nature of their activity to be recognised in policy and in practice, and to create an enabling legislative environment for them to operate within.

There are some key differences around how different countries perceive the entrepreneurial and profit-making activity of these organisations. This is most notably evident from the report in countries such as Italy where the Italian Law on Social Enterprises (Law no. 155/2006) stipulates that a social enterprise must generate at least 70 per cent of its income from entrepreneurial activities. In Czechia the law states at least 10 per cent of the revenues of a social enterprise should come from market sources and in the UK, the definition states that a social enterprise must generate at least 25 per cent of its income from trade. In Finland, an act exists that limits social enterprises to

the field of work integration only, and there are no support systems or tax reliefs specifically for social enterprises. (Ministry of Economic Affairs and Employment Finland), (Wilkinson, C., Medhurst, J., Henry, N., Wihlborg, M. and Braithwaite, B.W., 2014). In Ireland there is no legal definition of a social enterprise, however there are many legal forms a social enterprise can take which have various operational implications for the enterprise. This highlights the complexity involved in creating a universally understood description of a social enterprise in Europe, and how each member state frames these organisations according to their own social and economic objectives.

The label social enterprise means different things to different people across different contexts and at different points in time. This conceptual confusion is mirrored among practitioners, where similar to policy, existing academic literature provides a bewildering array of definitions and explanations for their emergence. Santos 2012; Zeyen et al. 2012, view of social enterprise is that they focus on the creation of value, which is embedded in the architecture of the organisation, the decision-making processes, the networks and relationships that social enterprises have access to and use. Internally the social enterprise is motivated to solve or at least lessen the negative effects of critical dilemmas facing a society regarding economic, social and environmental problems (Germak and Singh 2010) and satisfying the social needs of communities (Hoogendoorn et al. 2010) rather than commercial objectives. Externally the impact of the environmental conditions for the social enterprise differs from that of a commercial enterprise due to the influence of the social mission as a driver for the development of the enterprise. Social enterprises must operate within this complex environment where single definitions of their activity are not always a practical aide to their endeavour.

The definition of social enterprise as “entrepreneurial activity with an embedded social purpose” (Austin, Stevenson, & Wei-Skillern, 2006, p1), highlights the co-existence of both the entrepreneurial and social side of these organisations. Social enterprises operate across a broad spectrum from local community based enterprises to medium sized and larger enterprises, some of which trade internationally. They interface at one end of this spectrum with the community and voluntary sector, and at the other end with private enterprises occupying the space between the two sectors. Their objective is to create social value, while using a business model and engaging in economic activity to support the achievement of their social objectives. As with any

spectrum, the boundary where one category begins and the other ends is not easy to define. Indeed, some community and voluntary organisations may engage in activities which are typical of a social enterprise, or may establish subsidiaries specifically to operate as businesses to support the organisations social mission. In this regard, and depending on the nature of the particular activities it engages in, a community and voluntary organisation may have multiple objectives, or different identities which underpin its social mission (Social Enterprise Report, 2018).

## II - Social Entrepreneurial Identity. Narratives and Organisational Forms

It is useful and timely in light of the current academic, policy and business development of social entrepreneurship to determine the process by which the social entrepreneurial identity is constructed and interpreted through the language they use to describe themselves and their activity. The language or narratives used by social entrepreneurs are an important self-analytical tool enabling them to construct an understanding of themselves, their identity, their beliefs, their own meanings of issues that are going on around them, and to satisfy their need for making sense of their own experiences (Foss, Pedersen, 2004). In order to create an enabling environment for these organisations to thrive, it is important to understand their perception of the issues and challenges they face, and to understand this from their own descriptions.

The dilemma in having a clear self-identity comes from the mind-set that social enterprises must have two identities, that of being social and adding the commercial dimension which can create conflict and tensions in the language used by the social entrepreneur in how they describe themselves, (Bell, Gibson 2011). Thus, this self-identify dilemma is reflected in how they behave and position or promote themselves to external organisations and agencies and funders. This is important to understand for these organisations to be supported in how they position themselves to stakeholders who are seeking to engage with them or to support their efforts.

### i Narratives

Research has focused on linear models used to frame social enterprises, positioning the social and economic elements of these organisations at

opposite ends of the spectrum (Dees, 1998; Alter, 2004; Dees and Anderson, 2006). This method of framing social enterprise has influenced the narrative that separates these elements when in fact they are mutually representative of the organisations endeavour. This linear view is reflected in the direction given by funding organisations to social enterprises or other socially orientated organisations to engage in trading activity to reduce their dependency on state support (Mason et al., 2007). (Berglund and Wigren, 2012) refer to this as a grand narrative that conveys economic growth and development where moving across the spectrum towards the economic end is advocated. This emphasis on entrepreneurship encourages social enterprises to be more market driven and self-sufficient (Perrini, 2006). Within this context the emphasis on trading means social enterprises need to think and act like commercial organisations which involves the use of commercially orientated language (Tracey et al. (2005). The process in which organisational meanings are socially constructed through language (Fletcher, 2003) is of interest to this research. The insights will reveal the unique perception each of the sectors have of social enterprises and of their relationships with one another.

Social enterprises generate blended value giving rise to a dual identity that also creates internal conflicts and tensions, (Emerson, 2003; Haigh and Hoffman, 2014). In addition to varying definitions and narratives surrounding social enterprises they can also take many organisational forms or 'hybrid' models, such as work Integration Social Enterprises (WISEs) and co-operatives. (National Policy.ie). The hybrid nature of social enterprises (Battilana & Lee, 2014; Pache & Santos, 2013) means they do not easily fit into a profit or not for profit distinction despite how the organisation is structured, (Haigh & Hoffman, 2014; Tracey & Phillips, 2007). This unique boundary position places these organisations at the point where the social and commercial sectors merge (Jäger & Schröer, 2014). This results in organisational tensions and complexity (Alter, 2004; Battilana and Lee, 2014; Smith et al., 2013) but it also offers a unique vantage point for these organisations to view both the social and commercial sectors from.

The amalgamation of the terms 'social' and 'enterprise' have been described as an oxymoron which makes it challenging to position a social enterprise as purely commercial or another form of hybrid organisation, (Arthur, 2009). Viewing these organisations through a lens that incorporates the inherent

tensions and complexities that exist within the structure of a social enterprise offers insight into how they are the driving force behind their operation and impact (Lewis & Smith, 2014).

## ii Performing Paradox

Social enterprises must operate within a paradoxical environment which creates considerable challenges when managing their commercial and social objectives (Tracey & Phillips, 2007). The social side of the business and the commercial activity in one sense contradict one another, but are in fact mutually dependant on one another, (Smith et al.,2012). Paradox theory helps to understand the multiple tensions within social enterprises, particularly with regard to their engagement with stakeholders around the business side of their venture, and how these tensions are enacted by the parties involved. Referring to profit making activity in a social enterprise context can appear to be irrational and contradictory however these elements are interrelated which is the paradoxical reality these organisations operate within, (Lewis, 2000). Some scholars have argued that focusing on one paradoxical element over the other in an effort to dissolve the tensions associated with their co-existence only serves to fuel a vicious cycle between them (Smith & Berg, 1987 and Sundaramurthy & Lewis, 2003) However, if these paradoxical tensions were to be embraced simultaneously it can be an “invitation to act” and can result in innovative ideas and practice (Eisenhardt & Westcott, 1988; Rothenberg, 1979), (Beech, Burns, de Caestecker, MacIntosh, & MacLean, 2004).

Smith and Lewis’ (2011) refer to the tensions associated with performing paradox as organisations pursue conflicting goals and deal with inconsistent demands across multiple stakeholders. Social Enterprises operate across a threshold of the users or businesses that they serve and the funding bodies or support organisations they obtain funding or capacity building from. Hough and McNamara (2015), argue that performing paradoxes come from the interplay between qualitative and quantitative success criteria and the simplicity and complexity associated with both. This is evident in social enterprises pursuing social impact metrics and financial return. The broad array of stakeholders with competing demands makes decision making a complex process for these organisations (Scherer, Palazzo, & Seidl, 2013). This research seeks to explore this process through the words of the stakeholders involved to reveal this complexity in order to combat the barriers it presents.

### III - Social Enterprise and External Stakeholder Collaborations to achieve Scaling

The number of challenges and tensions the social entrepreneur encounters will impact on the direction of the enterprise. The social entrepreneur is tasked with aligning social and business objectives whilst adhering to multiple stakeholder requirements and ensuring client satisfaction whilst having a competitive edge (B Doherty et al, 2014) Combining multiple goals, social and financial (Smith et al, 2013) compounded by their hybridity can present a challenge to their scaling and sustainability potential.

Social entrepreneurs can find themselves in an uncomfortable position as they operate in commercial markets yet consider themselves on the periphery, or they may disagree with some of the commercial practices of the marketplace (Leadbeater, 2007). This creates difficulties in deriving business objectives which align with the core social ethos of the business (Shaw et al, 2007). Further, as many social entrepreneurs need to have a multi- stakeholder focus the task of setting business objectives becomes more fraught and may require a trade-off between social and commercial commitments. (Doherty, 2008). Bornstein (2004) found that the type of objectives the social entrepreneur had for their business reflected the strategic intent of the social entrepreneur and further indicated the broader strategic vision of the business. In instances where the social value dominated, more informal strategies were adopted which sometimes neglected the commercial perspective (Doherty, 2008). This highlights how the business model adopted by the social entrepreneur is determined by their approach to the social value of the enterprise.

It is suggested that this need not be the case as social and commercial agenda are not mutually exclusive if effective strategies are adopted to achieve enterprise objectives. Darby and Jenkins (2006) argue that social entrepreneurs need to translate their objectives into a workable business strategy with measurable sustainability performance outcomes to effectively achieve the social vision of the business. This should be built on the establishment of a core competency, (Imperarori and Ruta 2006). To achieve growth and to ensure the sustainability of the social enterprise the social entrepreneur must develop their business and manage resources with a commercial as well as a social remit, consequently strengthening the sustainability of the business.

Achieving firm growth changes the internal context of the social enterprise and as a result requires a change in the role of the social entrepreneur. This may require delegation of core responsibilities or the sourcing of external assistance to operate and develop the business. From an internal viewpoint, employees are a key resource and enabler in the successful achievement of the vision of the social entrepreneur. Leadbeater (1999) and, Imperatori & Ruta (2006) suggest that the success of the firm is its ability to attract and retain the correct blend of complementary skills to those of the social entrepreneur. Retaining staff in the social enterprise may not always be an easy task. The lack of financial resources, inability to guarantee job security or provide attractive salaries renders it a challenge for the social entrepreneur (Bornstein, 2004). The challenge facing social entrepreneurs is how to incentivise staff through non- financial awards. According to Roper and Cheney (2005) social entrepreneurs have a certain charisma which they use to enlist the commitment of others in the absence of financial compensation. O'Hara (2001) found that volunteers were common amongst social enterprise especially at the early stages of their development. While volunteers act as a key resource for the social enterprise an overdependence of this category of the workforce should not be viewed as a long term strategy (Badelt, 1997 and O'Hara, 2001).

From an external perspective the social entrepreneur should enter into new and innovative partnerships with other social entrepreneurs, commercial enterprises and government agencies to source new revenue streams. The use of networks is important for social enterprises in gaining access to markets, procurement, funding sources and generating local support for the enterprise (Shaw and Carter, 2007).

### *Conclusion*

The review of the literature, policy and practices indicate varying definitions of social enterprise. The sector is diverse in terms of type, nature and business models adopted which are mainly influenced by the mix and balance of social and or commercial objectives driving the social enterprise. These objectives are driven and influenced by the social entrepreneur and their motivation for starting the social enterprise. They adopt different format and structures, have a spectrum of social and commercial objectives where some enterprises are more focussed on the social often at the expense of the commercial and other enterprises adopting a more balanced social and commercial agenda. The very

heterogeneous nature and profile of social enterprises give rise to variation in how social entrepreneurs view themselves and their role in the organisation. This further influences the business structure and model adopted which can cause some confusion in the broader external stakeholder network that the social enterprise engages with due to the differences in approach.

### 3. Research Methodology

This research involved a mixed methods qualitative and quantitative approach using interviews and an online survey. The survey was used to gain a profile of the social enterprises and to identify the size and scope of these organisations to gain an understanding of their previous or current engagement with organisations external to their own. See appendix for list of questions asked in the survey. The qualitative approach deemed most appropriate for this research was a semi-structured anonymous interview design. Pre-defined themes of open ended questions were used to allow people to provide comments. The participants were guaranteed anonymity to encourage them to express their views about issues that were at times politically delicate. Questions focused around the themes of identity and collaboration. For example, participants were asked to describe their understanding of social enterprise and to discuss their current, past or future planned engagement with an organisation external to their own. This approach was used to encourage the participants to provide descriptions of their engagement practices and their motivation to engage.

#### *Sample Identification and Selection*

The researcher ensured there was a balance of participants. This included social enterprises at various stages of development, large scale commercial organisations and support organisations from the public and private sector operating in the region. The criteria used for selection of social enterprises was on the basis that a mix of community organisations, social enterprises at the early stage of development and large scale social enterprises were represented. Commercial organisations were selected on the basis of having a prior history of external engagement with social impact organisations and their market reach as an organisation in the region. Support organisations were initially profiled by the researcher to gain an understanding of the types of organisations operating in the region. Five were then selected for interview

from the public and private sector. There was a high response rate to interview requests due to receptiveness of the organisations involved to participate in research that aimed to facilitate multi-stakeholder engagement.

Over a period of six months a total of 23 interviews were requested and 50 surveys were sent out. A total of 20 interviews with an average duration of 45mins were conducted and a total of 13 survey responses were received. Survey Monkey was used as the survey tool and the questionnaire took on average five minutes to complete. This survey tool was chosen as surveys could be emailed directly to respondents, shared on social media, printed and sent by text message. The results from the survey and interviews are both included in the research findings section of the report.

Contact details were readily available for the commercial organisations and support organisations profiled in the research however It was difficult to reach social enterprises. Two of the main reasons for this related to the fact that some enterprises did not identify as a social enterprise and the limited resources these organisations have to invest in creating an online and offline marketing presence. Community organisations were the exception to this as they identified as social enterprises coupled with the fact that they had an online presence with publicly available contact information.

### *Respondent Profile*

Label	Organisation	Participant Description
	<b>Social Enterprise</b>	
P1	Community Centre	Board Member, Community Development Officer, Kerry
P2	Social enterprise Incubator Program	Entrepreneur, Business Owner
P3	Wellness Company	Entrepreneur, Business Owner
P4	Community Centre	Board Member, Community Development Officer, Limerick
P5	Craft Hub	Entrepreneur, Business Owner

	<b>Support Organisations</b>	
P6	Local Development Company	Community Development Officer
P1	Community Centre	Board Member, Community Development Officer
P2	Social Enterprise Incubator Program	Entrepreneur, Business Owner
P7	Social Enterprise Support Consultant	Social Enterprise Consultant
P8	Multi-Sectoral Partnership Company	Public Sector Employee
	<b>Corporate Organisations</b>	
P9	Engineering	HR
P10	Pharmaceutical	Manager
P11	Banking	Manager
P12	Medical Devices	HR and Manager
P13	Electronics	Business Owner, CEO

## 4. Research Insights

The research insights are presented according to the primary themes investigated in the research;

- **Social Enterprise Identity** from a multi-stakeholder perspective.
- **Relationship building and Collaboration** between social enterprises, commercial organisations and support organisations.
- **The Barriers to Engagement and the Opportunities** that exist between social enterprises, commercial organisations and support organisations.

### I – Identity of a Social Enterprise

The results from the interviews with the participants from each group highlighted that there is a lack of consensus around what a social enterprise is, which has contributed to a lack of understanding about stakeholder engagement with social enterprises. The participants displayed tension and confusion associated with the term which centred around the profit/non-profit orientation of the enterprise. The comments below highlight the divergent views the participants from each group have towards the identity of a social enterprise.

<b>SOCIAL ENTERPRISE (SE)</b>	<b>CORPORATE ORGANISATION (Corp)</b>	<b>SUPPORT ORGANISATION (Supp Org)</b>
<i>(P3) "The definition of a social enterprise doesn't fit in with the regulations in this country. I ticked boxes I didn't need to tick. I want to work for social purpose but I don't want to be a social enterprise"</i>	<i>(P11) "what is a social enterprise, is it social services? It's not enterprise Ireland is it? We work with Limerick Animal Welfare, social enterprises like that... or are they more NGO's"</i>	<i>(P7) "we support social enterprises like community enterprises that provide services that otherwise wouldn't be there. You want to duplicate something that works. Innovation sometimes doesn't work, blue sky thinking clouds your judgement. There needs to be some rigour around what a social enterprise is; a mandate for it. They must have a not for profit ethos"</i>

*"I want to work social purpose but I don't want to be a social enterprise"*

Respondent from Social Enterprise

## What is Social Enterprise?

*There needs to be some rigour around what a social enterprise is; a mandate for it.*

Respondent from Support Organisation

*What is a social enterprise, is it social services?*

Respondent from Corporate Organisation

The identity each of these individuals associate with the term social enterprise relates to the profit/non-profit orientation of the entity itself. Viewing social enterprises as non-profit entities results in the commercial side of the enterprise being concealed, which limits their access to support and their opportunity to engage in relationships with commercial organisations. The difference in the perception of social enterprise across each group centres around the limitation of the term itself, the profit/not for profit orientation of the enterprise and the lack of awareness of social enterprise among the corporate organisations which is a common theme seen across all of the corporate participants interviewed.

The identity of a social enterprise is further explored in the results below from interviews with participants from each group, coupled with survey results from thirteen social enterprise respondents.

### *Social Enterprise participant's responses;*

Across all interviews with the social enterprises, the participants expressed varying levels of tension and complexity associated with being defined as a social enterprise. They described how the term was imposed on them with changes in the government's approach to supporting the sector, or they preferred to use their own description of their entity, such as 'community

centre'. The example from a social enterprise participant in the comment box above describes how the social entrepreneur sought support for the commercial side of the enterprise through a traditional commercially orientated incubator program and failed to gain access because they identified as a social enterprise, *'ticking boxes I didn't need to tick'*. This reveals a lack awareness and availability of the types of support programs that are specifically tailored towards social enterprise. It also shows how the regulatory environment is not adequately supporting the social enterprise business model. This problem was shared by another participant who described their inability to gain support for their enterprise from government funding sources because they did not have a label describing their impact that was recognised, (P5) *"there wasn't an identity or support available from any government structure. No funnel of support. If you don't have a label it's hard to get support"*.

The comment above shows that identifying as a social enterprise may not be sufficient to gain public funding support, however identifying the enterprise with the social impact they are striving to achieve will position them more favourably to these funding sources.

The comment below is from a participant (P2) identifying as a social enterprise who also offers business support to social enterprise.

*If you don't have a label it's hard to get support, like we are for the elderly.*

Respondent from Social Enterprise

*"We are agnostic, we don't care, it's about creating social impact. We are less focused on the hard definitions and more on the values that underpin what we do. To do what we are talking about, this is an enterprise, no different to a commercial one"*.

This participant articulates a position that their view of social enterprise is no different to a commercial organisation, however they assert that their values *"underpin everything we do"*. This participant is not grappling with the definition of a social enterprise and is traversing the line between being a commercially orientated social impact business.

The comments from the social enterprise participants reveal some hesitation to associate with the term. They also display a degree of frustration about the

effect associating with the term has on the commercial orientation of the business in relation to gaining business support. The identity a social entrepreneur associates with the enterprise is an important driver of how they pursue opportunities to grow and develop the business around their social and commercial mission. Conflicting perceptions of social enterprise both within the organisation and from external organisations can cause tension for the

*We are less focused on the hard definitions and more on the values that underpin what we do. To do what we are talking about, this is an enterprise, no different to a commercial one*

Respondent from Social Enterprise

social entrepreneur. Rather than framing social enterprises as profit or non-profit entities, their dual identity needs to be embraced for both sides of the enterprise to be seen and supported.

#### *Corporate participant's responses;*

A common theme emerged from the interviews with the participants from corporate organisations that revealed a lack of understanding about what constitutes a social enterprise. As the example highlighted in the comment box above reveals, the participant associated the term social enterprise with charities or community organisations that they have had experience in dealing with through their CSR programs. This was evident in the descriptions provided by all of the corporate organisations when asked about their experience and knowledge of social enterprise with the exception of one of the participants who was aware of the term. This participant (P13) is the CEO of the organisation who explained that he had a deep rooted personal motivation to engage with social impact organisations. Although this participant identified social enterprise with a charity, he was aware that a new national policy had been launched for social enterprise and expressed an interest in learning more about them.

(P13) "We do a lot with charities that are close to our employees, we are very active in this area. I am aware a new policy has been launched for social enterprise, I would be interested to know more about that and how this relates to my business"

The participants from the other corporate organisations held positions in Human Resources or Marketing, with the responsibility for managing the company's Corporate Social Responsibility programs. This resulted in these individuals using language associated with their CSR activity to describe the organisations and projects they engage with, when asked about their knowledge or experience of social enterprise, which are mainly charities and community initiatives. Consider the following example which highlights the words and phrases these participants associated with social enterprise.

*I am aware a new policy has been launched for social enterprise, I would be interested to know more about that and how this relates to my business.*

Respondent from Corporate Organisation

(P9) *“we have a global CSR policy around the environment, philanthropy and engagement. An external societal focus has pushed us on...also people within*

*We have a global CSR policy around the environment, philanthropy and engagement.*

Respondent from Corporate Organisation

*the organisation are involved in charity. We give a lot to the community, we have a community awards program and this is how we manage sponsorship”.*

These organisations have extensive experience of dealing with social impact organisations and initiatives through their CSR activity. They assume the identity of a social enterprise as charity or other non-profit community initiatives. This excludes the commercial identity of a social enterprise as an organisation that is similar to their own. These assumptions need to be challenged for social enterprises to be seen as organisations to enter into mutual value engagement with.

*We give a lot to the community, we have a community awards program and this is how we manage sponsorship.*

Respondent from Corporate Organisation

*Support Organisation participant's responses;*

The example from participant (P7) from a support organisation in the comment box reveals the perceived lack of clarity around what constitutes a social enterprise. This participant describes a need for rigour around the term social enterprise that would essentially prevent the enterprises that do not have a not for profit ethos from associating with the term. This highlights how this participant perceives the characteristics of 'innovation' and 'blue sky' thinking as attributes that are not important for a social entrepreneur. The entrepreneurial nature of a social enterprise is contested in this example, with a preference for duplication of ideas that have proven to be successful.

The comment below highlights a similar negative association with the identity of a profit making enterprise and how this impacts on the support offered to social enterprises.

(P6), *"there is a feeling that if they are an enterprise, we can't support them"*.

This sentiment is not shared across all the support organisations interviewed however. One of the participants (P1) acknowledged the need to make a profit to be a sustainable business.

*There is a feeling that if they are an enterprise, we can't support them*

Respondent from Support Organisation

(P1) *"everyone thinks social enterprise is a dream, they're coming out of the woodwork now, but it's not, you have to make money. Social enterprise is becoming such a thing now because people don't like the term 'not for profit', they think it's just charity. Revenue don't like it either"*.

*Social enterprise is becoming such a thing now because people don't like the term 'not for profit', they think it's just charity.*

Respondent from Support Organisation

These comments reveal a lack of consensus among the organisations supporting social enterprise around the identity of a social enterprise and the business model, which influences the elements of the enterprise they will support. This lack of consensus centres around the profit/non-profit orientation of the enterprise which is causing

confusion in the corporate sector also in relation to how social enterprises differ from charities and other non-profit entities. Again, rather than framing these organisations as non-profit entities, the agencies that provide support need to embrace the dual identity of a social enterprise and their need for business support that is in line with mainstream business supports offered to commercial organisations.

### i The impact of language used by stakeholders on social enterprise identity

Thirteen social enterprise survey respondents provided input into describing their organisation with the majority, twelve, describing themselves as Business/Enterprise to Community, User or Consumer. One of the respondents described themselves as Not for Profit. A community enterprise expanded on the description with the following detail;

*(P1) "Social Enterprise serving the needs of the specific client that it is targeted at e.g. Older persons in the community".*

This language that describes the impact of the social enterprise is shared by support agencies who assert the importance of being able to articulate the social impact of the enterprise in order to gain funding for example. Labels such as; job creation, serving the needs of older people, rural isolation, poverty etc. connect the activity of the enterprise to the aims of the organisation they are seeking support from, whether this is from a public support agency, a funding body or a private commercial organisation.

Compare this with the response given by a social enterprise in the start-up phase (P3) who in their response described their activity as "providing online training courses". This individual views themselves as a business offering a product or service without going into the detail of the social impact this product or service is setting out to achieve. It is unlikely that a corporate organisation, for example, who is seeking to engage with a social enterprise around a specific social impact will connect their objectives with this activity, however this can be achieved by articulating the social impact which may be shared with the organisation.

The words and descriptions that are used by social entrepreneurs to describe their activity reveal how they themselves perceive the enterprise, and how this affects how they promote the enterprise to stakeholders such as support

organisations or corporate organisations. If a corporate organisation for example is looking to achieve an environmental impact through a CSR initiative, then a social enterprise speaking to this impact in their engagement with them will be identified as an organisation they have a connection with. Similarly, if a funding organisation is seeking to fund projects that have an impact in rural communities for example, a social enterprise that can articulate their ability to identify with this impact will be better positioned as an enterprise to support achieving this aim.

This highlights that not only the description of a social enterprise, but how they describe their activity and impact, has an influence on their identity and how they are perceived by external organisations.

The results from the interviews and survey reveals the tensions and complexities associated with identifying as a social enterprise, when they seek commercial support for the organisation, and when they engage with stakeholders around shared impact aims. This highlights the importance of social entrepreneurs being aware of the impact they are trying to achieve and being confident in their articulation of this impact when they are engaging with stakeholders. Finally, awareness of social enterprises and their social and economic impacts needs to be raised in the corporate sector by building inter-organisational and cross sector networks and partnerships to raise their profile as trading organisations.

## II - Relationship building and collaboration between social enterprises, commercial organisations and support organisations.

Government agencies, public bodies, corporate organisations and others seek to engage and support social enterprises using preconceived ideas about the shape the engagement should take. This is influenced by their strategic business needs and organisational agendas. As the previous examples have highlighted, a commercial organisation that perceives a social enterprise as a charity will view them through a non-profit lens which will affect their approach to engagement

*We want to engage with the corporate sector but we don't know how, we don't know what they are looking for. What language do we use and how do we show them the value we can offer their organisation?*

Respondent from Social Enterprise

with social enterprises. Consider the comments highlighted below which reveal the differences in approach the participants from each group have to stakeholder engagement.

<b>SOCIAL ENTERPRISE</b>	<b>CORPORATE ORGANISATION</b>	<b>SUPPORT ORGANISATION</b>
<i>(P1) “we want to engage with the corporate sector but we don’t know how, we don’t know what they are looking for. What language do we use and how do we show them the value we can offer their organisation?”</i>	<i>(P12) “we have a sponsor in the company that oversees everything we do. She signs off on our CSR activity to make sure we are not going all over the place with it and it aligns to our overarching business objectives. We don’t usually engage outside of the norm”</i>	<i>(P6) “There is a feeling that if they are an enterprise we can’t support them, now it is not the case if you speak to the impact. Realising and articulating your social impact. Now that is a problem if you can’t identify impact in your own head”</i>

*Social Enterprise participant’s responses;*

The social enterprises interviewed expressed an interest in engaging with commercial organisations but they did not share a common motivation to do so. The interest shown depended on the type of social enterprise and the nature of their activity, with community centres showing less interest than a social enterprise that is seeking to trade or is currently trading for example. Participants that were interested in trading or who were already trading expressed a desire to engage with corporate organisations in ways that could offer more than monetary value to the enterprise, such as skills and knowledge exchange initiatives.

*(P1) “we have a lot to learn from them, there is so much they can offer in terms of skills like leadership and finance training”.*

*We have a lot to learn from them, there is so much they can offer in terms of skills like leadership and finance training.*

Respondent from Social Enterprise

This participant aligned their enterprise more closely with a corporate organisation and expressed an interest in learning more about the shape this type of engagement could take. They are classified as a trading social enterprise and so the entrepreneur had a level of familiarity with commercial activity.

A participant from a community centre (P4) drew a line between their activity as a community centre and a social enterprise by describing how they had future plans to engage with corporate organisations around their social enterprise plans but they required a specific capacity for this type of engagement. This reveals their perception that as a community centre that offers a particular community service, they did not see a reason to engage with a corporate organisation, however with their future plans to have a trading element to the enterprise, they would seek to engage at that point.

(P4) *“we are in early day’s discussions with corporates, but specific commercial expertise is needed for that...first and foremost we are a community centre”.*

*Specific commercial expertise is needed*

Respondent from Social Enterprise

A common theme emerged across all the interviews with social enterprises that highlighted a lack of commercial expertise required to engage with corporate organisations. This is a capacity that needs to be built upon in social enterprises that are rapidly evolving as commercially trading entities without the appropriate skillset within the organisation.

The CSR framework used by the corporate organisations to engage with social impact organisations uses internal award programs and sponsorship policies that contain words and phrases that are individual to these organisations. Each organisation will have different business needs and reasons for engaging with social enterprises which would not be widely understood by social enterprises seeking to engage with them. This results in a barrier in terms of access and in relation to communication between the stakeholders.

### *Corporate Organisations responses;*

In the example above the participant from a corporate organisation asserts the risk averse approach the company has in relation to their engagement with external organisations. They cite their CSR activity as their framework for engagement that contains in-built measures to ensure there is alignment to the objectives of the business. This theme was evident across all five of the interviews with participants from the corporate organisations, who each described this process of engagement under the same heading of Corporate Social Responsibility. Within this framework, a social enterprise that is viewed through the lens of a CSR policy will be positioned as a not for profit organisation, hindering their market capacity and the opportunity for both organisations to enter into a relationship that could potentially create mutual market value.

None of the participants from the corporate organisations described ways for an external organisation to engage with them, apart from a cold call or a letter that is more often than not unsuccessful. A common theme emerged that the employees of the organisation were asked what social causes they wished to pursue or that they had a personal connection with. (P12) One of the participants (P12) expressed that engaging with social causes in this way contributed to the “staff retention and wellbeing” which are key strategic objectives of the company.

The participants from the corporate organisations were asked by the interviewer about their interest in engaging with social enterprises in ways where mutual value could be achieved. None of the participants had knowledge of how this could be achieved or what form this engagement might take. Three of the participants (P9, P12, P9) requested examples from the interviewer of this type of engagement to help them visualise what this might entail. One of the participants (P9) referred to, “spot-light stories” , methods of marketing a particular case study to influence an audience, which could be used as a means to motivate their organisation and others towards action in this regard.

*Support Organisations participant's responses;*

The inconsistent view of what constitutes a social enterprise and the model they should adopt influences the engagement social enterprises have with support organisations and vice versa.

The example shown previously of a social enterprise seeking support from a mainstream business support agency highlights how social enterprise support agencies are not widely recognised by social enterprises as having the necessary support for the commercial side of the enterprise. This sentiment is expressed by the support organisations themselves who in some cases have a negative view of social enterprises making a profit.

In the example below, the participant from a support agency describes how the way in which the enterprise is structured and having proper governance are key ingredients for the success of the enterprise, particularly in relation to the pursuit of public funding.

(P6) “you need to have your house in order, we will help you to constitute yourself. A presentation to show what you’re about is fine, but do you have the capacity to do it, keeping a board of management involved and engaged, volunteer engagement, administration backup...are all important”.

*You have the capacity to do it*

Respondent from Support Organisations

The focus is on the capacity of the social entrepreneur to structure the enterprise appropriately, which are some of the more tangible elements for the success of the enterprise that are often challenging for a social enterprise with limited resources. Funding is seen as a key enabler of success for social enterprises, (P6) “you raise funds through trading or fund generation”. This particular support agency administers public funding to social enterprises and so the focus is largely on supporting them to structure themselves appropriately to gain access to these funds.

Another participant (P1) who also administers public funding acknowledged that it is a balancing act for social enterprises who need to have these traditional business skills but also need to possess the less tangible skills required for business success, such as leadership, management and business strategy development.

(P1) “there is a conflict between the ‘airy fairy’ stuff like mentoring and coaching and the important things like governance...it’s a balancing act...social enterprises are constantly balancing; you can’t be seen to be making too much money”.

*Social enterprises are constantly balancing; you can’t be seen to be making too much money”.*

Respondent from Support Organisations

Although some support agencies focus on business skills training for social enterprise, these supports are not widely available. These organisations largely focus on the traditional social enterprise supports such as assisting with proper governance, funding and grant applications and volunteer management. This highlights the lack of widely available business skills training specifically targeting social enterprises in the area of multi-stakeholder engagement for example, which is essential to their sustainability as an organisation going into the future. Social enterprises not only need to be able to speak a common language with corporate organisations which is the starting point to any form of early engagement, they need to be more widely recognised as trading entities and supported in their capacity to engage and to deliver.

### **i Capacity to engage**

Social enterprises often lack the internal capacity to support their growth. Issues relating to governance, marketing and HR experience, managing a diversity of stakeholders and business strategy planning, present barriers to their development. Social enterprises that have developed from community groups and are run solely by a group of volunteers, often lack the skills required to engage in market activity and manage risks associated with this activity.

Of the thirteen social enterprise survey respondents, six of them indicated that they had partnerships with other organisations such as government agencies with one exception being a social enterprise that had a partnership with a private commercial organisation. Five indicated that they had received funding in the past which indicates that they either have governance in place, a strong board or a proven track record of success which is cited by support organisations as being necessary to achieve funding.

Marketing is a skill that is often lacking in the social enterprise sector due to a lack of resources to invest in marketing, and a lack of experience or skills in the employees or volunteers to engage in this activity. This results in a lack of visibility for social enterprises which presents a difficulty for individuals or organisations who are seeking to engage with them by sourcing information about them via the internet or other more traditional media streams. This lack of capacity may be reducing their opportunities to engage with organisations external to their own.

The social enterprise model does not fit into mainstream business support offering. Business support that is specifically designed for social enterprise needs to be invested in and promoted, and that recognises the unique challenges these organisations have when trying to access markets or investment. Managing a diverse group of stakeholders without leadership, management or HR training can present a significant challenge to an individual who is operating a social enterprise and the employees or volunteers within the organisation.

Social enterprises exist at the point where the commercial and social sectors merge, in a boundary position that is difficult to position to external organisations or indeed within the organisation. Viewing this tension as intrinsic to the success of the organisation as the social and financial objectives are mutually dependant on one another sheds a new light on approaching partnership with these organisations. More needs to be done to uncover the opportunities associated with this unique vantage point where both the profit and not for profit sectors merge. The issues and challenges that are revealed in the comments from the participants in this research highlight inter-organisational language differences, organisational procedure differences, and a lack of resources and capacity to engage. A new pathway to engage for example needs to be created beyond or within a corporate CSR policy to enable early relationships to develop with social enterprises on which further collaboration can be built. Although motivation is present in both corporate and social enterprise organisations to engage, the pathway is not evident to either which is point of connection that is lacking. Identifying and articulating impact is seen as important from the perspective of the support organisation which identifies an opportunity to develop this capacity within social enterprises. The following section further explores these barriers to

engagement identified in this research, and the opportunities that can be developed upon to enable the social enterprise sector to thrive.

### III - Barriers and Opportunities

#### i Barriers that hinder the development of multi-stakeholder relationships with social enterprises

The research insights highlight that the distinctive social enterprise business model results in issues around identity from the perspective of the entrepreneur and how external organisations view the social enterprise. The pursuit of a dual mission unfolds into barriers to engagement with stakeholders that are anchored in value differences and divergent organisational norms. The following section further explores the barriers to engagement that exist between the stakeholders interviewed for this research;

- Issues around the Identity of a social enterprise
- Capacity to engage
- Resources
- Differences in organisational norms
- Language differences
- Low awareness of social enterprise

Opportunities to overcome these barriers will also be discussed with specific recommendations for action.

##### *a). Identity of an entrepreneur and the external perception of social enterprise*

Parry (2010) explores how the self-identity of an entrepreneur creates barriers to the management of commercial ventures. This is true for an individual operating a social enterprise that does not identify as an entrepreneur. These individuals will not approach the management and development of the enterprise in the same way as an entrepreneur pursuing a profit. The perception an external organisation has of the profit/non-profit orientation of a social enterprise is in part influenced by how the social entrepreneur identifies and how they position themselves to external organisations.

Social enterprises also face barriers to engagement relating to the identity imposed on them by external organisations, either through the CSR lens of a

corporate organisation, or a non-profit lens of an organisation providing them with funding or support.

### *b) Capacity of the Entrepreneur*

Social entrepreneurs by their nature are primarily motivated by the social impact they want to achieve which can sometimes result in tension arising between the social and the commercial elements of the organisation for the entrepreneur. This can lead to a lack of commercial opportunity recognition and an inability to mobilise resources to act when an opportunity presents itself. The ability of the social entrepreneur to identify new business or market opportunities are key to the success of a commercially sustainable organisation. A social entrepreneur needs to know which organisations to engage with to grow their business and achieve a wider social impact. Similarly, a lack of motivation to engage may exist because of the perceived lack of capacity within the organisation to engage at this level. Commercial experience and knowledge of this sector are cited as some of the skills that are required but not present within a social enterprise that is operated in this way. This is more evident in organisations that are run solely by volunteers. Sourcing volunteers with the required level of skills to engage with corporate organisations is a difficulty for these organisations. Social enterprises range from having no board of management to having a strong board of management with a varied skillset. This results in different capacities amongst these organisations to engage in multi-stakeholder relationships. Social enterprises that have experience of engaging with external organisations are better positioned to enter into these relationships than those who are in the early phase of development and have no proven record of success in terms of measurable impact. Social enterprises in the start-up phase of development in particular experience considerable barriers to engagement with external organisations due to lack of resources and accountability in the form of a proven track record of project completion.

### *c) Understanding Engagement with Social Enterprise*

Despite the increase in social enterprises emerging and a recently launched national policy, there was a low level of awareness of what a social enterprise is from the corporate organisations interviewed, highlighting the relative newness of the term in Ireland. This lack of awareness resulted in them defining social enterprises according to their current knowledge and

experience of organisations with a social impact which are charities or other non-profit entities.

There is a lack of understanding about the forms of engagement that could contribute towards mutual value being achieved for each of the stakeholders in a collaborative arrangement. There are limited examples of this type of engagement taking place and less that have been measured for success for the organisations involved. Nor is there a roadmap for corporates to engage social enterprises around their supply chain activities, which was evident in their request for explanations and examples of this type of engagement which they had not ventured into before. This makes it difficult for social enterprises to position themselves as legitimate organisations when engaging with a corporate organisation who perceives them as a risk.

#### *d) Risk Associated with Differing Business Norms*

Traditional business norms and practices and conservative external engagement policies make it difficult for social enterprises to engage with corporates. The outward focus of corporate CSR can hinder the ability of a corporate to engage with social enterprises in a way that could potentially add value to their organisation. A common, internally driven approach is used to select non-profit organisations to engage with by the employees of the corporate organisation. This approach is deemed to be measurable in the form of staff development and retention, and so is not viewed as a risky endeavour by the organisation for these reasons. There are limited mechanisms in place to measure the wider impact this type of engagement has or could potentially have for the business.

The participants from the support organisations interviewed describe their activity around the support they offer in the tangible areas of business with the aim of administering public funding to social enterprises, with the focus then being to assist social enterprises to access this funding. Less tangible business skills such as mentoring and coaching in the areas of leadership and innovation for example are not widely accessible to social enterprises. These are some of the essential skills that are required for a social enterprise to engage in multi-stakeholder relationships.

#### *e) Difference in language used by stakeholders*

A barrier to engagement exists in the narratives surrounding social enterprises and the organisations they seek to engage with around the description of their activity which is an essential component in their interactions.

The language used by corporate organisations, social enterprises and the organisations that support them are associated with the norms and practices of the particular organisation. The use of terms such as “community awards programme”, and “CSR” by the corporate organisations interviewed, make it difficult for external organisations to engage with them, without having an awareness and understanding of this terminology. This knowledge gap creates a barrier for social enterprises that impacts on their motivation to engage or capacity to engage with corporate organisations.

Similarly, the language used by some social entrepreneurs focuses on their specific activity or target group without illustrating the wider impact of their endeavour. Words describing impact relating to the environment, sustainability, community, and education for example are widely understood terms across each of the groups involved in this research. This language was seldom used by the participants from social enterprises interviewed for this research to describe their activity but it was evident in the narratives from the support organisations and corporate organisations.

The support organisations involved in the administration of funding use terms associated with public funding bodies such as “CSP” and “Leader” which is unique to these programs. An emphasis is placed by some of the support organisations on the knowledge required by social enterprises to adhere to the objectives of these funding bodies and in particular the language associated with articulating impact. This capacity was considered to be a contributing factor to gaining support from these organisations.

#### *f) High failure rate of SME's*

The social enterprises interviewed for this research ranged from start-up to scaling up phase organisations. They were all in the SME category and run similar risks to success as the purely commercial organisations in this category. There is a high failure rate of SME's which is even more prevalent in social enterprises due to a lack of resources in the areas of finance and employee resources such as skilled and engaged volunteer personnel. This positions them as a risk to a corporate organisation in terms of doing business.

Thus far we have explored the barriers to engagement between the different stakeholders in this research. These are brought about by; social enterprises pursuit of a dual mission, a lack of knowledge and awareness of social enterprise and the capacity of the stakeholders to engage. In this section we propose strategies for overcoming these barriers to engagement that do not compromise the commercial mission and social value creation of social enterprises.

## ii Opportunities that exist to Foster Multi-Stakeholder Engagement with Social Enterprise

Revealing the barriers that exist between these social enterprises and external organisations uncovers the opportunities that exist to overcome these issues and challenges, and to position social enterprises as legitimate organisations that have the capacity to do business and engage in stakeholder relationships. The following section will outline key areas that require focus and investment to achieve this aim.

### *a). Building Awareness*

The lack of clarity around the term social enterprise and low level of awareness of social enterprise in larger firms presents an opportunity for more clarity to be gained through measures designed to de-clutter the organisations that currently fall into this category. For example, community organisations who administer public services and who do not engage in profit making activity should be separated from organisations who do engage in profit making activity with the goal of creating a social impact. This can be achieved using terms like ‘Social Business’ for-profit making enterprises in this sector and referring to community organisations as Community Enterprises, both falling into the wider overarching category of social enterprise but with clear operational differences. This would enable support organisations to clearly target the enterprises that operate on a purely non-profit basis and rely solely on public funding. Social enterprises that require more mainstream business support can also be targeted more effectively by organisations offering tailored business support for social enterprise. This would help social enterprises in their identification with the term and would aide with capacity building in the sector, which would in turn raise the profile of social enterprises as organisations that have a commercial element.

### *b) Creating a national profile of social enterprise*

A national profile of social enterprises should be created to gain more knowledge about the categories they fall into using both quantitative and qualitative research methods. Awareness of social enterprise can be raised through the dissemination of this research along with the sharing of best practice to the relevant stakeholders via bi-annual conferences and events, held by educational bodies in partnership with support organisations. Efforts have been made to capture the social enterprise sector in this country, (Benefacts Analysis, 2019), (Forfás, 2014), (CPA Ireland, Social Enterprise Report, 2018). A profile of social enterprises who are trading needs to be completed to fully capture their size, scope and contribution to the economy and society.

### *c) Marketing Social Enterprise to Stakeholders*

Social enterprises often lack the funds and experience to engage in marketing efforts to raise their profile. Cluster marketing is a marketing tool that allows organisations that are looking to differentiate themselves to engage in a strategic and consistent marketing and branding strategy. In the dynamic environment social enterprises operating within, it is important that they attract external interest and resources such as skilled people and capital. Cluster marketing increases opportunities and visibility for the enterprises within the cluster by enabling stronger collaborations and outreach, helping them to attract new investment and resources. Working on a common brand for the enterprises in the cluster will enable them to create a common vision, and to clearly define what they have to offer which strengthens their identity. In the absence of a coherent identity within the social enterprise sector, the cluster can be seen as the label or the framework the enterprises use to increase the level of their visibility. This method has been used to brand industries operating in regions internationally to strengthen their identity. For example, in 2004 the French Government introduced a cluster policy and a cluster labeling system (Label “Pôles de Compétitivité”) that provided tangible benefits in terms of visibility to the organisations in the cluster using the “world class cluster/pôle mondial” label as a marketing tool to give a clear message about the critical mass and relevance of the cluster. In Germany a similar approach was used to create “leading edge clusters/Spitzencluster” which gives members access to a quality label with benefits such as access to communication platforms, trade shows and conferences. (clusterpolisees3.eu). These techniques will raise the awareness of the

contribution of social enterprises around specific impacts. This will enhance their networking and collaboration opportunities with any organisations looking to engage in activity around these impacts.

#### *d) Social enterprise Certification*

Another form of labelling for social enterprise exists in the form of certification or a social enterprise mark. The Social Enterprise Mark CIC exists in the UK which aims to create an internationally recognised standard for social enterprise. The accreditation operates around an application system with externally assessed accreditations being given to social enterprises adhering to the standards set out by the mark. Similar marks or labels have been used with varying degrees of success in other European countries for example;

- The Finnish Social Enterprise Mark (F-SEM)
- [eS] certificate - Social economy enterprise (Poland)
- “Wirkt” stamp or “It Works” stamp (Germany)

An evaluation of the Finnish Social Enterprise Mark revealed that the mark was not widely used by social enterprises or understood by the general public but that preference would be given to enterprises displaying the mark because the objectives of the mark were important to them. This reveals that it is important to understand the context in which the enterprises are operating in with regards to regional, political and cultural differences. What it means to be a social enterprise in Ireland, and the needs of the stakeholders engaging with social enterprises has to be understood for a mark to be relevant in this country. Following this, there needs to be a comprehensive marketing strategy to ensure the widespread adoption of the mark takes place.

#### **iii Facilitating stakeholder engagement**

A defined process for cross sector multi-stakeholder engagement with social enterprise needs to be co-developed for these stakeholders to engage effectively. This will involve the building of networks and partnerships that can assist with such a process including private and public support organisations, educational bodies, policymakers and social enterprises themselves. In the absence of a defined process for social enterprise engagement with external organisations, it is suggested that a pilot program takes place to establish the requirements needed for a process to be formally developed in the future. Creating a framework for this type of engagement will enable all parties to

have the relevant capacities, knowledge and experience, together with the desired commitment, to engage effectively.

Facilitation is a key component of a process that involves multi-stakeholders and is an important mechanism to create conditions for open dialogue, and a balance of power between the organisations involved in a collaboration. Having a clear outline of the need to be addressed and a shared understanding helps to build capacity among key stakeholders to organise dialogue around the need. The ongoing management of expectations prevents the process of engagement breaking down thus increasing the chance of mutual value output through the engagement.

The context in which this engagement takes place must include some of the key principles that are outlined below along with the capacity of the stakeholders involved to engage in this way.

#### *a) Confidence and Trust*

A considerable effort is required to develop confidence and trust between the different stakeholders to enable interaction around the principles of being open and committed to the process of engagement and to achieve mutual value which will strengthen its sustainability. Social enterprises must be positioned as legitimate organisations to do business with and have the relevant competencies and capacities to engage. The social enterprise mark, certification or cluster marketing will assist with the development of confidence and trust in these organisations. Alternatively, an avenue for this type of engagement could be created within the CSR structure of a corporate organisation, which is co-created by the stakeholders involved.

#### *b) Power Dynamics*

Social enterprises are currently disadvantaged when it comes to the perception external organisations have of them as non-profit organisations which has resulted in a power imbalance between social enterprises and corporate organisations. The avenue for engagement between these stakeholders is typically through a CSR structure that is defined by the corporate organisation. This engagement should take place outside of the CSR structure to create a balance of power between these stakeholders which will strengthen the relationship from the outset.

### *c) Commitment to the Process*

For these collaborations to be effective, the motivation to engage must be present coupled with strong leadership and a deep level of commitment to the process. This commitment can be encouraged from the outset by identifying and agreeing upon the business need to be addressed by the participants in the collaboration. This business must have mutual value for the stakeholders involved to maintain commitment to this shared objective.

### *d) Wider Political Context*

Multi-stakeholder engagement with social enterprise needs to continue to be situated in the wider political context within policy and legislation. This will position this activity as a recognised and accepted form of activity, increase the awareness of these relationships and will contribute to their impact and success.

## **iv Building on stakeholder's capacity to engage**

For these multi-stakeholder relationships to develop effectively, stakeholders need to develop capacities to engage. In the absence of resources, the provision of training in multi-stakeholder engagement, entrepreneurship, communication and leadership must be provided along with the sharing of good practices of multi-stakeholder relationships.

### *a) Leadership*

The importance of leadership skills cannot be understated in any organisation but this is particularly important when an organisation such as a social enterprise seeks to engage with external organisations to do business. A capacity of the leader to embrace a paradoxical mind-set in their approach to the enterprise and to the value they can offer a business for example is key to this form of engagement taking place and involves a high level of strategic thinking from all the stakeholders involved.

### *b) Opportunity recognition and the entrepreneur skillset*

Entrepreneurs need to possess key business skills such as opportunity identification and resource mobilisation to act on these opportunities. This requires innovative action on the part of the entrepreneur which is a capacity that can be developed through support and training. Social enterprises should familiarise themselves with corporate social responsibility policies within organisations they are seeking to engage with. Networking with individuals in

the commercial sector, attending award and trade shows will increase the profile of the social enterprise, and the understanding social enterprises have of these organisations.

#### *c) Incentives to Engage*

Providing incentives to engage can increase motivation however these incentives do not need to be financial. To mobilise participation from each of the stakeholders, non-financial incentives should be recognised and highlighted. These include opportunities to develop new skills and capacities in the form of networking, facilitation, innovation and strategic competencies for example. Certificates and awards are other motivating factors to engage which have a track record of success in relation to incentivising action.

#### *d) Communication*

Social enterprises need to think and act like commercial organisations if they are to do business with larger firms and become part of a supply chain. This requires the knowledge on the part of the social entrepreneur of commercially orientated language and processes that may get lost in the competing demands of the enterprise. Social enterprises need training and support in this area to increase their commercial knowledge so they can communicate effectively with larger firms.

## 5. Conclusion

The diversity that exists in the social enterprise ecosystem has value and we should be concerned not only with the protection of it but the promotion of it. Language gives difference its meaning and so we need to look at language to see where we can find opportunities to affirm and produce the value in the difference between the profit/non-profit elements of a social enterprise. Corporate organisations view social impact entities as ‘other’ which serves to produce difference that denies or excludes the profit-making nature of social enterprises. These assumptions need to be challenged to devalue the culture of exclusion and to affirm the positivity of difference between these stakeholders.

*We need to look at language to see where we can find opportunities...*

This research draws attention to the issues associated with the definition of a social enterprise and the impact words and phrases used by the various stakeholders can have on the perceptions of others. A knowledge gap exists in relation to the language used to describe multi-stakeholder engagement with social enterprise which results in a lack of understanding about the process. For example, words such as ‘buy social’, ‘social footprint’, ‘social procurement’ are not used by the stakeholders in this research to describe this activity. This highlights an opportunity for words to be used to communicate more effectively the contribution of social enterprise and to bridge the communication gap that currently exists.

*A knowledge gap exists in relation to the language used to describe multi-stakeholder engagement with social enterprise which results in a lack of understanding about the process.*

Questions are being asked of companies around how they pursue profit, with an increased focus on social performance. This aligns the social activity of a corporate organisation with the activity of a social enterprise; however, we have not yet explored nor do we understand the true scope of synergy that exists between these stakeholders that can produce market value for both. Attitudes to Corporate Social Responsibility are continually evolving but the principle drivers behind this activity are external rather than internal. There is an increased government policy focus on social enterprise in Ireland as activity in the sector intensifies, with efforts being made to measure not only the social

impact, but the wider economic impact of these multifaceted organisations. As social enterprise continues to become more mainstream, an opportunity exists to develop their capacity to engage with public and private organisations and to understand how this process works.

Issues around Trust, Risk and Identity are all present in these relationships which results in a complex mix of challenges that exist for these stakeholders. We need to put aside our preference for simplicity and immerse ourselves in the complexity in order to embrace the difference which is a key driver of innovation. In order to provide an appropriate level of support to social enterprises, it is important to both understand what they are – and are not. This will involve continuous dialogue of politicians, public authorities, researchers, the community, education organisations and intermediates to create broad acceptance of what constitutes a social enterprise in this country and how we can best facilitate their engagement with key stakeholders so they can not only survive, but thrive.

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## *Appendix*

### *ISBC Research Survey*

***\*1. How long has your organisation/enterprise been in operation?***

0-11 months

1-3 years

4-10 years

>10 years

***\*2. What region/area do you operate in?***

Local Town/Village

City

Munster

National

***\*3. Please include the following;***

Number of board members

How often the board meets

Skillset/expertise of the board

***4. How many employees work at your organisation/enterprise?***

***\*5. How many volunteers work with your organisation/enterprise?***

***\*6. How would you describe your organisation/enterprise activity?***

Business/Enterprise to Business

Business/Enterprise to Consumer/User/Community

Other

Please Include a brief description here

**\*7. Can you please provide a brief description of your activity, product or service?**

**\*8. Do you have any partnerships with any other organisations?**

Yes

No

If Yes, please specify

**\*9. Have you received funding in the past?**

Yes

No

If yes, please specify

**10. How would you rate your experience dealing with external organisations around issues such as funding or general support**

Poor

Fair

Good

Great

Excellent

**\*11. Are you a member of a business network?**

Yes

No

If Yes, please specify

**\*12. Do you measure the impact of your organisation/enterprise activity?**

Yes

No

Please give a brief description or reason for your choice