

Views from the Ground: Social Enterprise Research Needs

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Introduction

In 2010, Social Enterprise Toronto (SET) -- formerly the Social Purpose Enterprise Network (SPEN) Toronto -- commissioned Tessa Hebb of Carleton University to support them in carrying out benchmarking research amongst social enterprises in the Greater Toronto Area (GTA). SET members identified information that they wanted to know and they worked with Hebb and a research assistant to design questions and a survey instrument. Since this research was conceived of and designed by those that were being surveyed, a relatively high response rate was achieved. From an initial list of 50 enterprises, a total of 33 enterprises responded to the survey. While the data collected produced a number of unique and useful findings, in many ways it was the act of carrying out the study that had the greatest impact. The collaborative approach between the network of social enterprises and Carleton changed how individual practitioners perceive research and its application to their work. Largely through the dissemination of the study, the network's presence increased and it was able to take on a stronger research and advocacy role in the social enterprise sector broadly, as well as in academic arenas.

The 2010 study was a catalyst in many ways. For the network, commissioning the study was rooted in a sense of frustration with frequent requests to participate in academic research that produced little discernable benefit to the sector. At the same time, the study clearly pointed to the potential that could be achieved by the sector working in close collaboration with academic partners. There were several facets that made the SET research particularly successful. Firstly, the research agenda was set by the social enterprise community, who were also involved in the development of the study, the recruitment of participants, and the analysis of the data. Secondly, the academics acted as true partners to the community, providing expertise and guidance while building community capacity. Finally, the research strongly recognized the hybrid nature of social enterprises and looked at both social and business aspects of the businesses. This paper will address these above facets, while also looking at how collaboration between academia and the social enterprise sector can result in a vibrant learning community.

What is Meant by Social Enterprise?

From a simplistic perspective, social enterprises exist in the middle ground of a continuum from traditional 'for profit' private sector enterprises at one end and traditional charitable 'not-for-profit' organizations at the opposite end. At a most basic level, the term social enterprise involves combining a business model or approach to generating revenue with achieving a social or environmental mission. There are a myriad of approaches, structures and entities that inhabit this middle ground. Similarly, there are many motivations for using social enterprise as a

tool or approach to address a specific issue or mission. Enterprising Non--Profits (ENP)

describes social enterprise in the following way:

“What is a Social Enterprise?” is only a part of the issue, the really essential part of the discussion is “*Why use social enterprise?*” Or, why would anyone want to start a social enterprise? Running a business is hard enough, now add on achieving a social value as well.

We've clarified three key reasons:

- To meet *a need in the community* or the local market not met through traditional business models
- Advance or achieve a *specific social mission*
- Contribute to the *financial sustainability* of a non--profit organization

A good social enterprise actually contains all three of these components. The really successful ones have all three, but really understand which is their priority. (Enterprising Non-Profits, 2011)

For the purpose of clarity, this paper will focus on non--profit social enterprises that provide training and/or employment to individuals from marginalized communities. This form of social enterprise makes up the membership of SET: “the members provide a range of services, including catering, courier delivery, crafts, printing, interpretation and construction”. (Social Enterprise Toronto, 2013)

Understanding the Academic--Practitioner Tension

Experience suggests that research of social enterprise creates a divide between practitioners and academics. Social enterprise is not the only area where tension can exist in the research relationship between community organizations and universities; community and university partners often experience this in any research relationship. This can stem from assumptions of expertise or authority and power imbalances, and/or from differing needs and expectations of research. It is important to have not only a sense of where and why this exists, but also perspectives on how to address this challenge.

Both sides of the partnership can bring assumptions about expertise or authority, which can create a power imbalance. Both partners come to the relationship with expertise, whether about the community or population to be studied or about knowledge of theory, methodology and research of other communities. These knowledge sets are all important in the research process, but imbalances occur when these are differentially valued. Further, imbalances occur when one partner asserts itself as leader, without considering others that are part of the partnership. Many academic and community partners recognize these challenges and have worked to mitigate the negative impacts that they can have upon a research project.

As an example, in a research partnership between a university and school in New Zealand, researchers recognized the challenges at the outset of the work. "Central to this work is an investigation of the dynamics of our research partnership that makes explicit and acknowledges the different knowledge bases within the project, and examines how our interactions are

located within local, national and global economies. Power circulates within each of these economies in a dynamic that closes and opens possibilities for exchange of knowledge.

(Quinlivan, Boyask and Carswell, 2008, p. 66)” With the acknowledgement that there are power imbalances that can shape the research relationship, these can be more readily navigated.

Beyond the conflicting assumptions, differing research goals can also be a challenge in joint research projects. Academics engaged in researching social enterprise can come from many different disciplines, schools, regions, and levels of study. They see social enterprise as one phenomenon, subject or approach amongst many other topics that fall under social sciences or the social economy. Though this is a generalization, requests SET members receive to participate in research studies, they tend to fall into two main categories:

1. Mapping the sector -- size, scale and scope of social enterprise activity
2. Measuring and documenting social impacts achieved by social enterprises

These research goals can at times align with those of the sector, but do not always overlap.

Mapping the sector carries potential benefits to the social enterprise sector in providing government, funders, and policy makers with information on the size and scope of existing social enterprise practice and activity: a key component in articulating the need for support or resources. The challenge with mapping is that it is most useful when there is a clear representative body able to use the data to advocate on behalf of the sector. When the information serves no purpose other than documentation, or when the information is not made publically available or connected back to the sector, enterprises see little value in participating.

For many enterprises, documenting social impacts is already a required activity, whether by funders or a parent organization. Thus, academic research in this area can be valuable.

However, opinions vary widely on the best or most appropriate metrics to document social impacts of enterprises and -- given the diversity of models, structures and activities across the sector -- it's unlikely that one measure will work for all. Some of the challenges of measuring social impact can be that the measures are highly speculative, intrusive, time consuming, and/or costly, meaning that few enterprises can continue this type of evaluation without outside support. Further, for those operating enterprises, social impact measurement is also only half the story. "63% of SPEs [Social Purpose Enterprises] see business growth and social impact growth as synonymous" (Carleton Centre for Community Innovation and Social Purpose Enterprise Network, 2010 p. 4). As social enterprises are seeing these two aims for growth as intrinsically linked, it is logical to expect that their interest in a research agenda would mirror this connection rather than concentrating on the latter.

The research needs of the social enterprise community differ somewhat from the academic goals outlined above. While academics work to advance thinking in the field, social enterprises strive to alleviate the effects of marginalization, exclusion and poverty; they expect research to contribute to advancing this effort. Enterprises are often looking for two types of research. The first is that which shows their impact and cost-savings to government or taxpayers (often stemming from work on Social Return on Investment or other impact measures). The second is information that will improve or help to operationalize aspects of their business, which in turn will net increased social impacts. With both types of research, most enterprises want a

document or data that either acts as a marketing or advocacy tool or provides tangible steps for altering the business based on research results.

This research, which is very practical, does not always meet the needs of academics in producing work which is publishable and adds to the literature in a particular field. This divergence in needs does not mean that universities and enterprises cannot work together, only that they must navigate this challenge.

The divide between expertise and research goals is not an intrinsic disconnect between researchers and community organizations. There are many examples of where positive relationships are forged, producing research that moves forward the goals of both parties. An example of where this can be very successful is in medical research where a significant amount of activity and charitable giving focuses on a clear purpose of supporting medical research and treatment. The Medical Research Council in the UK follows these key principles:

Our strategy is to maintain a broadly balanced portfolio of research, and at the same time to shape our portfolio in order to:

- Ensure research reflects changing health needs.
- Ensure co-operation or concentration of effort to maximise the national and international impact of research.
- Reflect the needs of others who use our research [...] and respond to international research trends.

- Accelerate the development of promising new research opportunities.
- Improve the productivity of the medical research base by investing in infrastructure and training. (Medical Research Council, 2013)

The collaborative nature of this type of research is valuable to any research partnership. These principles can bring value to the social enterprise academic-practitioner partnership.

SET members have experienced research collaborations that do not acknowledge power dynamics or the needs of organizations. One member in particular indicated that during a project, researchers came into their space without notice, documented and observed activities while disrupting and agitating their already vulnerable participants, and took a long time to complete documentation of the research; they then only provided the member with a couple days to review the work (Social Enterprise Manager, Personal Communication, May 10, 2013). Experiences like this one led to the frustration that social enterprises expressed, which resulted in them creating their own research agenda. There is the potential to avoid similar experiences by understanding the power imbalances that can exist in these partnerships and recognizing the needs of both parties. The research done collaboratively by SET members and Carleton University academics sought to incorporate these practices into the 2010 study.

Research Coming from the Community -- Bridging the Divide

Through 2008, members of SET were reaching a point of frustration. They complained that they were regularly bombarded with requests to participate in research. Participating in the studies

took up valuable time, final papers were rarely shared, and the results seldom produced anything new. Most of this research included work on social impacts or ambiguous listings of enterprises in a particular area without any marketing, updating or connection to the sector or customers. While this type of research has intrinsic value, it seemed to offer limited benefit to participants. From this frustration, SET's members decided it was time to develop their own research agenda.

In 2009, with assistance from an external consultant, the network developed a survey aimed at capturing common benchmarking characteristics of their members, including size, impact, revenue and business profile. The purpose of the survey was threefold: to collect data for use by members for advocacy and policy discussion; to identify opportunities for enterprises to purchase more from one another or to collaborate in joint sales; and to demonstrate within and outside of the network that research of social enterprises could play an important role in advancing the aims of the sector. The collected data was shared amongst the network and was an important first step; however, the completed research was more symbolic than conclusive and the network recognized that to get to a deeper level of data and analysis, they would need additional expertise.

In 2010, SET commissioned the research with Tessa Hebb at Carleton University. As before, the research goals and directions came directly from members who were consulted as to the type of information they wanted to know. While it was recognized that external research capacity was needed, the membership also wanted to ensure that the academic partner would

contribute to increasing the network's capacity and knowledge, and that the members would contribute to all stages of the survey design, collection, and analysis.

This study not only provided some interesting information, which helped to shape future work for SET, but also demonstrated how research could be of use to enterprises. Thirty-three social enterprises participated in the study to investigate revenue, cost, human resources and growth patterns of SET members and other social enterprises in the GTA. As it was a regional study with a relatively small sample size, much of the data was interesting but not generalizable outside of the region or an urban context. The figures were useful from an advocacy viewpoint in demonstrating the size and scale of a mature sector and showing that the majority of enterprises would continue to require some level of ongoing funding resource in addition to sales. Some of the data was of particular interest to those considering social enterprise start-up, as well as to those actively running enterprises. This included a human resources profile of enterprise managers' business experience, the number of staff typically involved in operating an enterprise, and common ratios of managers to employees. An additional finding was that many enterprises begin to plateau financially around their five-year anniversary (Carleton Centre for Community Innovation and Social Purpose Enterprise Network, 2010). At a certain size, social enterprises experience challenges to growth, as they do not have the capacity to support more employees or trainees. While detailed trend analysis was somewhat hampered by a lack of available financial data going back more than one to two years, enterprise managers who participated in the survey were in strong agreement with the conclusions drawn in the final report.

Through this study, the network has increased its capacity to design research independently or in partnership with academics. Since this project, SET has developed a research agenda and earmarked funding for this purpose. In Spring 2013, two interns were hired to complete three interrelated research projects. These projects included: a marketing survey to understand the needs and capacity of enterprises; a focus on food-based enterprises (among the most common type of business found in the social enterprise sector in North America) to map production capacity, challenges, and the potential for cross-enterprise collaboration; and a start-up story interview and archive project for sharing experiences most sought by those considering new social enterprise ventures. All of these projects are expected to result in capacity-building documents or actions that will support emerging, new and established enterprises. This research will also be followed by a practitioner-led social enterprise conference in late 2013 which will consist of a day of tours and a conference day where SET will disseminate the research findings. Through the research and conference, not only is the profile of social enterprise being raised, but capacity of the sector has been increased.

In addition to research capacity, there has been another positive result of SET's engagement in research: SET asserted itself in the research process, leading to greater recognition as a leader in the social enterprise sector. This was the first time that the network led the process, without researchers coming in to initiate and conduct research. As a result of the 2010 research and SET asserting itself, the network has gained greater inclusion in academic and policy forums, with an increase in the voice and influence of the network and its members. For example, SET now has representation on the Executive Committee of the Social Science and Humanities Research

Council-funded (SSHRC) Community University Research Alliance (CURA) at the Ontario Institute for Studies in Education (OISE). SET is also represented in discussions on community benefit agreements and recently began a learning partnership with the Glasgow Social Enterprise Network to share learning on how to better integrate social enterprise into government tender and procurement processes.

While the same research conducted externally on and for SET would have been valuable, much of the value that has come from this collaborative research is in the resources and capacity-growth that have been provided to the network. Further, this provided an opportunity for the network to articulate their needs and develop research that is responsive. This has not only brought useful information to the members, but also developed greater confidence in their ability to be involved in research and be in a place of influence.

The Intersection of Social Purpose and Business

Social enterprises utilize business approaches to achieve social outcomes. This intersection has made research in this area more complicated than in areas with a singular focus. While practitioners walk this line everyday, academic departments do not always mirror the hybrid nature of social enterprises. While across institutions there are increasingly greater partnerships and interdisciplinary work, capturing the hybrid nature of social enterprises remains challenging. The intersection suggests academic institutions seek a similar union of business and social schools of thought in approaching research of social enterprise.

To this end, SET member the Learning Enrichment Foundation has commissioned Nexus consultants (funded through the OISE CURA project detailed below) to explore the potential for this type of approach within the academic community. Nexus is a social enterprise business consulting firm, housed at The Rotman School of Business. This research is still in process, but some preliminary findings have been shared. Firstly, academics in the social economy field that have been interviewed believe that the research that they are engaged in with social enterprises is complete and positive. They also have indicated that they have needs that must be met within their research which include those of their institution, whether the university or their department, and their funders. Given that they are satisfied with the social enterprise research they have been involved in, we can assume that their research needs are being met.

(Saralaya, Radhika, Personal Communication, July 22, 2013)

The OISE CURA project, *Business Done Differently*, is a research project looking at case studies from 14 different social enterprises mainly from the GTA. This project initially started with a near-exclusive focus on the social impacts of social enterprises. The focus of the individual case studies was on social impacts that businesses are having upon marginalized communities, with a lesser focus upon business operations. The two subsequent pieces of work that incorporate a business focus are funds earmarked for Nexus to support interested case studies enterprises with business consulting supports, and the writing of a teaching case study targeted toward students in business schools. Through this study process the case study research teams have had an opportunity to look at both social and business aspects of enterprises; however, the

aspects have typically been studied individually, which once again misses the complexity of the relationship between social purpose and business which is the hallmark of social enterprises.

Research with a dual focus is not something new to universities, as there are many examples of interdisciplinary courses and programs. Interdisciplinary teaching leads to significant learning for students; “interdisciplinary instruction fosters the acquisition of foundational knowledge, promotes integration of ideas from multiple disciplines and provides insight on how to apply knowledge all of which advance a student’s understanding of how to learn. (Science Education Resource Centre, Carleton University, 2012)” This approach to social enterprise would both better recognize the complexity of enterprises (not only as a business or a social tool), and teach challenges of balancing the two sides that enterprises experience, which are also experienced in many complex issues (e.g. poverty).

The research completed by SET and Carleton combined elements of social and business in one research project. By researching these two areas simultaneously, the research was able to better address the issues affecting enterprises and capture the crossover between social impacts and business outcomes. Capturing this relationship is vital when researching social enterprises, as it is this connection that distinguishes these enterprises from other business.

Academia and Community in Partnership

Both academics and enterprises have vast knowledge to share and much to learn; a strong two-way dialogue can lead to a valuable exchange of information. Further, persuasive arguments can influence a relationship and promote the sharing of knowledge and expertise far more

positively than using positional authority. Through these relationships there is the opportunity to create learning communities, as well to improve the communities that social enterprises serve.

In the partnership with Carleton, both parties brought considerable expertise. Many best practices for collaboration were incorporated into this work, without a specific mandate to create a learning community and knowledge exchange. This learning and knowledge exchange met the academic needs of research, and also led to research that was highly relevant and reflective of the needs of social enterprises. The research team from SET obtained the knowledge that they needed to shape future research projects themselves. The research that SET began in Spring 2013 was conceived of by members, and has been completed by SET staff, which demonstrates the learning and knowledge that was imparted by being active in the whole research process with Carleton.

Realizing the Potential of Research

In discussion with social enterprises, it has become evident that there is interest in research, but enterprise managers and staff need to understand how this can provide a benefit to their organizations. Given that many enterprises are resource--challenged in terms of time, funding, and capacity to participate, there need to be clear reasons to be involved in research. In an ideal scenario, participation in research would lead to:

- Enterprise managers increasing their knowledge of how to improve business performance and social outcomes.

- Enterprise employees understanding their individual achievements: what change or transformations they have achieved through working at a social enterprise. This is important for both the manager and employees to understand, as it contributes both to overall social outcomes and individual achievements.
- Better business preparation for those thinking of starting an enterprise, specifically regarding knowledge of what to expect through various stages and throughout the life of the enterprise.
- Academics having greater access to enterprises with relevant knowledge and more opportunity to document the practices of enterprises. This could also create a higher level of engagement and participation of enterprises, bringing greater credibility to academic work.
- Funders that have a better understanding of what works, including the size, scope, business model, mechanisms for support, and important items to measure.
- Research that has a clear role that reflects the needs of social enterprises and of the individuals, communities, and social and environmental causes they seek to benefit.

These ideals of research can be and are being met, but there is the potential for research on social enterprise to contribute more that can move the sector forward. This will likely only be realized through investment in the capacity of individual social enterprises and the sector as a whole to participate as equal partners and stakeholders with researchers and academics.

Emerging and existing regional and provincial networks, like SET, have the potential ability to

act as liaisons and conduits for communication between individual enterprises and the academic community, as well as to develop clear mandates to engage in policy forums on behalf of their members. With the agendas of enterprises as a starting place for research, an understanding of the interdisciplinary nature of enterprises, and a commitment from academics and enterprises to work in a reciprocal capacity--building partnership, research of social enterprises can shift from mere documentation to helping achieve new levels of success and increased social impact.

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