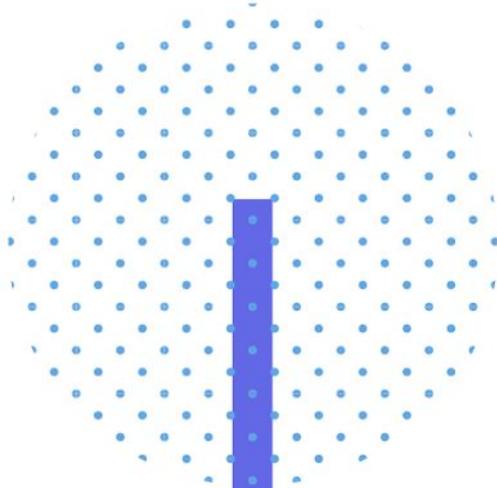# INCLUSIVE ENGAGEMENT IN SOCIAL ENTREPRENEURSHIP

GARY FAWDREY

WINSTON
CHURCHILL
MEMORIAL
TRUST

The Rank Foundation
a pebble in the pond

EXECUTIVE SUMMARY

The support for aspiring social entrepreneurs and the routes into the UK social enterprise sector are still evolving, unsurprisingly there are therefore a number of potential barriers to inclusive engagement. For example if you are not based in London or Edinburgh and are not a university student or able to financially sustain yourself through a period of full-time study then your options for support programmes are limited. This increases the chances of social entrepreneurs being young, wealthy and metropolitan. This report is designed to explore the potential for developing inclusive engagement in social entrepreneurship in the UK. It draws from insight from the social enterprise and social innovation sectors in the Oceania region, using alternate perspectives and approaches to stimulate UK best practice.

In the Oceania region certain characteristics mean that social entrepreneurship is generally accessible to a more diverse range of people. For example with its sparse geographic landscape Australia can be viewed as a leader in utilising social enterprise as a key factor in the economy of communities outside of urban centres and rather than separating social enterprise out as a unique and new concept, the idea of businesses operating with a social purpose to support communities and in respect of the environment is a long-standing feature of Maori and indigenous pacific islander culture. 40 interviews were carried out to inform this report with a diverse range of social enterprise and social innovation practitioners in Australia, Samoa and Aotearoa New Zealand. The common themes from these interviews in regards to insights on inclusive engagement in social entrepreneurship are an emphasis on using simple terminology, utilising community spirit, empowering local leaders, building support networks and acknowledging that social enterprise is not the solution to every problem.

The insights and learning from the Oceania region have been utilised to create a toolkit, a simple resource designed for social entrepreneurship support organisations to consider during the design and delivery of programmes. Alongside the toolkit, the insights gathered through this report have also been drawn on to design a social innovation game, intended to be used as an inclusive engagement exercise during social entrepreneurship programmes.

Contents

PART 1: CONTEXT

Introduction

This report is designed to explore the potential for developing inclusive engagement in social entrepreneurship in the UK. It draws from insight from the social enterprise and social innovation sectors in the Oceania region, using alternate perspectives and approaches to stimulate UK best practice.

Author

Gary Fawdrey is based at the UK innovation foundation Nesta, as part of the Challenges team. Nesta's challenges stimulate innovation through competition, pinpointing a societal or environmental problem and offering a cash prize for the first or best solution. Within this role he has worked on the delivery of the 2018, 2019 and 2020 editions of the European Social Innovation Competition, on behalf of the European Commission. This annual competition aims to discover and support social innovation ideas across Europe that can go on to become viable social enterprises.

Gary also serves on the Advisory Board of the Social Innovation Academy, an online learning portal designed to make detailed social innovation training accessible to everyone in order to increase the number of successful social enterprises launched across Europe and the wider world.

He has previously served as part of the Expert Faculty at Allia's Future Business Centre, an incubator in East London for community-focussed businesses and as UK Contributing Editor of Impact Boom, an international podcast and blog promoting social enterprise.

Acknowledgements

Glossary

Social Enterprise

A social enterprise is an organisation that generates profit, but unlike a traditional business is committed to using this profit for societal good. Social Enterprise UK view your business as a social enterprise if:

- *"Your business has a clear social or environmental mission that is set out in its governing documents*
- *You are an independent business and earn more than half of your income through trading (or are working towards this)*
- *You are controlled or owned in the interests of your social mission*
- *You reinvest or give away at least half your profits or surpluses towards your social purpose*
- *You are transparent about how you operate and the impact that you have"[1]*

During the interviews that contributed to this report a large variety in definitions for social enterprise, as well as alternate terminology for the concept were identified, which are recorded in Appendix 2.

Social Innovation

A social innovation is a new and improved way of addressing a social issue. Nesta describe social innovation as being:

"about developing new ideas to tackle social problems or meet social needs. It may be a new product, service, initiative, organisational model or approach to the delivery of public services."[2]

Many social innovations go on to take the form of social enterprises.

Social Impact

Underpinning both social enterprise and social innovation is the concept of social impact. Within the UK this term is generally used as short-hard for positive societal or environmental impact.

The International Association for Impact Assessment however conceptualise it as a change in one or more of the following areas:

- *"people's way of life*
- *their culture*
- *their community*
- *their political systems*
- *their environment*
- *their health and wellbeing*
- *their personal and property rights*
- *their fears and aspirations"[3]*

---

[1] https://www.socialenterprise.org.uk/What-is-it-all-about/
[2] https://www.nesta.org.uk/report/social-innovation/
[3] https://www.iaia.org/wiki-details.php?ID=23

Social Enterprise Structures

Impact Model

Organisations that are labelled social enterprises generally fall within 1 of 4 impact models:

1. **Profit Give Away** - Operates as a commercially driven business but gives a certain percentage of its profit to 1 or more external charities.

2. **Buy One Give One** - Operates as a commercially driven business, but uses a percentage of its profit to fund giving away its own product or service to certain beneficiaries.

3. **Self Funding Charity** - An organisation that simultaneously operates a charity arm and a business arm, and uses the business arm to generate profit to fund (either completely or partly) the charity arm.

4. **Embedded Impact** - Operates as a business but makes non-commercially driven decisions in order to achieve impact directly through the businesses activities. Often this involves employing individuals from a certain beneficiary group.

Legal Form

There is no international consensus on the legal form a social enterprise should take. In the UK social enterprises can exist as:

- Community interest company limited by guarantee
- Community interest company limited by shares
- Company limited by guarantee
- Company limited by shares
- Industrial and provident community benefit society
- Industrial and provident community cooperative society
- Unincorporated association

Social Enterprise in the UK

The UK is generally seen as a leading light in the international social enterprise movement. However, the absence of a specific social enterprise legal structure means it can be difficult to accurately measure the size of the sector.

In 2018 Social Enterprise UK published its Hidden Revolution report looking at the size and scale of the UK social enterprise sector, identifying there to be over 100,000 social enterprises collectively employing 2 million people.[4] Building on this, their 2019 State of Social Enterprise Report outlined the primary trading activity of UK social enterprises:

- 13% Education and skills development
- 10% Hospitality
- 9% Retail
- 6% Business support and consultancy
- 6% Creative industries
- 6% Financial support and services
- 4% Social care
- 4% Culture and leisure
- 4% Health care
- 4% Housing
- 4% Community services
- 3% Environmental services
- 3% IT
- 2% Workspace
- 2% Employment and careers services
- 2% Agriculture, farming and gardening
- 2% Utilities
- 2% Manufacturing
- 1% Childcare
- 1% Transport
- (11% recorded as 'other')

Despite this cross-sectoral nature of social enterprise, it is estimated to contribute only around 3% of UK GDP.[5] Social enterprise is still very much a 'young' part of the UK economy with:

- 42% of UK social enterprises having operated for less than 5 years
- Only 48% reporting having made a profit in the preceding year[6]

---

[4] https://www.socialenterprise.org.uk/wp-content/uploads/2019/05/The_Hidden_Revolution_-_FINAL-1.pdf
[5] https://www.socialenterprise.org.uk/wp-content/uploads/2019/05/The_Hidden_Revolution_-_FINAL-1.pdf
[6] https://www.socialenterprise.org.uk/wp-content/uploads/2019/11/Capitalism-in-Crisis.pdf

Becoming a Social Entrepreneur in the UK

Routes

There is no set entry route to becoming a social entrepreneur, just as with other types of businesses, the people who start them can vary in their age, experience and circumstance. There are however a number of organisations that exist to support people who wish to start the social entrepreneurship journey:

- Enactus - a youth network operating across 60 UK universities
- Good Ideas - an incubation programme operating in Edinburgh and Glasgow
- Impact Hub - coworking and event spaces operating in London and Inverness
- School for Social Entrepreneurs - a course provider operating across 9 UK locations
- Skoll Centre for Social Entrepreneurship - a department within the University of Oxford
- Social Enterprise Academy - a course provider operating in Scotland
- Social Starters - a volunteer consultancy programme for business professionals operating remotely
- Social Venture Builder Programme - a degree programme at the University of Nottingham
- Student Hubs - a support network operating across 5 UK universities
- Year Here - a full-time post-graduate course operating in London

Barriers

As social enterprise is still a largely new and emerging concept, the support for aspiring social entrepreneurs and the routes into the sector are similarly still evolving. The potential barriers towards people becoming social entrepreneurs, can be conceptualised as:

1. **Inaccessible terminology** - The term social enterprise is not widely known outside of its own sector. The fact that it does not have a common international definition, and encompasses multiple different organisational structures, impact models and legal forms can lead to confusion.

2. **Geographically uneven** - If you live in London or Edinburgh then you have a variety of options to learn about social enterprise and support your development as a potential social entrepreneur. If you don't then your only option may be online or residential based, which loses the nuances and interdependencies at play within local contexts.

3. **Designed for certain stages of life** - If you are a university student, or able to commit to a period of full-time study then there are options to support your exploration of social entrepreneurship. If you are in a different stage of life, the opportunities are less evident.

4. **Requires financial security** - If you are unable to pay to do a course or independently financially sustain yourself whilst you do one, then your options to learn about being a social entrepreneur become more limited. Similarly if you are unable to work for a period without taking a salary then your ability to launch a social enterprise is reduced.

These characteristics increase the chances of social entrepreneurs being young, wealthy and metropolitan.

Potential

Social enterprise is a concept full of hope. A charity that is not dependent on grants, a business that exists for a purpose more meaningful than simply making profit. It has the potential to be the perfect organisational structure of our time. If it is going to fully realise it's potential, then it needs to break out of it's existing bubble and reach wider parts of UK society. This report therefore aims to outline a possible vision for the future of social enterprise, where social entrepreneurship is accessible to everyone.
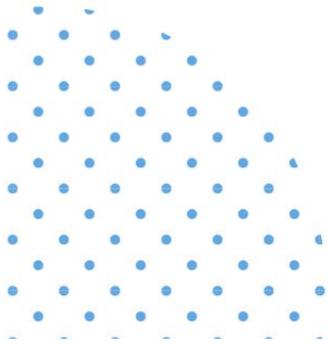
PART 2: LEARNING

Social Enterprise in the Oceania Region

Some aspects of social enterprise within the Oceania region are very similar to the UK, such as a lack of a specific legal structure for social enterprises. There are however some contextual factors that differentiate it and highlight it as a potential source of learning. Specifically:

Regional spread
With its sparse geographic landscape Australia can be viewed as a leader in utilising social enterprise as a key factor in the economy of communities outside of urban centres. With initiatives such as the Australian Centre for Rural Entrepreneurship and TACSI's Regional Innovator's Network promoting social entrepreneurship and social innovation within non-urban contexts.

Accessible terminology
Rather than separating social enterprise out as a unique and new concept, the idea of businesses operating with a social purpose, to support their communities and in respect of the environment is a long-standing feature of Maori and indigenous pacific islander culture. With initiatives such as Wai-Atamai Social Innovation Hub and Te Whare Hukahuka promoting social entrepreneurship and social innovation in language aligned to their communities.

Although the social enterprise sector is overall less established than in the UK, these characteristics mean that social entrepreneurship is generally accessible to a more diverse range of people.

Insights

40 interviews were carried out to inform this report with a diverse range of social enterprise and social innovation practitioners in Australia, Samoa and Aotearoa New Zealand. A full breakdown of the organisations consulted can be found in Appendix 1. The common themes from these interviews in regards to insights on inclusive engagement in social entrepreneurship are detailed below, alongside examples from the interviewees who represent best practice in these specific areas.

1. Keep it simple

The feedback from interviews carried out with sector practitioners was that:

- Social enterprise, social innovation and social impact are not widely understood terms and it is therefore more effective when trying to engage new people to use terms they are familiar with such as doing good or helping people.
- Within a rural context or within marginalised groups such as refugees, people are far more likely to identify as entrepreneurs than social entrepreneurs (even if by others' definitions they are social entrepreneurs). Entrepreneurship and business can be seen as empowering and relatable, whereas social enterprise can be seen as un-familiar and othering (especially if you yourself are part of the 'beneficiary group' that the social enterprise is 'supporting').
- Many people run social enterprises without realising it and are doing the work before they become aware of the sector terminology.

Best practice example:

Melbourne SOUP organises events where social entrepreneurs pitch their projects to a live audience in order to win funding. They talk about themselves as: *"a gathering of people from across Melbourne interested in making a positive difference"* and as *"a community of people interested in doing good."* They frame their work as: *"we gather to support the little ideas that have the potential to make big change. Our events are about good causes, good food and good people."*

2. Utilise community spirit

The feedback from interviews carried out with sector practitioners was that:

- It can be difficult to distinguish social enterprises from other businesses in certain contexts and communities such as rural Australia or Samoa, where most businesses are seen to operate with a social impact that benefits the local people.
- If you live within a community that is seen as a marginalised group, framing social entrepreneurship as a way of helping your own community can be effective and powerful.
- The terminology you use is important and needs to be tailored to each specific community.

Best practice example:

Waipareira Trust is a Maori community organisation that delivers a broad portfolio of work including the Wai-Atamai Social Innovation Hub. They frame all of their work as existing to support Whānau, a traditional Maori concept which translates into English as extended family.

3. Empower local leaders

The feedback from interviews carried out with sector practitioners was that:

- It is important to build ties with local partners who remain a consistent presence in a community and who can then invite you into it. Going to a community is always preferable to them coming to you, in order to ensure they feel comfortable with the environment and to avoid perceptions of power-imbalance.
- A facilitatory style designed to allow the community itself to take the lead in identifying problems and solutions is ideal.
- Social entrepreneurs should be people with strong ties in the community they are trying to support, rather than 'hero-preneurs' who see themselves individually as a saviour to a separate group of people.

Best practice example:

Community Four are a team of social innovation professionals who go further than simply employing co-design methodology, incorporating instead what they call 'symbiotic innovation' to support diverse community led groups to unite and create solutions to complex social challenges. Symbiotic innovation "is based on the understanding that human beings build strong connections and bonds when they are faced with shared challenges" and these shared challenges "create a catalyst for 'value exchange' between individuals, as they are encouraged to work together to find mutually beneficial solutions."

4. Build support networks

The feedback from interviews carried out with sector practitioners was that:

- There is a wealth of information accessible online about becoming a social entrepreneur, however what structured training programmes can really offer of value is a peer network of other people who are going through the same journey.
- Having a community of people engaged in the problem you are trying to address can be a hugely beneficial source of feedback and guidance, especially during the ideation and iteration phases of a social enterprise.
- Starting any business is hard, being a social entrepreneur adds further levels of complexity. Founder burnout and subsequently 'giving up' is the primary cause for social entrepreneurs failing. It is important to have a peer network of other social entrepreneurs for support, advice and guidance.
- Having a network of supporters or a 'fan base' can play a huge role in ensuring an early stage social enterprise survives and grows, as they can be customers, investors, volunteers and promoters.

Best practice example:

The Fellowship programme of the Yunus Centre at Griffith University brings together a small cohort of social enterprise and social innovation practitioners. These entrepreneurs are then both able to provide expert guidance to aspiring social entrepreneurs within the Griffith Business School and act as a peer support network for each other.

5. Acknowledge that social enterprise is not always the answer

The feedback from interviews carried out with sector practitioners was that:

- It is very important to prioritise the business model in any new social enterprise. It should be a viable business on it's own, without the social impact element. Without this characteristic it is unlikely to survive.
- Social enterprise is just one option for addressing problems in your community. Some things are more suited to other channels and that's ok. If there isn't a viable business opportunity then don't try and force a project into being a social enterprise.
- Starting a new social enterprise is not inherently better than joining a pre-existing one. Avoid duplicating things that already exist. Focus on whether you are bringing anything new and improved to the table.

Best practice example:

StartSomeGood is a "crowdfunding platform for social impact projects." Although they run training courses for aspiring social entrepreneurs, they do not prescribe that all projects that use the platform fit into this bucket, outlining that "every project is different so every project receives individual support and feedback." They focus on their desired outcome, rather than setting a strict route on how to get there: *"we help changemakers raise the funds they need to create tangible social good around the world. Whether big or small, if you have an idea to change your world, or want to support people who do, we can help."*

PART 3: IMPLEMENTATION

From Insight to Action

This report was designed to explore the potential for developing inclusive engagement in social entrepreneurship in the UK, aiming to draw insight from the social enterprise and social innovation sectors in the Oceania region, to use alternate perspectives and approaches to stimulate UK best practice. The insights and learning from the Oceania region have therefore been utilised to create a 'toolkit,' a simple resource designed for social entrepreneurship support organisations to consider during the design and delivery of programmes. The toolkit for inclusive engagement in social entrepreneurship is designed to share best practice on how to attract, engage and support diverse communities within social entrepreneurship programmes.

Toolkit for Inclusive Engagement in Social Entrepreneurship

Keep it simple

- Describe social enterprise in simple terms that are easily and widely understood
- Focus on the core concept of a business that helps people
- Frame social impact as doing good or helping people and planet

Utilise community spirit

- Encourage people to act within their community, for their community
- Guide people through identifying the assets open to them within their community
- Conceptualise community on the level that resonates with each specific audience

Empower local leaders

- Ensure engagement is done in a space and through a channel that the audience is comfortable with
- Outline that you do not know what the answers are to that community's problems
- Stimulate discussion on problems and solutions within the community

Build support networks

- Encourage people to act collectively
- Promote feedback and peer-support
- Provide channels for mentorship

Acknowledge that social enterprise is not always the answer

- Provide information on existing projects in the space
- Present social enterprise as one possible solution, not the only solution
- Guide people to prioritise identifying a market need and business case before committing to social enterprise as their chosen project form

Problem + Asset = Solution: a Social Innovation Game

Alongside the toolkit, the insights gathered through this report have also been drawn on to design a game, intended to be used as an inclusive engagement exercise during social entrepreneurship programmes. The game contains problem cards which describe societal issues (such as knife crime, food poverty and sexual assault) and asset cards which contain resources everyone has access to (such as social media, free time and a local library), it guides players to quickly ideate projects that work to address issues through drawing on resources within their community. The prompts can then be removed, and the same process followed to ideate solutions to issues of the players' choosing, using resources of their identification.

The game is built on the fundamental concept of empowering people to tackle issues they experience or are passionate about, using resources and routes that are accessible to them. It is designed to embody the best-practice outlined in this report:

- **Keep it simple** - social enterprise, social innovation, social impact or other sector specific terminology do not feature in the game, instead it uses the simple terms of problems, assets and solutions.
- **Utilise community spirit** - drawing on and utilising the community around you is an integral part of the game and framed as the route to creating solutions.
- **Empower local leaders** - the game does not prescribe or even suggest any solutions, it guides players to formulate their own ideas.
- **Build support networks** - play can be highly effective in developing interpersonal relationships and it is therefore intended that use of the game fosters connection amongst players.
- **Acknowledge that social enterprise is not always the answer** - the game is about developing community based responses to societal issues, it creates a space to discuss the best form these responses take, rather than prescribing social enterprise from the start.

Problem + Asset = Solution is being prototyped and tested. If you are interested in the development of the game please reach out via garyfawdrey@gmail.com.

Conclusion

Social enterprise is not going to solve all of the world's problems. Being a social entrepreneur is hard and not suited to everyone. Despite this, social enterprise can be a powerful route for communities to work towards addressing problems and becoming a social entrepreneur can be hugely empowering and fulfilling. For social enterprise to develop, social entrepreneurship needs to be accessible to everyone. It is hoped that this report will contribute in the efforts towards that.
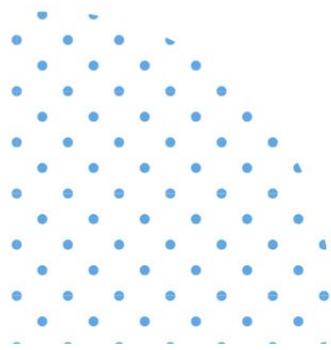
Appendix 1 - Organisations Consulted

During 6 weeks of travel from 27/10/19 - 06/12/19, 40 interviews were carried out with individuals active in the social enterprise, social innovation and community development sectors in Australia, Samoa and Aotearoa New Zealand, including representatives from the the following organisations:

Ākina Foundation
Australian Centre for Rural Entrepreneurship
Centre for Entrepreneurship, University of Canterbury
Chuffed
Community Four
Cultivate Christchurch
Fairground
Food Connect
Grow Good
HoMie
Impact Boom
Impact Hub Waikato
Kilmarnock
Melbourne Soup
Office of Social Innovation, CQ University Melbourne
Purpose Plantations SAMOA
Queensland Social Enterprise Council
Seeds
Seventh Street Ventures
Social Change Central
Social Enterprise Auckland
Social Enterprise Institute NZ
Social Enterprise Network Victoria
Social Innovation Research Institute
Social Traders
Social Ventures Australia
Society Melbourne
Spur
StartSomeGood
Te Whare Hukahuka
The Australian Centre for Social Innovation (TACSI)
The Yunus Centre, Griffith University
Unbound
Wai-Atamai Social Innovation Hub
Waipareira Trust
ygap
Young Change Agents

Appendix 2 - Variance in Defining Social Enterprise

Throughout the course of the 40 interviews that fed into this report various related, but sometimes conflicting definitions for social enterprise were encountered.

Some were very specific:
*An organisation where at least **50%** of its revenue is commercially generated and at least **50%** of its profits go towards a social cause*

Some were very broad:
*An entity that's purpose is to have a social impact **and** that is able to generate income*

Some centered the trading aspect:
*An organisation with a social cause, whose primary source of revenue is through **trading***

Others centered what happened to the profit:
*A community interest company that gives a proportion of its profits **away***

Some defined social enterprise as a specific sub-group distinct from other similar models:
*An **early** stage impact venture*

It became clear that social enterprise is far from the only term used to describe organisations at the cross section of doing good and making profit, and in many cases is not the preferred option. During interviews in Oceania the following terms were encountered, all used to describe what in the UK would be called social enterprise:

- Business for good
- Community business
- Community enterprise
- Ethical business
- Impact driven business
- Impact enterprise
- Impact led business
- Impact venture
- Mission driven business
- Purpose driven business
- Social business
- Social venture
- Sustainable business