



# COUNTRY REPORT

## UK



A first analysis and profiling of social enterprises in the UK  
prepared by the SEFORIS research consortium

September 2016

# INTRODUCTION

Between April 2015 and December 2015, the SEFORIS consortium surveyed over 1000 social enterprises in Hungary, Romania, Spain, Portugal, Germany, Sweden, the United Kingdom, Russia and China. This means that thanks to the diligent cooperation of social enterprises and funding from the European Union, we have been able to launch the world's largest and most rigorous panel database on social enterprises. This report presents key findings for the United Kingdom. Where possible, we compare findings to the 2009 SELUSI survey, the predecessor of the SEFORIS project.

**What is the SEFORIS Survey?** - The SEFORIS database is unique in its scope and depth – in our (admittedly, lengthy) conversations with social entrepreneurs, we discussed in detail topics, ranging from their innovation habits to their perceptions of the market in which they operate. It is also unique in its methodology – we adopted a special type of snowball sampling method, called respondent-driven sampling, which allowed us to survey a representative sample of social enterprises in each country through tapping into their networks. Finally, our database is unique in its rigour as we took meticulous steps to ensure highest data quality. For instance, our interviewers (analysts) were extensively trained and we conducted ongoing checks to ascertain that interviewers are consistent in the way they recorded the answers of social entrepreneurs.

**Who should read this report?** - This report is designed to help social entrepreneurs benchmark their organisation against fellow social enterprises in the UK. We hope the report can help social enterprises to better place their organisation (e.g. what makes it distinct; readily spot differences and similarities with their peers). The report will also be useful for support organisations and policy makers to obtain an overview of social enterprises in the UK. If this report can be put to any other good uses, we would be most delighted. Of course a rich database like ours contains many more insights and policy implications, which will soon be published on [www.seforis.eu](http://www.seforis.eu).

Please feel free to contact us with any questions or remarks. Below you will find the contact details of Ute Stephan, Principal Investigator for the UK and Marieke Huysentruyt, Principal Investigator and President of the Academic Advisory Board of the SEFORIS Project. If you would like to read the other country reports or find out more about the other research initiatives within SEFORIS, please visit our website: [www.seforis.eu](http://www.seforis.eu).

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# SOCIAL ENTERPRISES IN THE UK

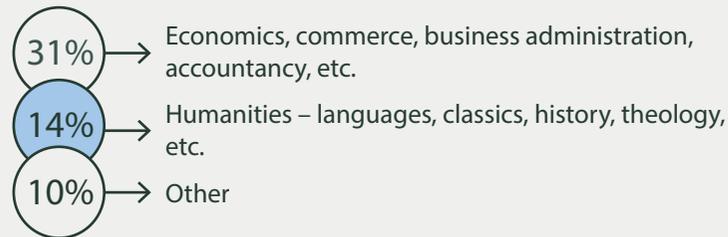
## How to read this report?

At the beginning of each topic section, we briefly recap what we measured and how to interpret the data summarised in the graphs or visuals. In case you are interested in more detail on how we analysed the information, you will find a more detailed description in the 'methods' boxes. We interviewed 135 social enterprises in the UK. Please note though that the total sample size we base this report on varies slightly across the different sections; this is due to some missing data, some questions not being applicable to all social enterprises, and some questions having multiple answers.

## CEO PORTRAIT - UK



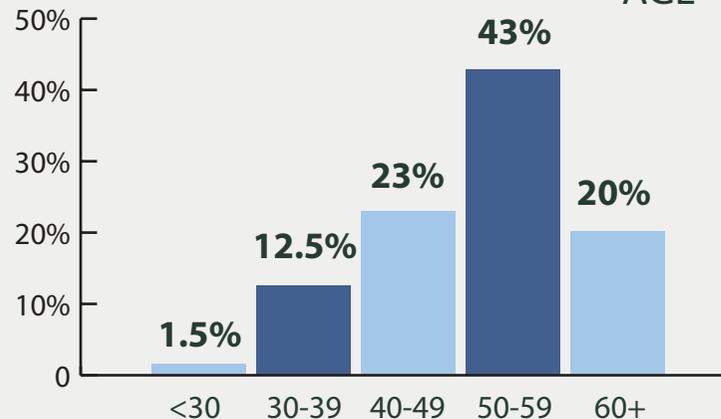
### EDUCATION AREA (Top 3)



### EDUCATION DEGREE (Top 3)



### AGE



average age



### GENDER



# 1. ORGANISATIONAL GOALS: MISSION AND VISION

A distinct feature of social enterprises is their pursuit of social goals. We were interested in capturing the goals that social enterprises aim to achieve more broadly and so asked social entrepreneurs to tell us about their organisation's mission and vision.

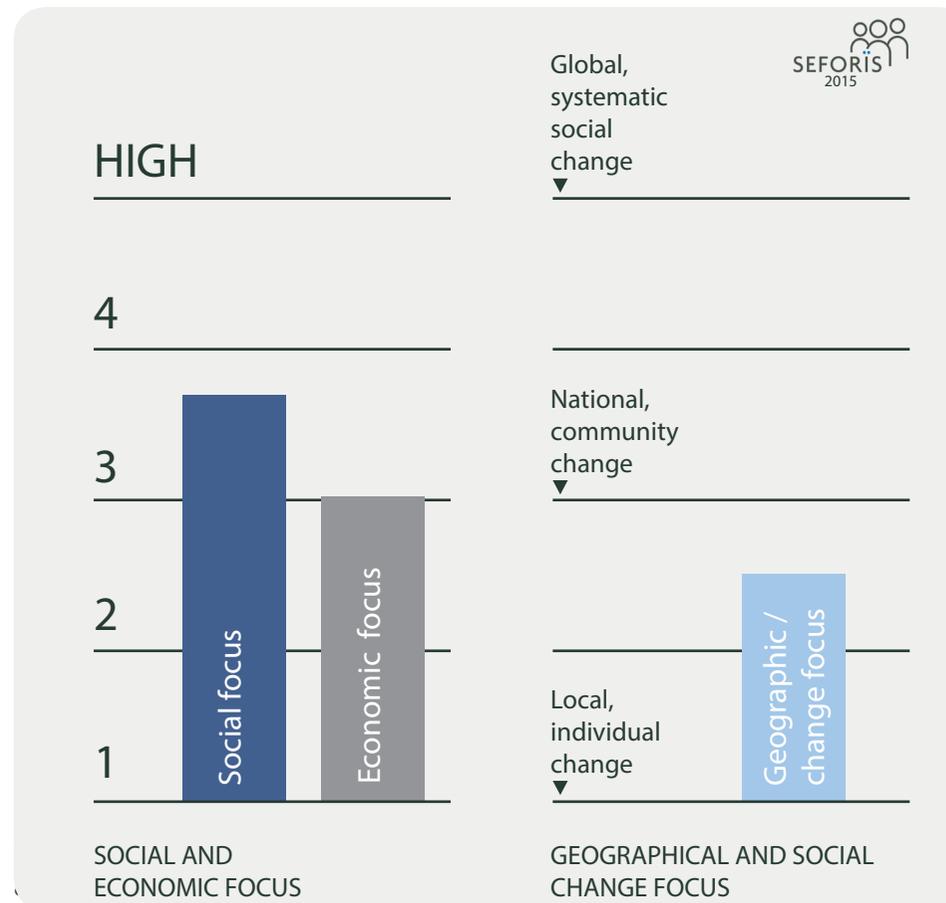
Figure 1 presents evidence on three categories of organisational goals (see also Methods Box A for more detail):

1. Social goals – capturing to what extent an organisation focuses on achieving societal change.
2. Economic goals – capturing to what extent the organisation focuses on economic success and financial viability such as developing revenue-generating activities to cover its costs and generating surpluses.
3. Geographic and social change focus – capturing to what extent the organisation works locally vs. internationally and aims to transform and empower individuals, communities or society as such.

We find that social enterprises in the UK expressed moderate to strong social goals as reflected in concerns about the well-being of others, social justice and/or the

environmental goals. Their organisational goals also incorporate moderate economic concerns. Notable is that compared to our previous SELUSI survey, social goals are currently more prominent than economic goals; while they were in balance in the 2009 survey. Finally, the efforts of UK social enterprises were typically

and specific groups. There is more variability in the geographical focus compared to the social and economic goals. In particular, there is a substantial group of social enterprises focusing on achieving change at the individual level, while few social enterprises aspire to instigate systemic global change.



◀ **Figure 1: Organisational Goals – Mission and Vision. Note: N=133 (Geographic change and focus); N=135 (Economic and Social focus).**

# METHODS BOX

# A

A mission elaborates on an organisation's purpose of being and captures organisational goals, while a vision captures the closely related goals an organisation strives to achieve in the future. SEFORIS analysts scored mission and vision reports of the interviewed social enterprises using a total of 8 rating scales (scores ranged from 1 to 5). The rating scales were developed based on extant theories of social enterprise and

previous research into organisational goals. We factor-analysed the ratings to summarize the 8 scales according to their common underlying dimensions. The three underlying dimensions are: social goals, economic goals and geographic focus. These dimensions are summarised above and are described in more detail below.

The dimensions reflect:

## 1) SOCIAL GOALS

A score of 5 reflects strong social goals, in that the organisations mission and vision centre entirely on the alleviation of a social issue. This is reflected in great concern about the well-being of others, social justice concerns and/or environmental concerns. A high score in this dimension also reflects that the organisation had specified a theory of change, i.e. the logic of how it works to bring about societal change. A score of 3 reflects moderate and less specific social concerns, for instance when the target group or the social issue which the organisation aims to deal with are not clearly specified. A score of 1 reflects virtually no social goals.

## 2) ECONOMIC GOALS

A score of 5 reflects strong economic goals, in that the organisation's mission and vision put a high emphasis on economic success and financial viability of the organisation, such as earning high profits which can then be used to grow the organisation and scale social impact. A score of 3 reflects moderate economic goals, for example when the organisation addresses a social issue in a self-sustainable way such that it covers all its costs through own revenue-generating activities. A score of 1 reflects low concern for self-sustaining economic success, as is often the case with pure non-profits which are close to 100% grant financed or subsidised.

## 3) GEOGRAPHIC AND SOCIAL CHANGE FOCUS

A score of 5 reflects that the organisation operates internationally (across continents). Our analysis finds that these organisations typically aim for systemic societal change, i.e. aim to change society as such and in a way that the social issue that the organisation addresses would no longer exist. A score of 3 reflects that the organisation aims at community change, typically at a national level. In other words the organisation seeks to transform a community or segment of the population, with the aim of empowering that group. A score of 1 reflects that the organisation aims to change and empower individuals. These organisations typically work locally, e.g. within a certain city or town (not a region).

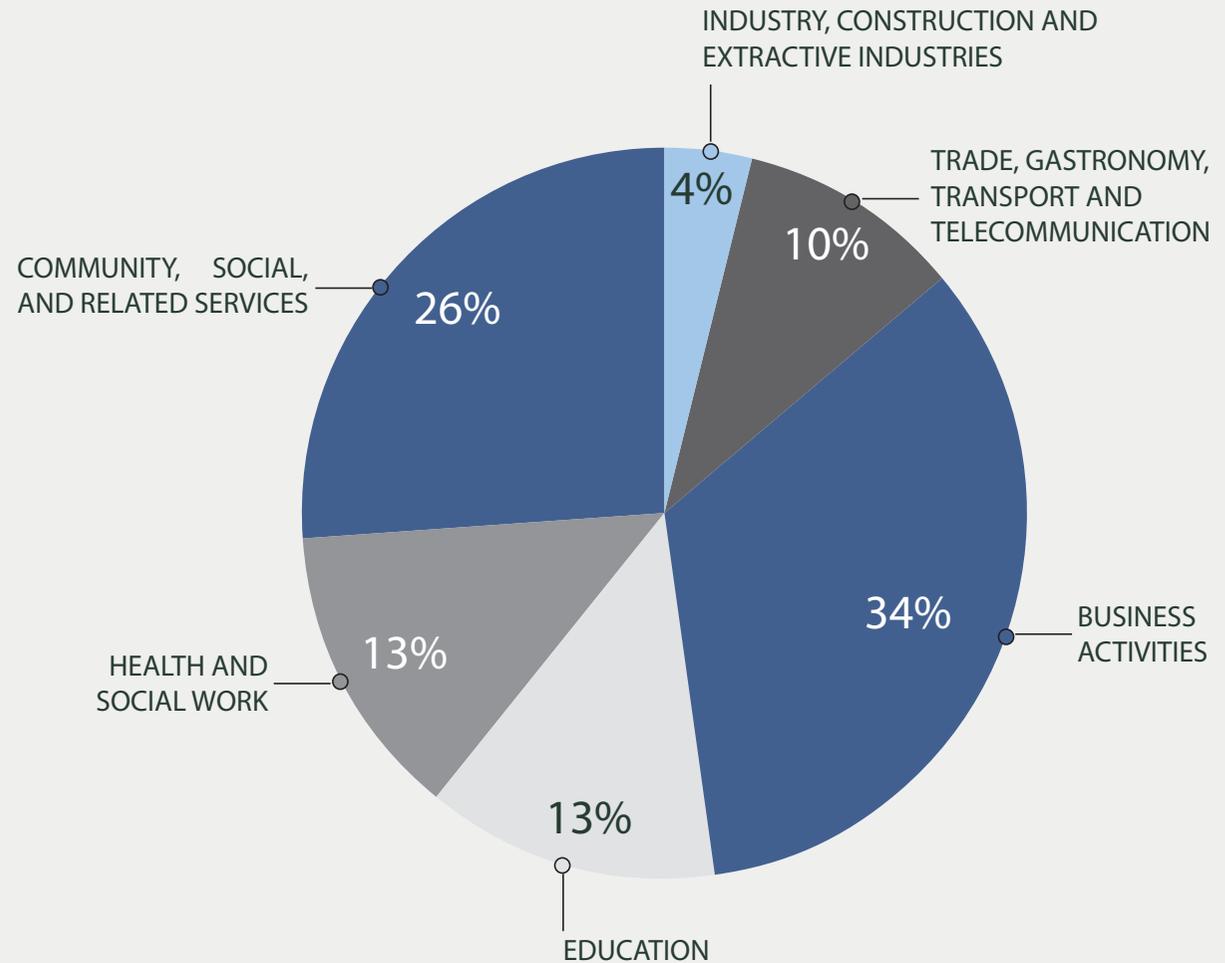
## 2. OPERATIONAL MODEL OF MAIN ACTIVITY

### Industrial sectors

The survey has collected data about the products and/or services that social enterprises provide. Specifically, the survey included the questions *What does your organisation do?* *What are its core services and/or products?*; and *How does your organisation self-generate revenues?* The figures below summarize the answers obtained from the social enterprises interviewed in the UK. Over a third (34%) of UK social enterprises identify their main activity as 'business activities and business services'. About one quarter (26%) identifies their main activity as 'other community and social services', i.e. services other than education, health and social work. Just over one quarter of social enterprises work in the latter sectors, specifically 13% in 'education' and 13% 'health and social work'. The remaining social enterprises are active in manufacturing, wholesale and similar industrial sectors.



### TOP INDUSTRIAL SECTORS - UK

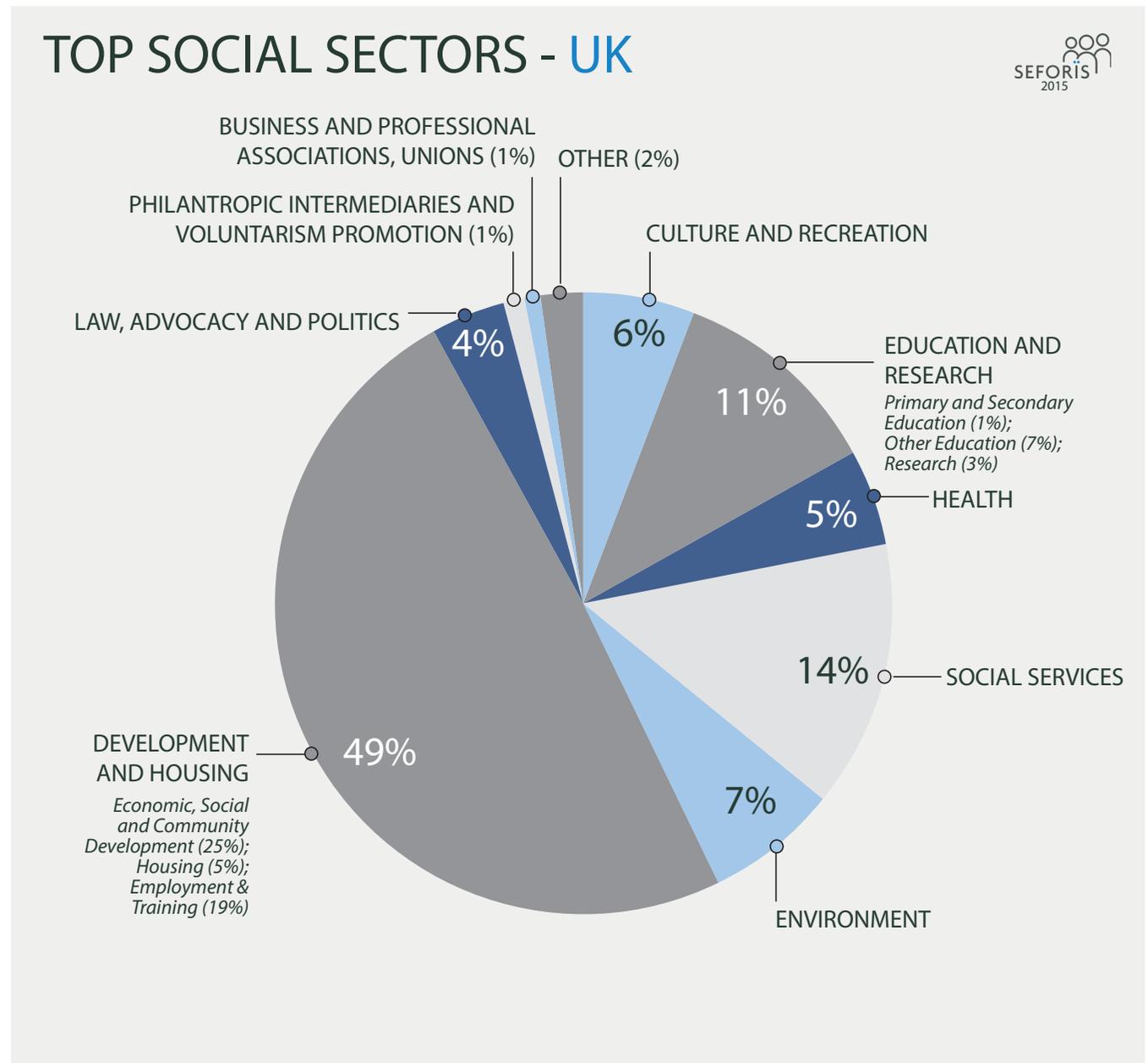


**Figure 2a: Top Industrial Sectors. Note: N=135. ►**  
We used the 'Statistical Classification of Economic Activities in the European Community' (NACE). See Methods Box B for more information.

## 2. OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

### Social sectors

In terms of the main social activity, we find that most UK social enterprises (25%) are active in 'economic, social and community development including housing' and a further (nearly) fifth (19%) in 'employment and training' activities. 'Social services' and 'other education' together make up another fifth (21%) of all UK social enterprises. About six percent of social enterprises were active both in 'culture and recreation' and the 'environment' sectors (7%). Compared to the previous survey (2009 SELUSI survey), social enterprises remain active in similar fields. However, fewer social enterprises are now focussed on the environment, whilst the share of social enterprises active in health increased.



**Figure 2b: Top Social Sectors. Note: N=134.** ►  
 We used the International Classification of the Nonprofit Organisations (ICNPO). See Methods Box B for more information.

## METHODS BOX

# B

Social enterprise represents a unique hybrid organisational form that combines aspects of charity and business at its core. To help give you a sense of the range of activities that the surveyed social enterprises undertake, we therefore draw on two established classification systems.

### 1 **Industrial sectors**

The Statistical classification of economic activities in the European Community, abbreviated as NACE, was developed since 1970 in the European Union and provides a framework for collecting and presenting comparable statistical data according to economy activity at European and in general at world level.

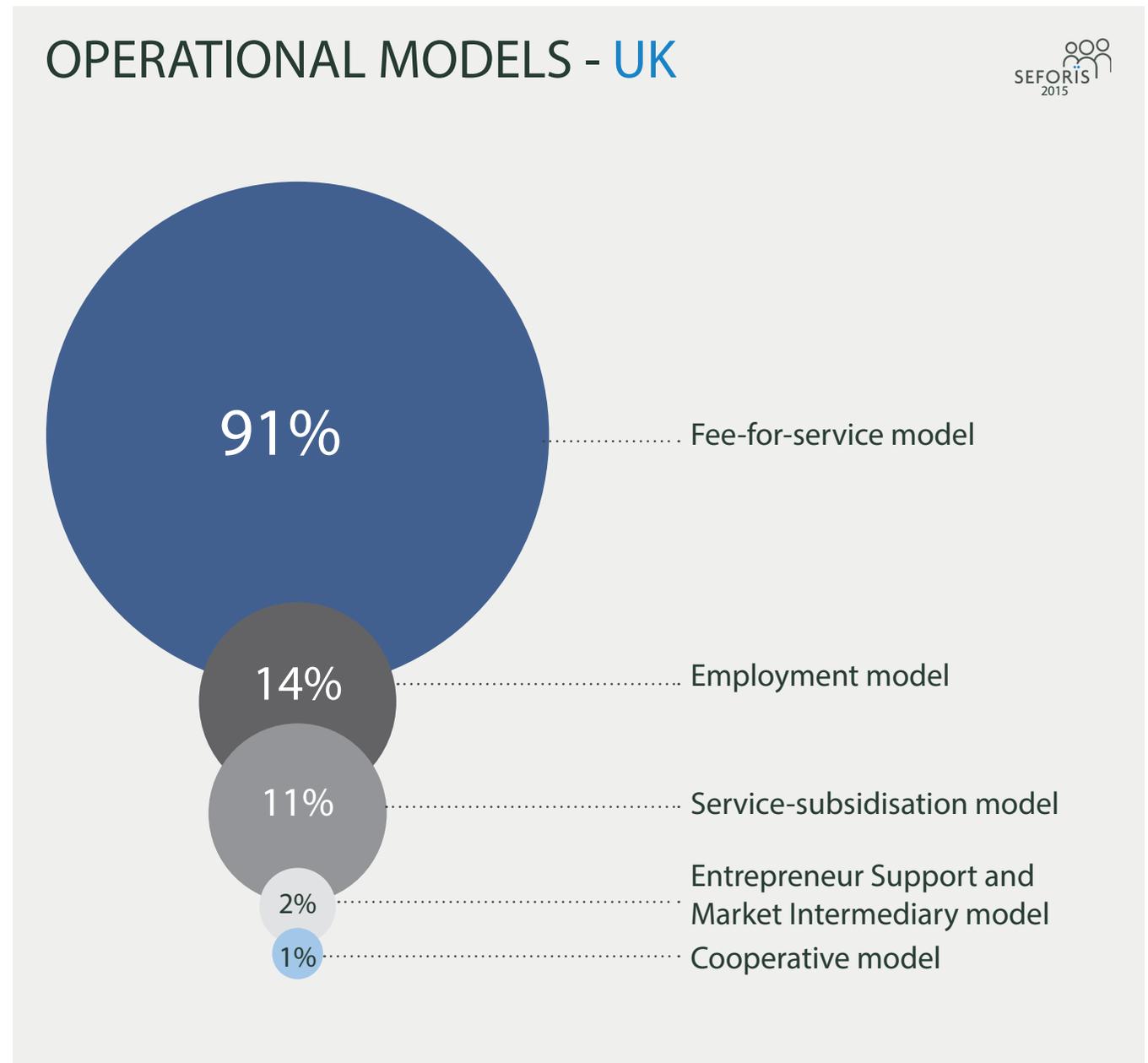
### 2 **Social sectors**

The International Classification of Nonprofit Organisations (ICNPO), was developed in the early nineties through a collaborative process involving the team of scholars working on the John Hopkins Comparative Nonprofit Sector Project and provides an effective framework for classifying non-profit organisations across countries.

## 2. OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

### Operational models

Operational models describe how social enterprises align revenue generation activities with the creation of social impact (e.g., serving their beneficiaries). The main operational model for social enterprises in the UK is the 'Fee for Service and/or Product' model (91%). This is an increase compared to the previous survey (2009 SELUSI survey), where the 'Fee for Service/Product' was also the main model but less prevalent, i.e. used by 59% of UK social enterprises. To see a more detailed description of the top 5 operational models please refer to Methods Box C.



**Figure 2c: Top Operational Models.**Note: ▶ N=135. We adapted the typology of operational models developed by Alter (2008). See Methods Box C for more information.

# METHODS BOX



Operational models illustrate configurations of how organisations create social value (societal impact) and economic value (earned income). They are designed in accordance with the social enterprise's financial and social objectives, mission, marketplace dynamics, client needs or capabilities, and legal environment. Fundamental models can of course be combined and enhanced to achieve

maximum value creation (Alter, 2008). Our analysts recorded social entrepreneurs' answers verbatim, and used these answers to identify the enterprise's main operational model.

## 1. Entrepreneur-support & market-intermediary model

a) The Social Enterprise selling business support and financial services to its target population or "clients," which are other self-employed individuals or firms. Social enterprise clients then sell their products and services in the open market. Income generated through sales of its services to clients are used to cover costs associated with delivering the support services and the business' operating expenses.

b) Similar to a), the SE providing services to its target population/clients, small producers (individuals, firms or cooperatives), to help them access markets. The SE services add value to client-made products, typically these services include: product development; production and marketing assistance; and

credit. Unlike a) the market intermediary SE purchases the client made products or takes them on consignment, and then sells the products in high margin markets at a mark-up.

## 2. Employment model

The Social Enterprise provides employment opportunities and job training to its target populations or people with high barriers to employment such as the disabled, homeless, at-risk youth, and ex-offenders. The SE operates as an enterprise employing its clients and sells products in the open market.

## 3. Fee-for-service model

The Social Enterprise commercialises its social services, and then sells directly to the target populations or "clients," individuals, firms,

communities, or to a third party payer. Income generated through fees charged for services.

## 4. Service-subsidisation model

The business and social function of the social enterprise are separate. The SE sells products or services to an external market and uses the income it generates to fund its social programs.

## 5. Cooperative model

The Social Enterprise provides direct benefit to its target population/clients, cooperative members, through member services: market information, technical assistance/extension services, collective bargaining power, economies of bulk purchase, access to products and services, access to external markets for member-produced products and services, etc.

# CASE: KIBBLE EDUCATION AND CARE CENTRE

## CEO

Graham Bell

## MISSION

Kibble works with children and youth at risk. These can be young people not in education or training or youth in statutory care that have been referred by local authorities across Scotland. Kibble offers a range of educational and residential services to provide these young people with opportunities to re-engage with education and society in a positive way.

## ZOOMING IN ON 'GOVERNANCE'

Kibble started out as a charity in the mid-19th century. However, in 1996 the organisation transformed itself into a social enterprise. Due to a restructuring of funding from local authorities Kibble decided to develop a range of social enterprises that would lead to financial independence and stability. This profound restructuring also led to a fundamental change in how the organisation is governed. Some of the trustees of the original charity now sit as non-executive directors on its board, joined by senior staff members of Kibble. The executive board is made up of a range of sub-committees providing rigour and independence to the organisation's governance.

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*Kibble's Board is strongly committed to exemplary and effective governance, and constantly seeks to balance a strategic approach with scrutiny of operations. The stability and longevity of both the Board and the Senior Management Team is unusual, but has been one of the key drivers of Kibble's success.* ”

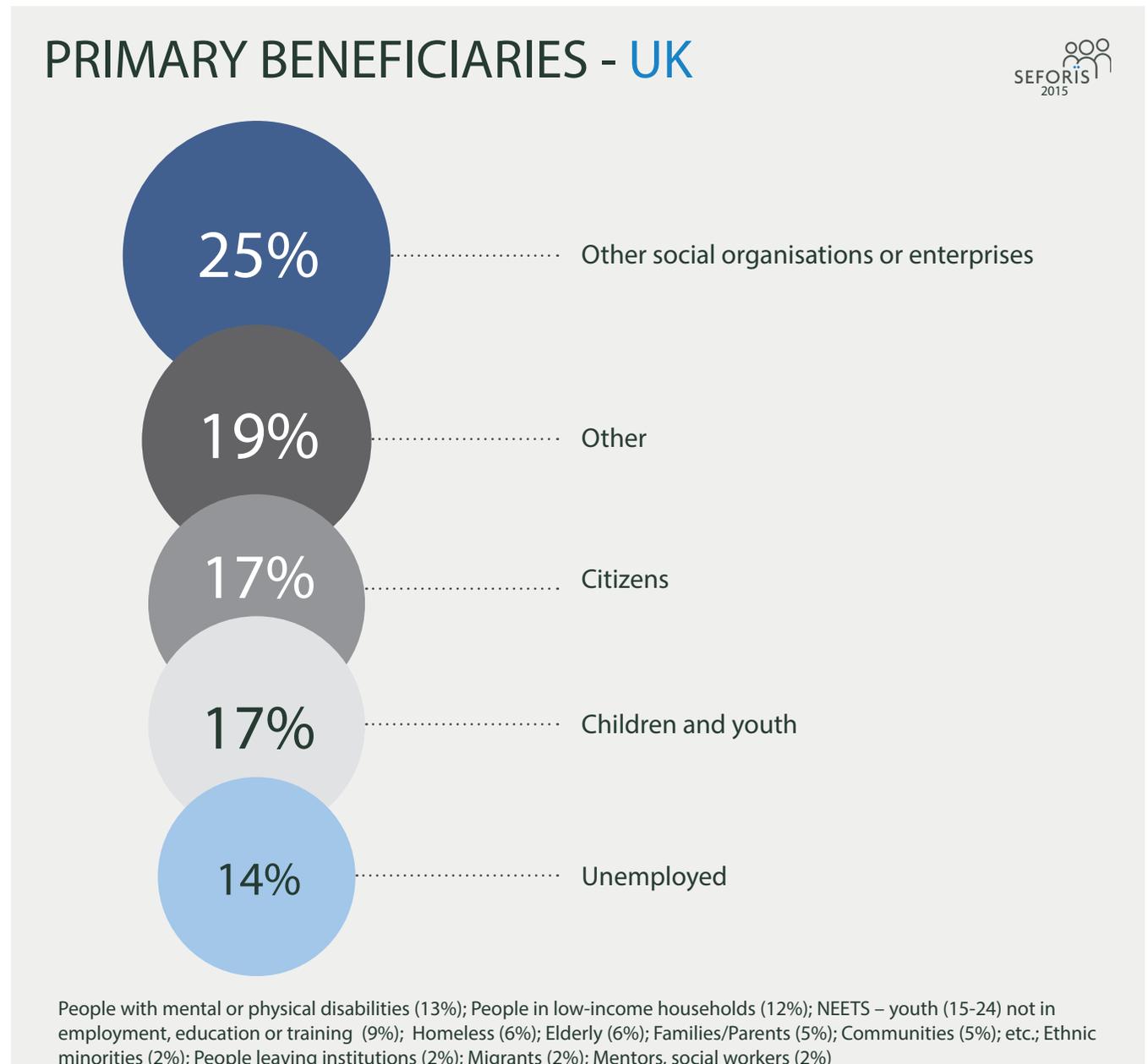
- Graham Bell, CEO Kibble  
(source: Kibble annual review 2014)



## 2. OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

### Primary beneficiaries

Social enterprises aim to have a positive impact on individuals, communities and societies. We asked them to identify the main beneficiaries are of their organisation's activities. A substantial share (25%) of the organisations interviewed aims to benefit other social organisations or enterprises. Another 17% of organisations sees the general public as their main beneficiary. 17% of interviewed organisations has children and youth as the main beneficiaries of their activities. 14% of social enterprises interviewed specifically aims to benefit the unemployed.



**Figure 2d: Primary beneficiaries** ►  
Note: N=135.

# CASE: ARTS FACTORY

## CEO - HEAD OF OPERATION

Lisa Wills

## MISSION

We believe that everyone can be an asset to his or her community. Age, race, gender, social status, background or levels of ability make no difference. Each positive contribution, no matter how small, helps the communities we serve move toward regeneration and economic recovery.

## ZOOMING IN ON 'CONTEXT'

Arts Factory is responding to a context of declining employment and increasing social exclusion in South Wales. Their website states: 'Arts Factory's approach is unique in valuing marginalised and excluded people as assets rather than labelling them as "beneficiaries". We focus on people's strengths rather than their weaknesses and enable "service users" to become providers of valued services to the wider community.'

//

*We are in the 26th year currently and over the course of the 25 years the need has not diminished. We have worked hard, we have turned a lot of people's lives around but there is still a lot of work to do. The long term goal is to endure and to continue to be and care for people who need help.* //

- Lisa Wills, Head of operations Arts Factory



# 3. LEGAL FORMS

Social enterprises can take many different legal forms. In the UK, a dedicated legal form for social enterprises is Community Interest Company. We find that approximately 10.5% of interviewed respondents have the CIC as their legal form. Most UK social enterprises (41%) incorporated their social enterprise as a private company limited by guarantee. Almost 40% of UK social enterprises have two legal forms. The most common second legal form is the charity (21%).

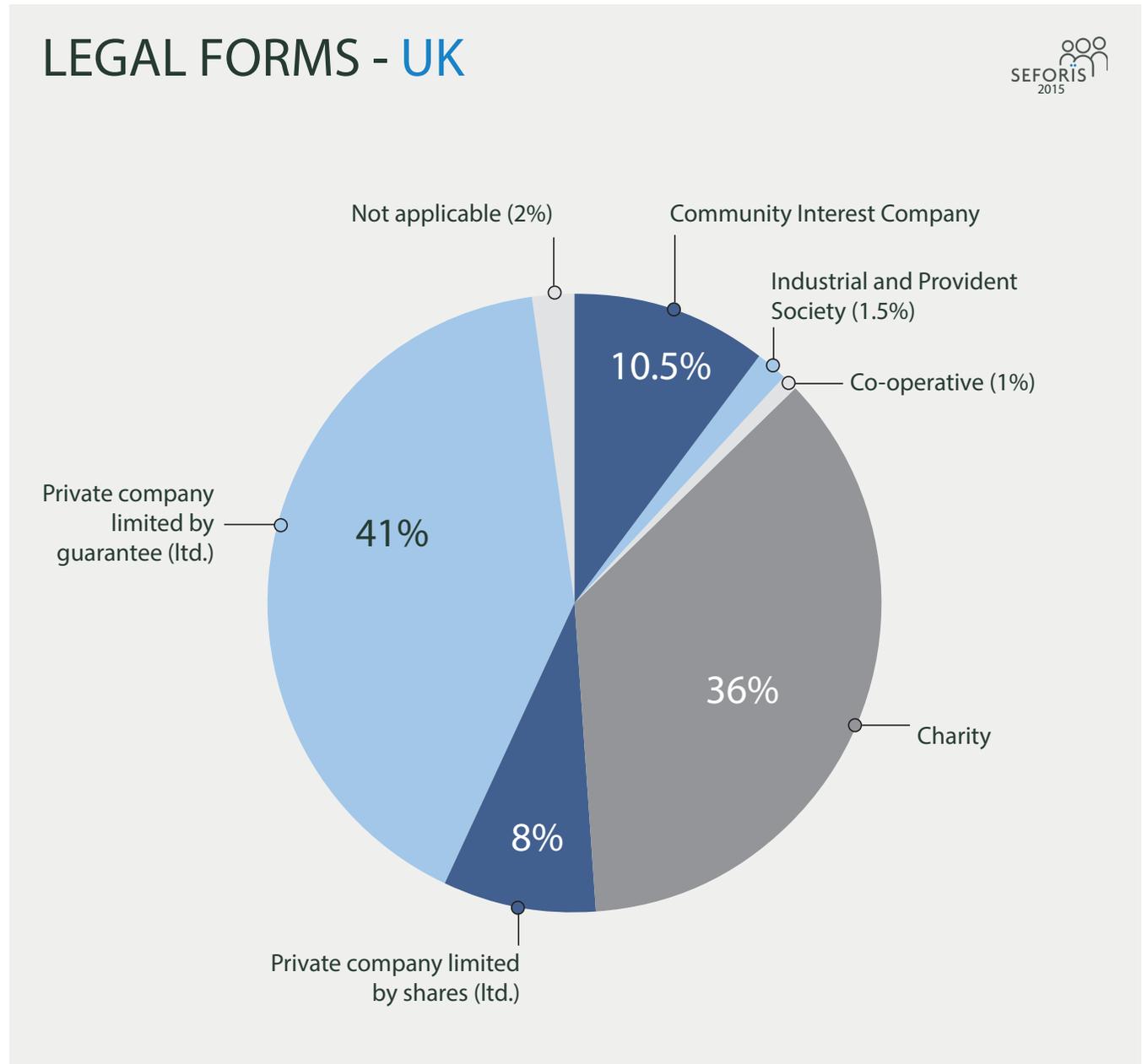


Figure 3: First legal forms ►  
Note: N=135.

# 4. ALIGNMENT

During the phone survey, social enterprises were asked to what extent they would also generate social impact if they only ran their revenue generating activity. Answers were given on a scale from 1 to 5, where 1 stood for “to no extent” and 5 for “to the largest extent”. The average score for UK social enterprises was 4.05. The number at the top of each column indicates the number of organisations that gave that specific answer. We observed similar degrees of alignments between social and revenue generation activities in the previous survey (2009 SELUSI survey).

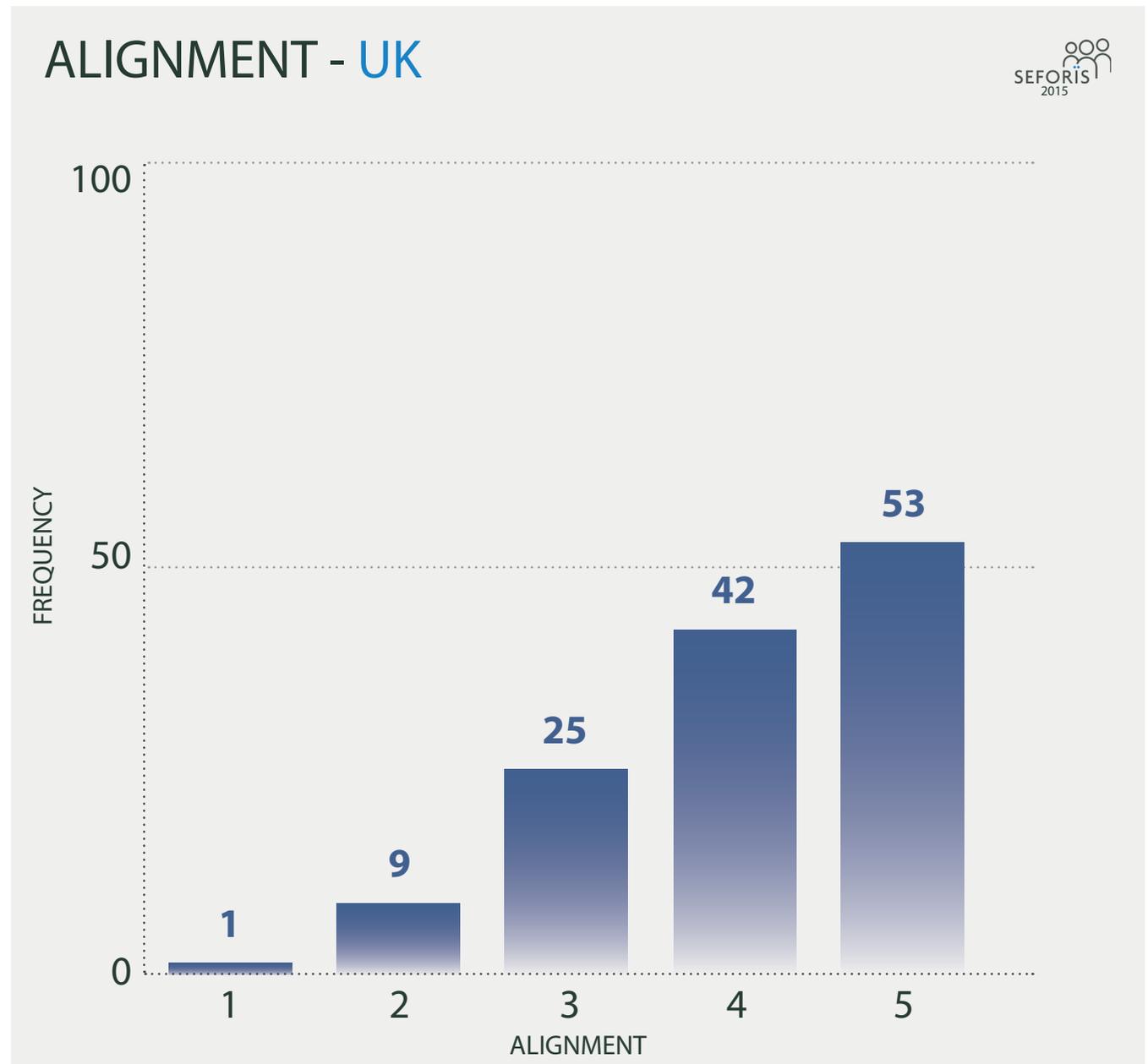
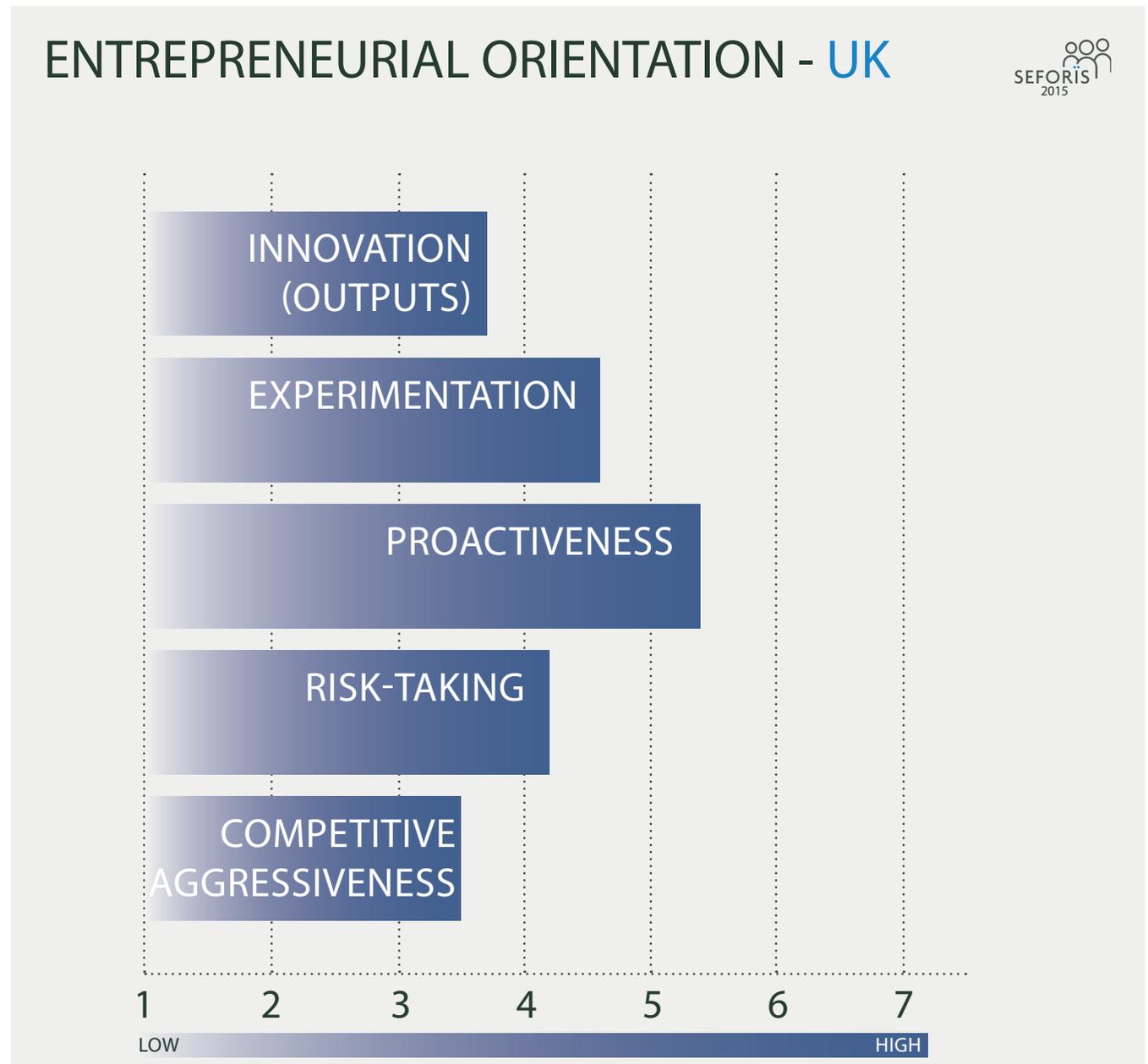


Figure 4: Alignment between Revenue-generation Activity and Social Impact Activity  
Note: N=130.

# 5. ENTREPRENEURIAL ORIENTATION

We also wanted to gain more insight into how “entrepreneurial” social enterprises are. In line with the literature, we gathered data on the four main components of Entrepreneurial Orientation: Innovation, Experimentation, Proactiveness, Competitive aggressiveness and Risk-taking. We find that on average UK social enterprises reported that they tend to be experimenting and risk-taking, as indicated by an average score above the scale mean of 4. Furthermore, they reported that they take a rather strong proactive stance in the sense that they are typically introducing a new product, service and/or process ahead of similar organisations and/or competitors. To see a more detailed description of the 5 components of Entrepreneurial Orientation, please refer to Methods Box D.



**Figure 5: Breakdown of Entrepreneurial Orientation in its Five Components.** Note: N=126 (Proactiveness and Risk-taking); N=129 (Innovation); N=130 (Competitive Aggressiveness); N=133 (Experimentation). See Methods Box D for more information.

# METHODS BOX

## D

Organisations are typically understood to have an 'Entrepreneurial Orientation' when they act in the following ways (e.g. Rauch, Wiklund, Lumpkin and Frese, 2009):

- Components of Entrepreneurial Orientation (EO):**
- 1 They regularly introduce innovations in the market such as new products, services and processes.
  - 2 They experiment with new ways of doing things such as developing unique methods and processes to solve problems.
  - 3 They behave proactively in the market, i.e. they are typically the first organisations to introduce a new product, service or process in the market – ahead of similar organisations and/or competition.
  - 4 They are risk-taking, i.e. have a proclivity to engage in high-risk projects, and don't shy away from bold actions in uncertain situations.
  - 5\* They have a competitive aggressive attitude, i.e. an attitude that prefers an aggressive stance toward similar and competing organisations rather than collaboration.

### Investigating EO in Social Enterprises (SEs):

To obtain data on these four components, Innovation, Experimentation, Proactiveness and Risk-taking, we derived a series of questions from well-established measures of entrepreneurial orientation, commonly used in business studies. Social entrepreneurs were asked to indicate on a scale from 1 to 7 how much their organisation behaved like described in each of those questions. Statistical analyses such as factor analyses confirmed that these four aspects of entrepreneurial orientation were indeed meaningful in the context of social enterprises in the UK.

#### \* **Competitive Aggressiveness and SEs**

Interestingly, competitive aggressiveness, emerged as a distinct aspect, not at all associated with the standard four aspects of a social enterprise's entrepreneurial orientation. This suggests that the entrepreneurial orientation profile of social enterprises shares with that of commercial enterprises the emphasis on innovation, experimentation, proactivity and risk-taking, but is also distinct since an aggressive stance towards competition, i.e. one in which an enterprise tries to 'outcompete' and 'fight' similar organisations in a field, is not integral to the entrepreneurial behaviours of social enterprises.

# CASE: THE FUNDING NETWORK

## CEO

Kate Marsh

## MISSION

With their live crowdfunding events, The Funding Network (TFN) aims to create a platform for donors to create social change, through informed giving.

## ZOOMING IN ON 'FINANCING'

The Funding Network is an intermediary organisation with a unique and innovative approach to financing social enterprises, charities and not for profit organisations. During live crowdfunding sessions TFN's members can learn about social issues and proposed solutions, pledging their financial support as a collective group. TFN is a registered charity, sustainable through its member fees and grants from trusts and foundations. Since 2002 TFN has raised 9 million pounds worldwide for charitable organisations and engaged many thousands of people in effective giving.

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*Our members and supporters continue to demonstrate the strength of collective giving. TFN events have a uniquely powerful multiplying effect: the fact that for every £2 TFN spends as a charity it leverages £12.50 for charitable projects is testament to the effectiveness of live crowdfunding as a means of fuelling social change.*

”

- Kate Marsh, CEO The Funding Network  
(TFN website)



## 6. SOURCES OF LIQUIDITY

Social entrepreneurs were asked how their organisation has been financing its activities in 2014. For each source of capital, we were also interested to know how large the share of this type of financing was in 2014. The graph shows the various sources of financing and what share of our sample of social enterprises is making use of this source of financing. For most UK social ventures (63%) financing from fees for services or sales of products is a source of financing. Compared to our previous survey (SELUSI, 2009), fewer social enterprises relied on loans or investors. At the time of the previous survey 4.2% of social enterprises had some form of loan finance. The share of grant income is now slightly higher than in the previous survey; 29.5% compared to 23% in 2009.

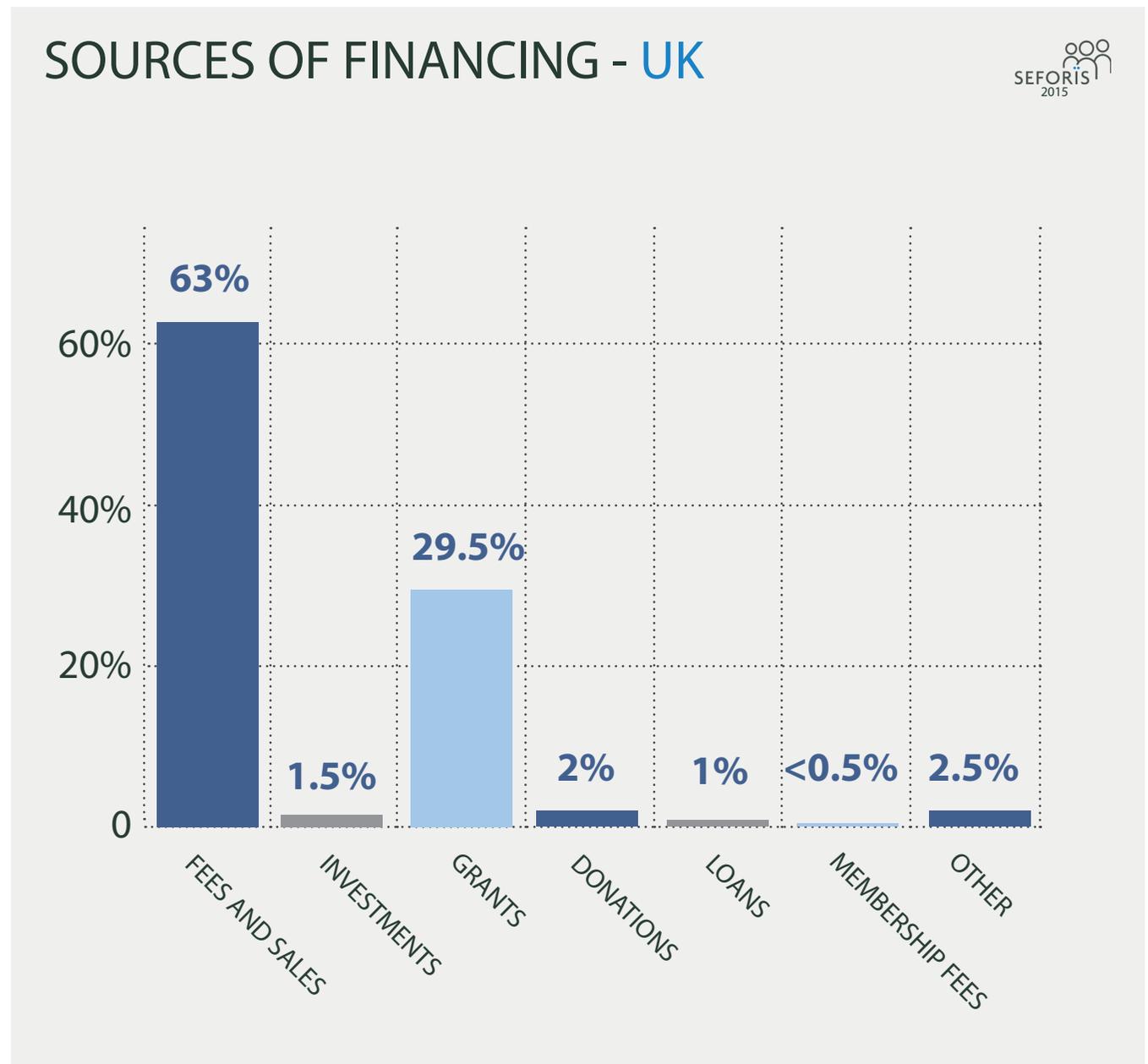


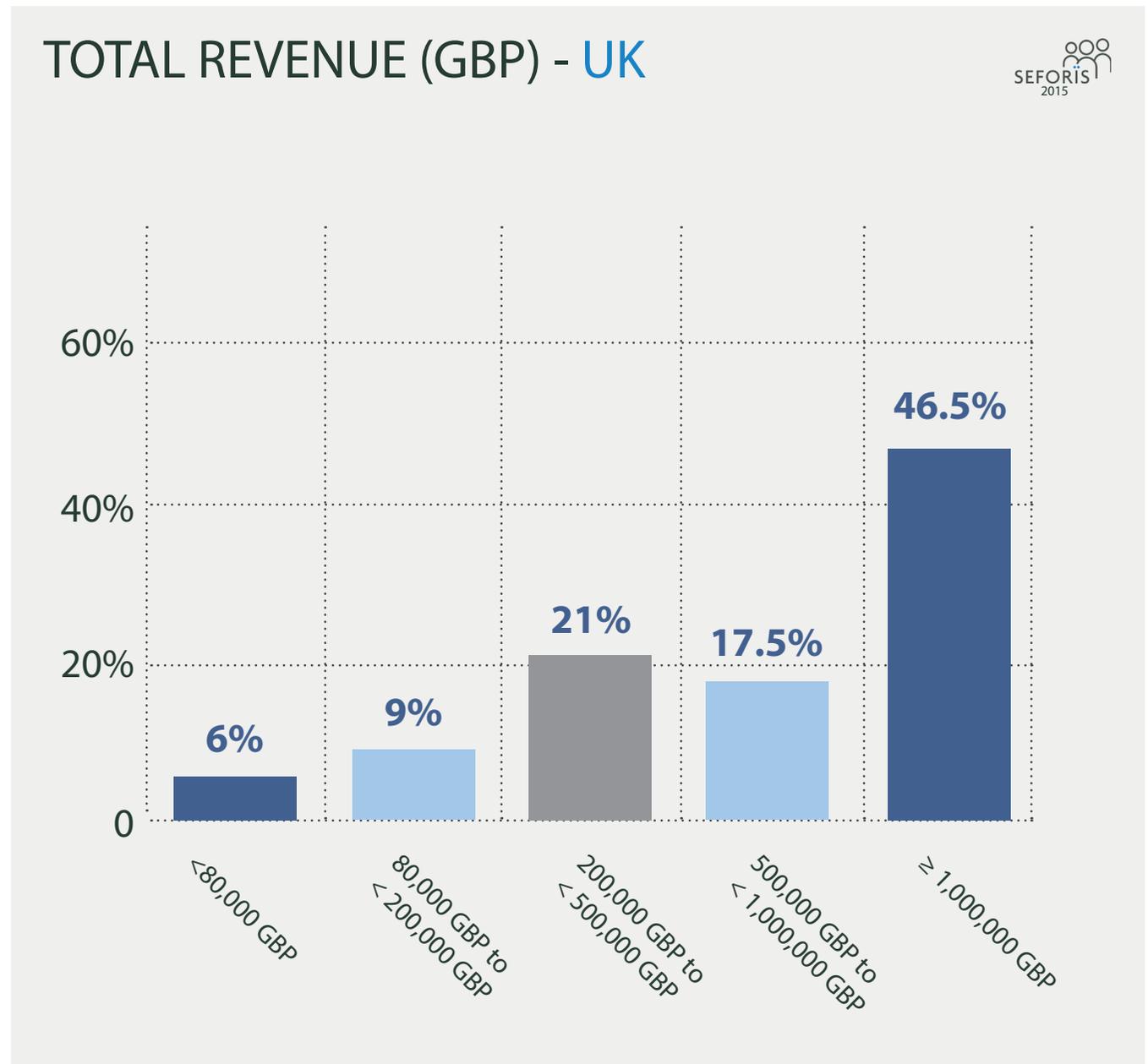
Figure 6: Sources of Liquidity in 2014. ►  
Note: N=135.

# 7. REVENUES

## Total revenues in 2014 (GBP)

We were interested in finding out what the total revenues were that those organisations generated in 2014 and how these revenues compare with revenues generated in 2013. We looked at total revenues earned by UK social enterprises in 2014. Notice that nearly half of UK social enterprises have substantial revenues of GBP 1 million or more. A large part of the social enterprises is therefore successful in generating income. Our survey contains a large share of established social enterprises – in terms of age, see also section 8.1- and this partly explains the high share of social enterprise that has revenues of GBP 1 million or more as older organisations are financially more successful. Compared to the previous survey (SELUSI, 2009), UK social enterprises have grown their revenues substantially. In the 2009 survey, 19% of social enterprises had revenues of EUR 1 million or more.

**Figure 7a: Total Revenues (GBP) in 2014. Note: N=131. Figure shows percentage of social enterprises in each revenue category. The answers were given in Pounds Sterling. Revenue categories were chosen taking into account revenue development across the entire sample of analysed countries. According to Eurostat, GDP per capita in the UK in 2014 was 28,000 GBP or 109% in PPS (percentage of EU28).**



# 7. REVENUES (CONTINUED)

## Total revenues in 2014 (EUR)

This figure illustrates the total revenues from past year of British social enterprises in EUR.

## TOTAL REVENUE (EUR) - UK

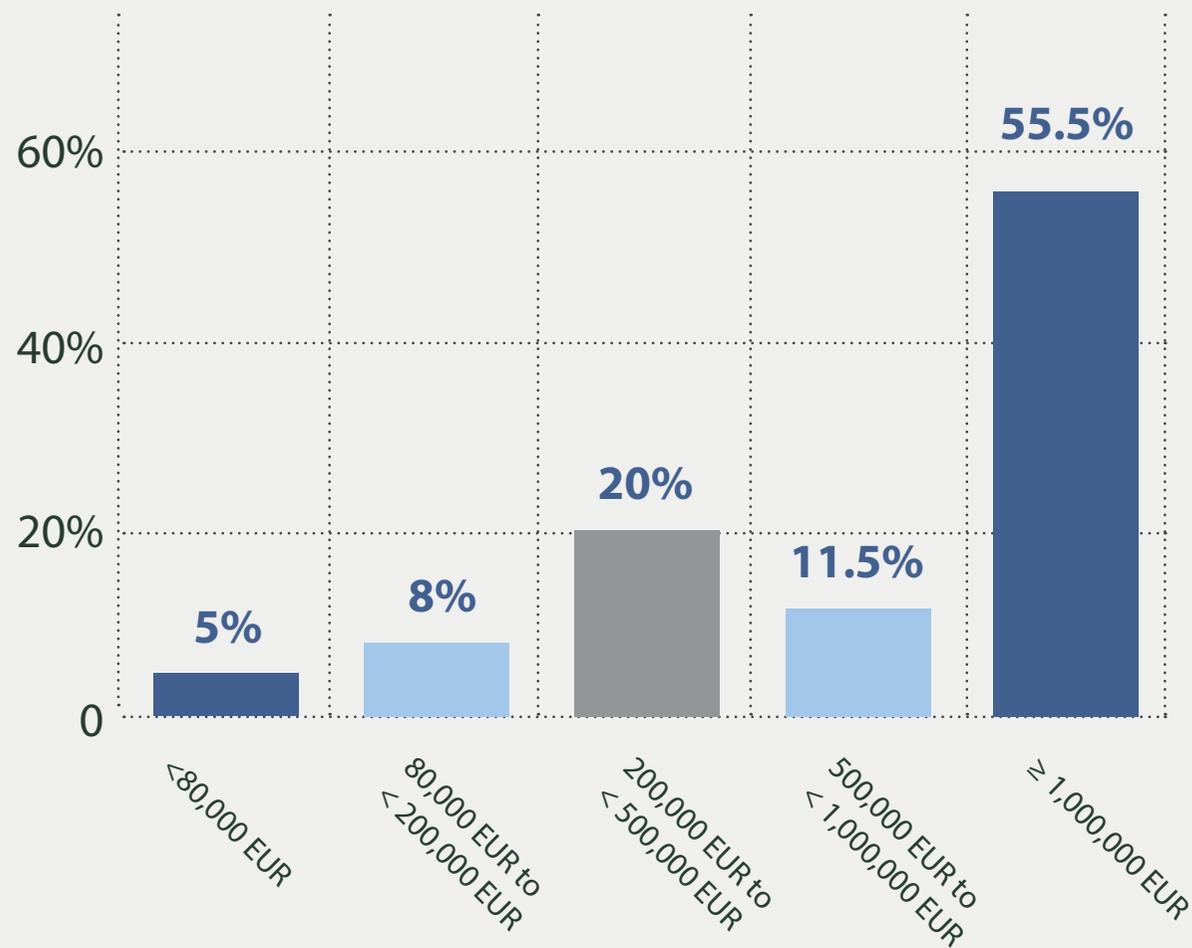
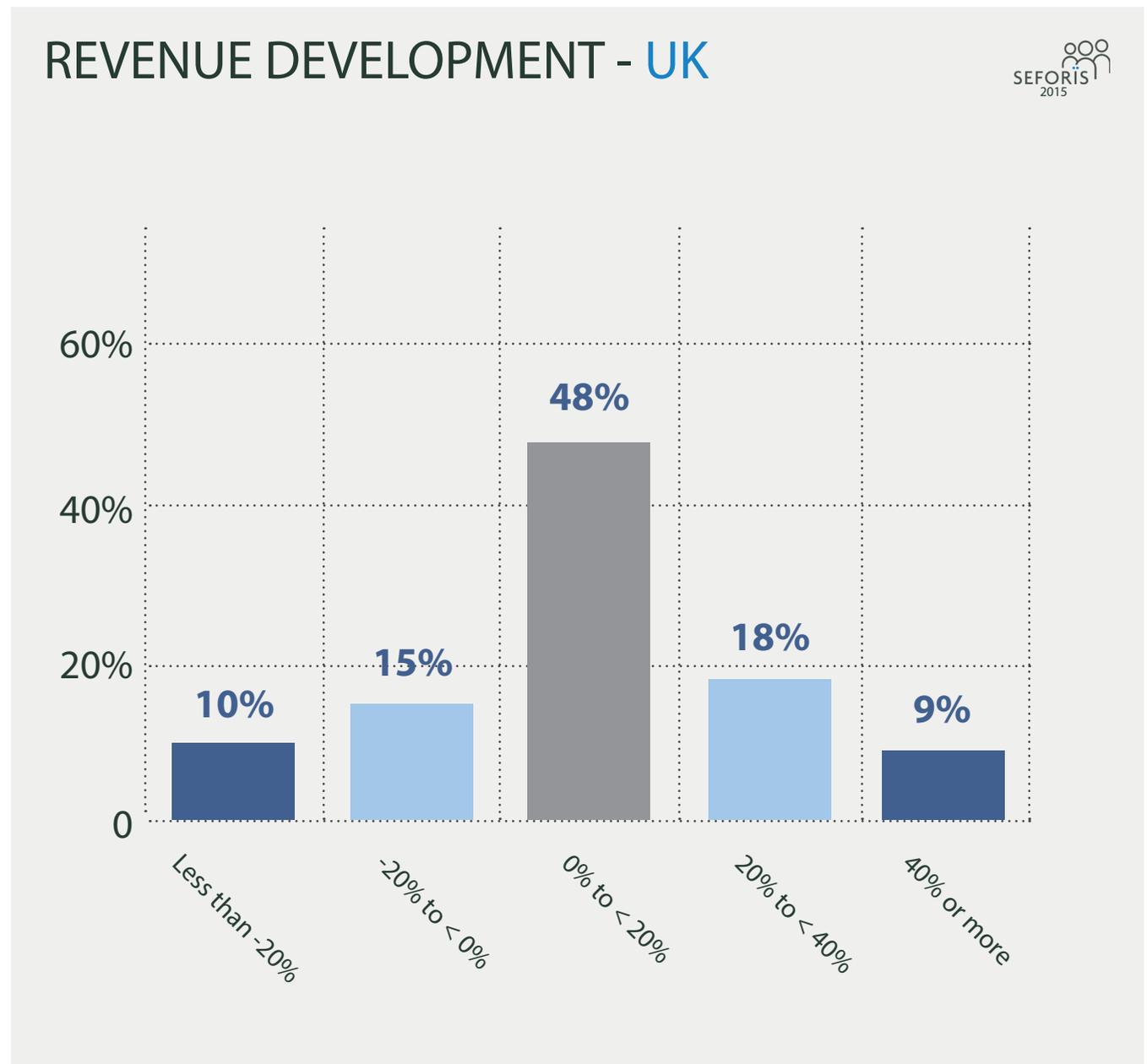


Figure 7a: Total Revenues (EUR) in 2014. Note: N=131. Figure shows percentage of social enterprises in each revenue category. The answers were given in EUR. Revenue categories were chosen taking into account revenue development across the entire sample of analysed countries. According to Eurostat, GDP per capita in the UK in 2014 was 35,000 EUR or 109% in PPS (percentage of EU28).

# 7. REVENUES (CONTINUED)

## Change in revenues (2013 to 2014)

The survey also allows for an analysis of the development of revenues relative to the previous year (i.e. 2013). The majority of UK social enterprises (75%) experienced stable or even growing revenues including 10% who experienced no change in revenues. Over a quarter (27%) of UK social enterprises can be characterized as high-growth with revenue growth of 20% or more. However, compared to the previous survey (SELUSI, 2009) a larger share (25%) of social enterprises has experienced a reduction in revenues.



**Figure 7b: Revenue Change from 2013 to 2014.** ►  
Note: N=130. Figure shows percentage of social enterprises in each category. Number of companies for which this question does not apply because they were founded after 2013 is equal to 2.

# 8. AGE AND LABOUR FORCE

## Organisational age distribution

In the on-line survey, we asked social entrepreneurs to indicate the year and the month when their organisation was formally established by registering with the appropriate government agency. The average age of the 135 UK social enterprises that responded to this question was 22 years. 20% of the organisations are 10 years old or younger. There are few very young social enterprises in our sample; this can be explained by the panel design of our survey where we repeatedly interview the same organisations.

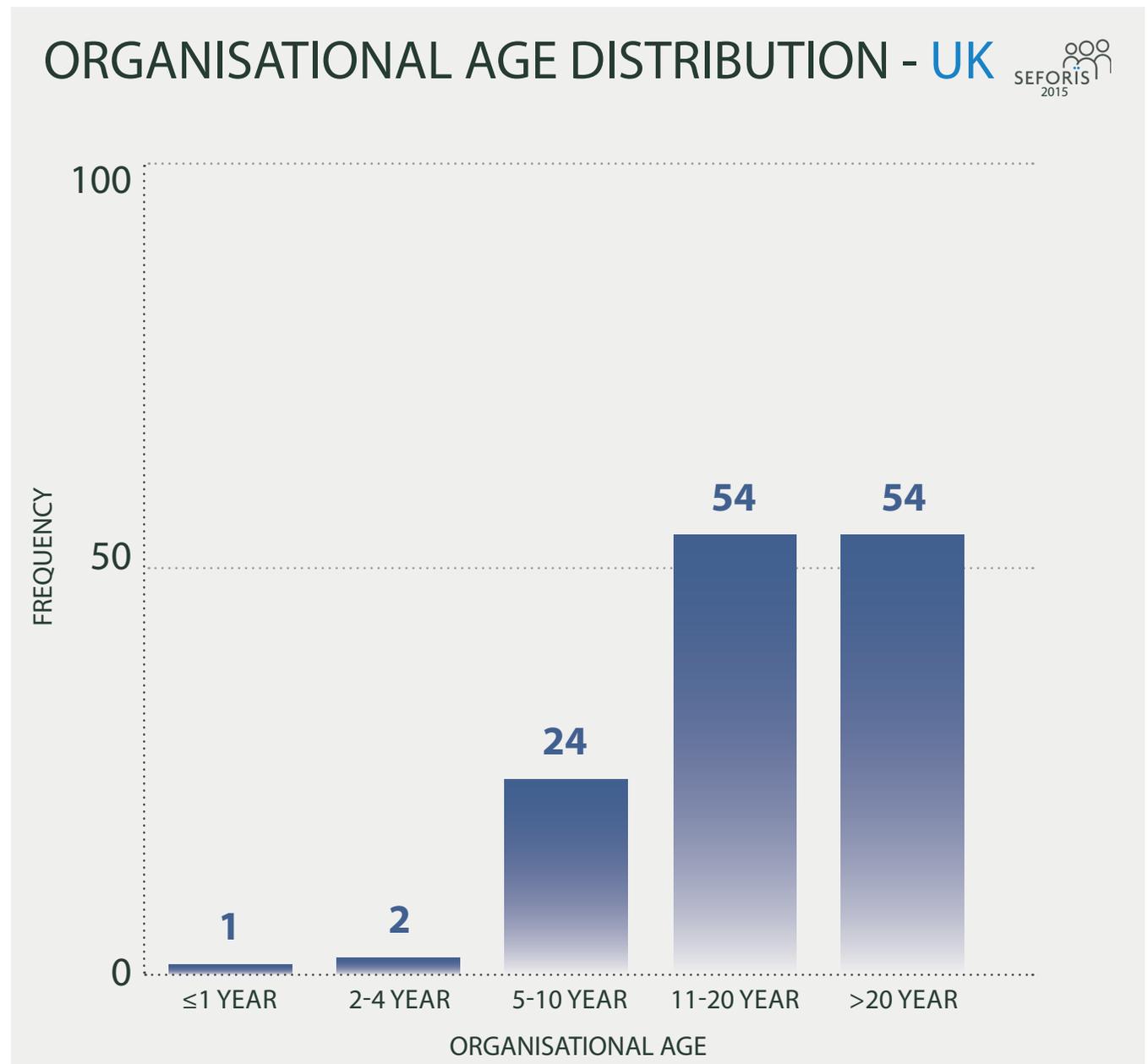


Figure 8a. Organisational Age ►  
Note: N=135.

# 8. AGE AND LABOUR FORCE (CONTINUED)

## Number of Full-Time Equivalentents (FTE)

Another more standard, but important measure we enquired about was the (i) number of fulltime equivalentents (not counting the owners) that currently work for the enterprise either as wage employees or subcontractors, and (ii) the number of volunteers that currently work for the enterprise.

We find that 35% of the enterprises interviewed employ less than 10 full-time equivalentents (FTEs). At the same time, 23% of the enterprises interviewed employed at least 50 FTEs. Since the previous survey in 2009 organisations have grown in terms of FTE. In 2009, 8% of enterprises employed between 50 and 249 FTE.

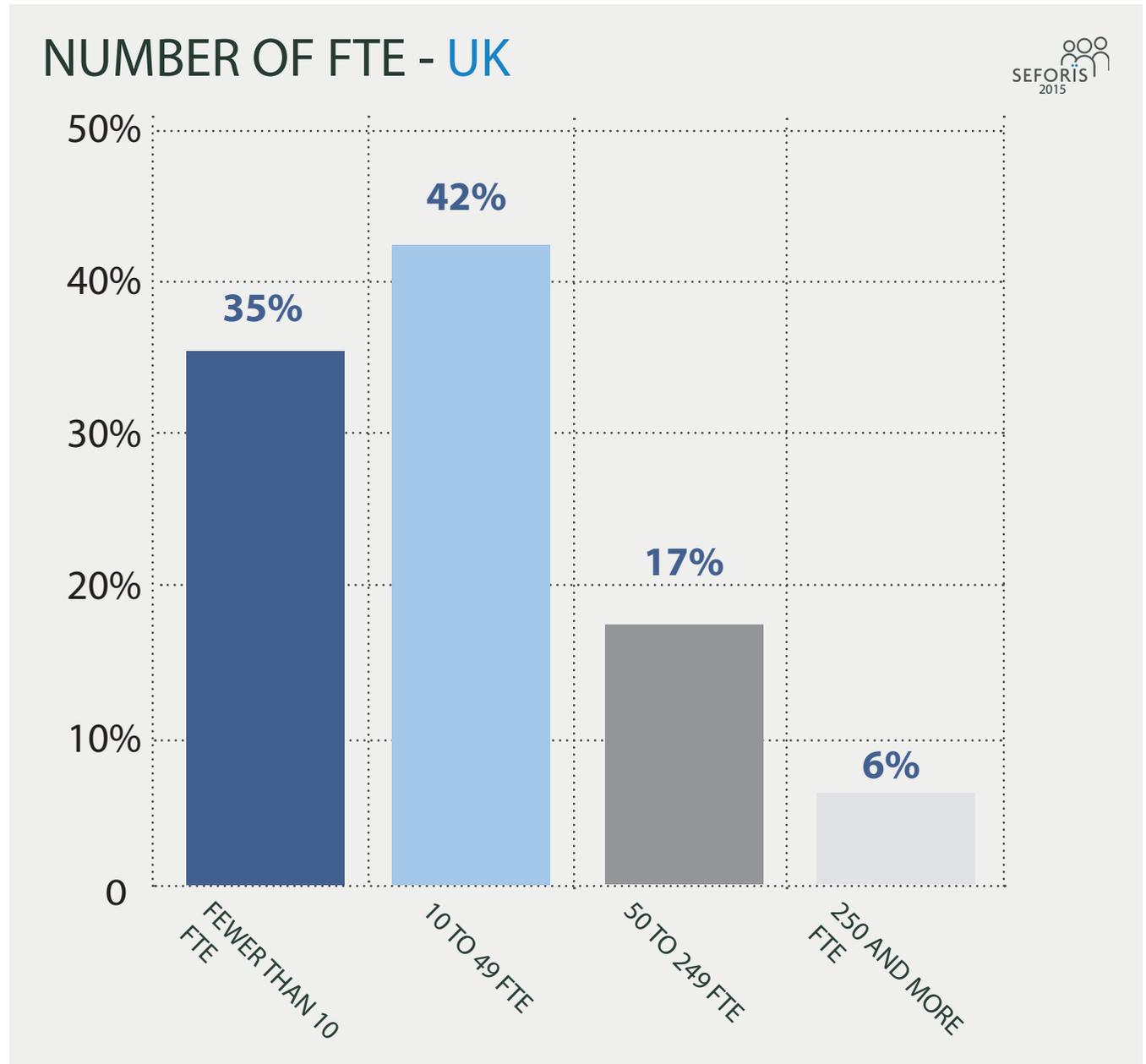


Figure 8b. Number of Full-time Equivalentents Employed (not including the owners). Note: N=128.

## 8. AGE AND LABOUR FORCE (CONTINUED)

### Number of volunteers

We also enquired after the number of volunteers across enterprises. Note that 40% of all enterprises interviewed did not work with volunteers. Compared to the previous survey in 2009 fewer organisations now work with volunteers. In 2009, 17% organisations did not work with volunteers at all.

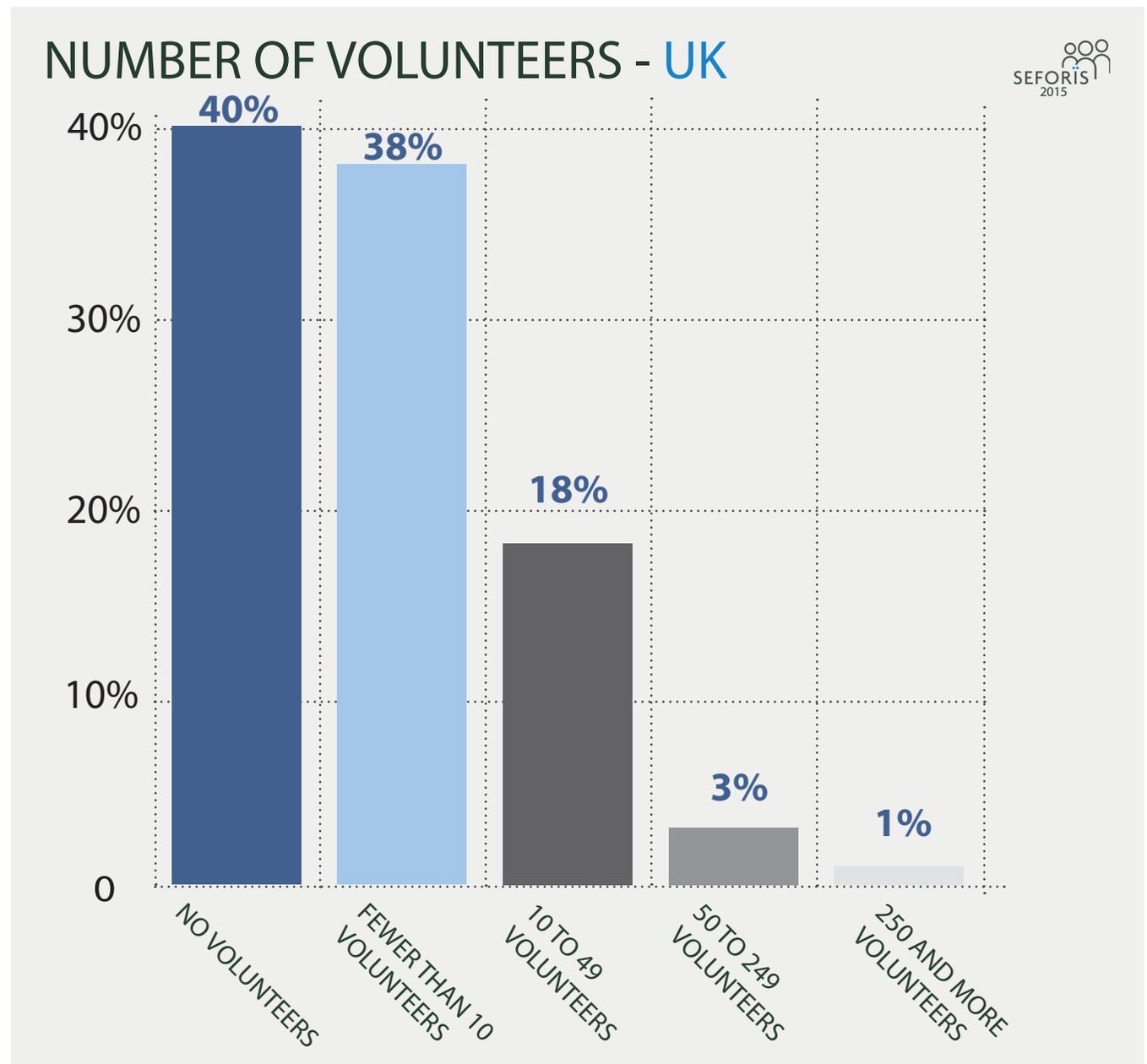


Figure 8c. Number of Volunteers Working at the Social Enterprise . Note: N=128. ▶

# 9. SOCIAL PERFORMANCE INDICATORS

62% of the enterprises interviewed uses one or multiple social performance indicators to track the social impact that they are making. We were interested in finding out what the most commonly used indicators to track social impact are. 23% of the organisations that said they use social performance indicators were tracking the number of people that they served. In addition, the quality of the delivered service measured by client's satisfaction and how many people the organisation empowered are also in the top 5 of social performance indicators. Economic indicators can be used as a social performance indicator as economic returns are an important way to sustain social impact.

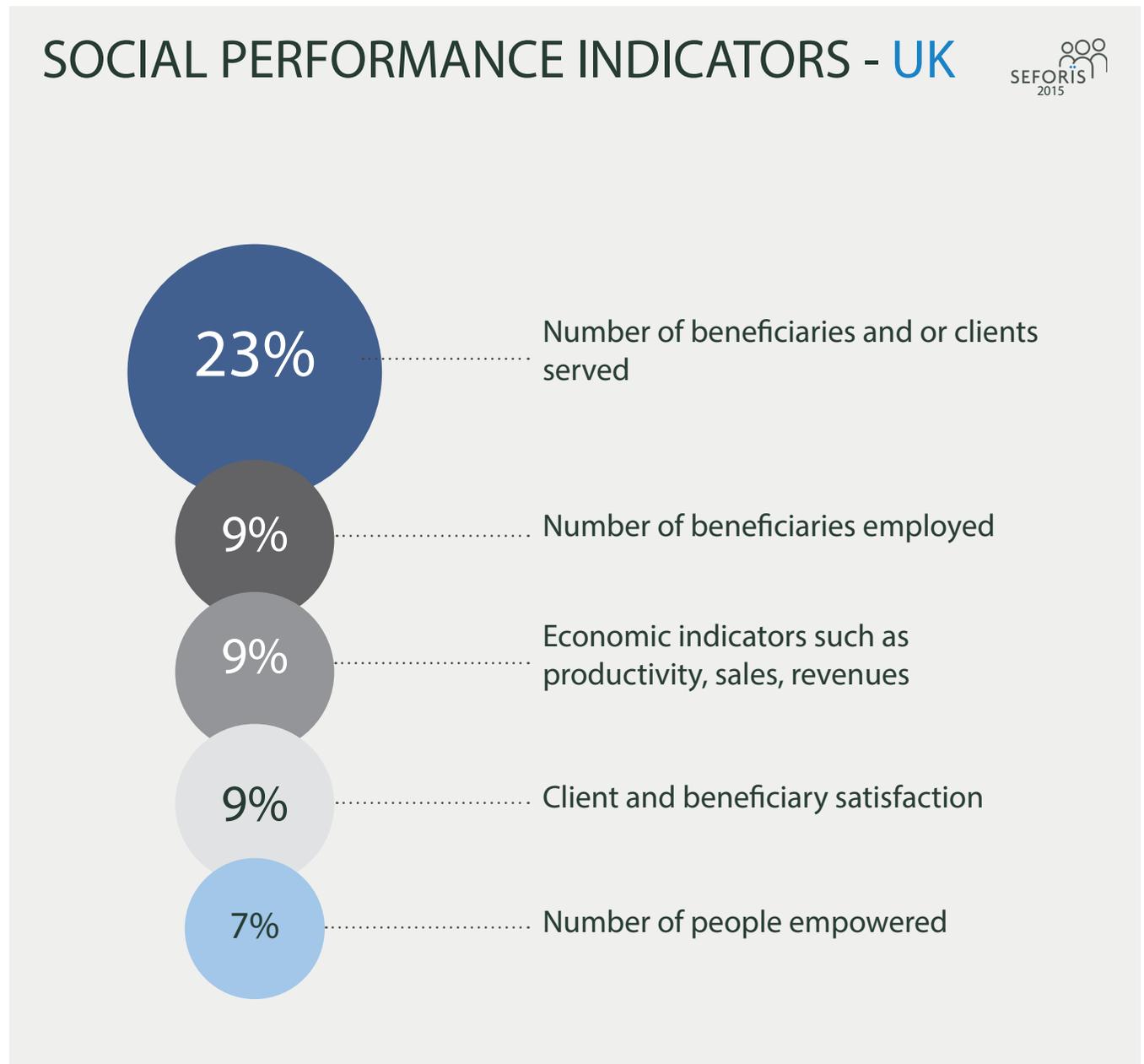


Figure 9. Top 5 most used social performance indicators. Note: N=84.

# CASE: JAMIE'S FARM

## CEO

Jamie Feilden

## MISSION

Jamie's Farm helps to transform the lives of vulnerable urban children at risk of social and academic exclusion. They provide a unique combination of 'farming, family and therapy' through a short stay residential and follow up programme." Jamie's Farm aims to re-engage children with educational life, and enable them to fulfil their potential both in school and the wider social setting.

## ZOOMING IN ON 'IMPACT/SOCIAL PERFORMANCE'

Jamie's Farm has an 'impact page' on their website, explaining in clear terms what their impact is. They make an effort at quantifying their impact in percentages. They report the % of pupils that report a significant improvement in self-esteem, for example. They also report on the quality of their interventions and how they result in positive social change.

“

*Our vision is to support 10% of our target group by 2020 and provide a sustainable and proven solution to the national problem of social and academic exclusion.* ”

- Jamie Feilden, CEO Jamie's Farm



# 10. INNOVATION

## New-to-market innovations

Another special focus area was innovation. For instance, we collected general data on 'how innovative' social enterprises were, using standardized questions from the European Community Innovation Surveys (available through Eurostat), and found that 82% of the interviewed social enterprises reported having introduced at least one new or significantly improved service, product and/or process to their organisation within the past year (i.e. 2014). Of those organisations that innovated, 69% are radical innovators; they introduced a product/service or process that was new to the market.

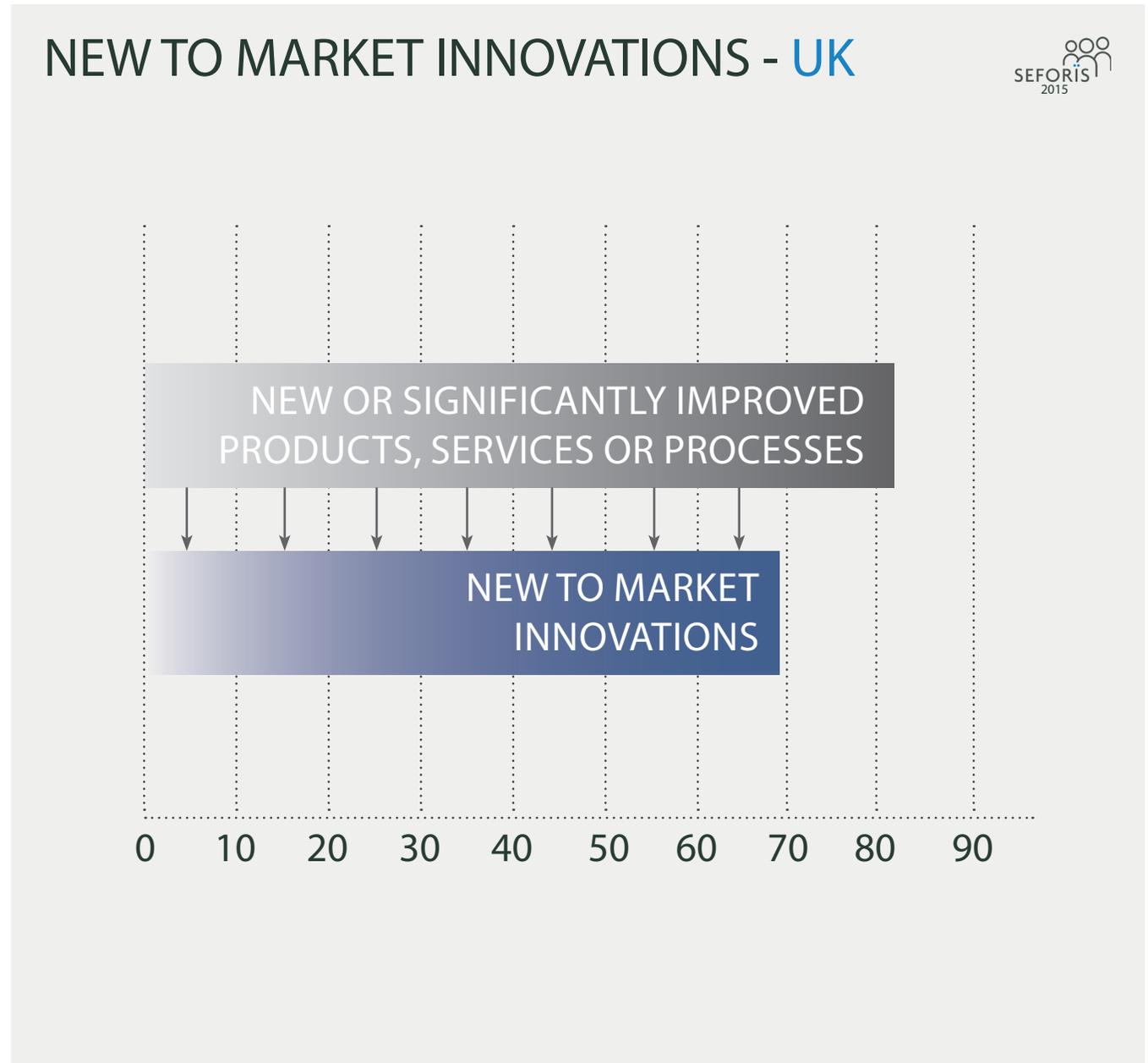


Figure 10a. Proportion of Social Enterprises that had introduced New-to-the Market Innovations during the past year. Note: N=135.

# 10. INNOVATION (CONTINUED)

## Innovation barriers

We also asked social entrepreneurs to report on any innovation barriers (see Methods Box E for more information) that they encountered in 2014, i.e. factors that led the organisation not to develop new or improved products/ services or processes. 90 organisations reported to have encountered barriers to innovation. Of those organisations 60% reported finance-related innovation barriers and 23% reported organisation-specific barriers.

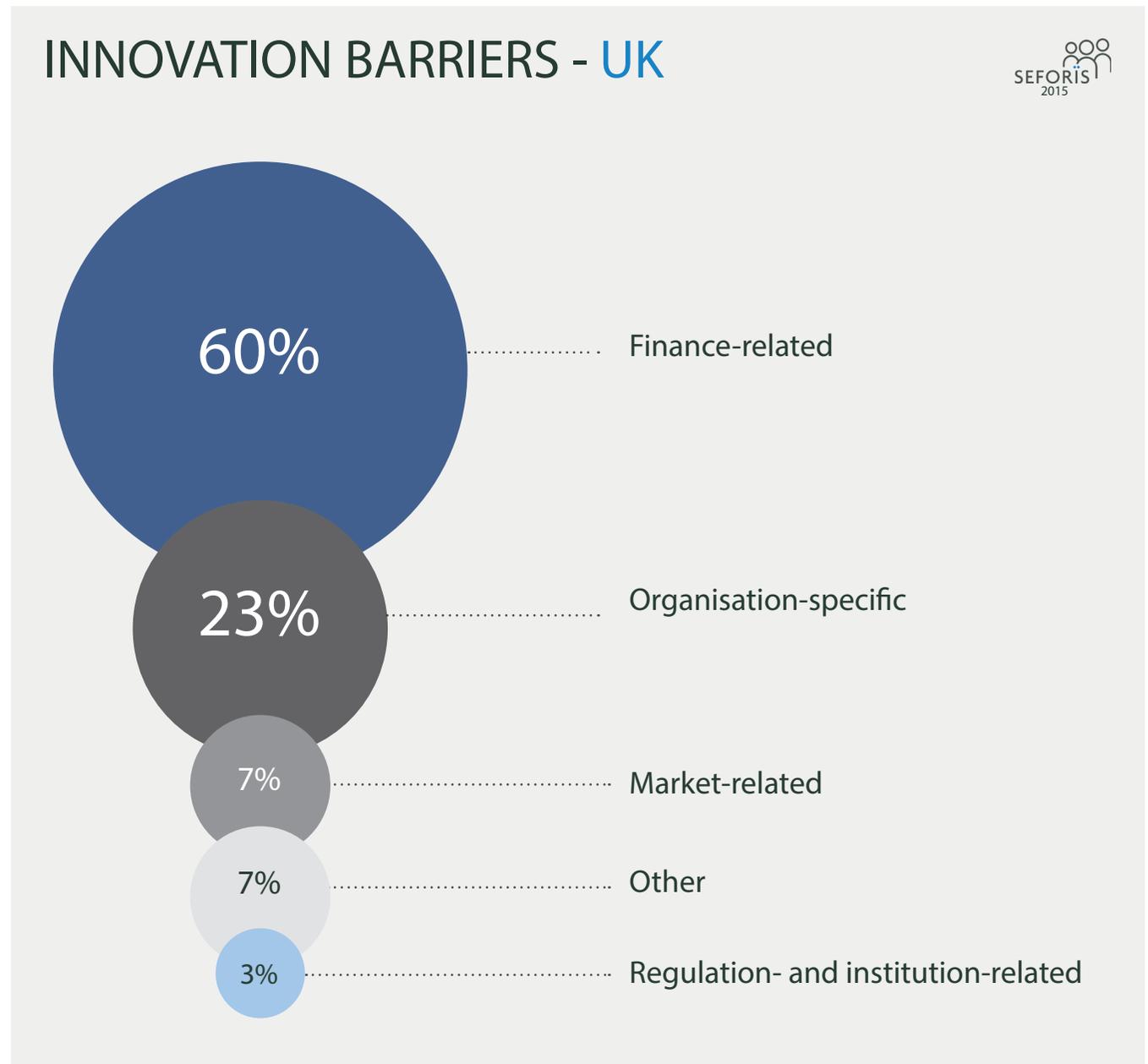


Figure 10b. Innovation barriers. Note: N=90. ▶ See Methods Box E for more information.

# METHODS BOX

# E

The barriers typically reported by commercial enterprises are more numerous and most frequently relate to the cost of innovation being too high, the economic return of an innovation being uncertain, and market-related barriers (D'Este, Iammarino, Savona & von Tunzelmann, 2008).

- 1 Finance-related barriers – reflect excessive economic risk that would be associated with pursuing an innovation, as well as the cost and/or lack of available financing for an innovation. This category also captures whether an innovation has not been pursued due to the ongoing economic crisis.
- 2 Organisation-specific barriers – reflect lack of time, lack of qualified personnel and/or lack of information on technology and/or markets to pursue innovation activities further.
- 3 Regulation- and institution-related barriers – reflect the fact that innovations were inhibited by the need to meet government and/or EU regulations and/or also the fact that social enterprises do not receive support from official institutions because these are not familiar with 'what a social enterprise is'.
- 4 Market-related barriers – reflect the fact that an innovation was not pursued because it was envisioned that it would not be accepted by the market, e.g. potential customers. Furthermore uncertain demand for an innovation as well as the dominance of another established organisation discouraged innovation activities of social enterprises.

# CASE: WORN AGAIN

## CEO

Cyndi Rhoades

## MISSION

Worn Again is developing a chemical textile-to-textile recycling technology that will enable the raw materials from end of use polyester and cotton clothes and textiles to be recaptured and returned into the supply chain as new, to be made into new textiles and clothes as part of a continuous cycle.

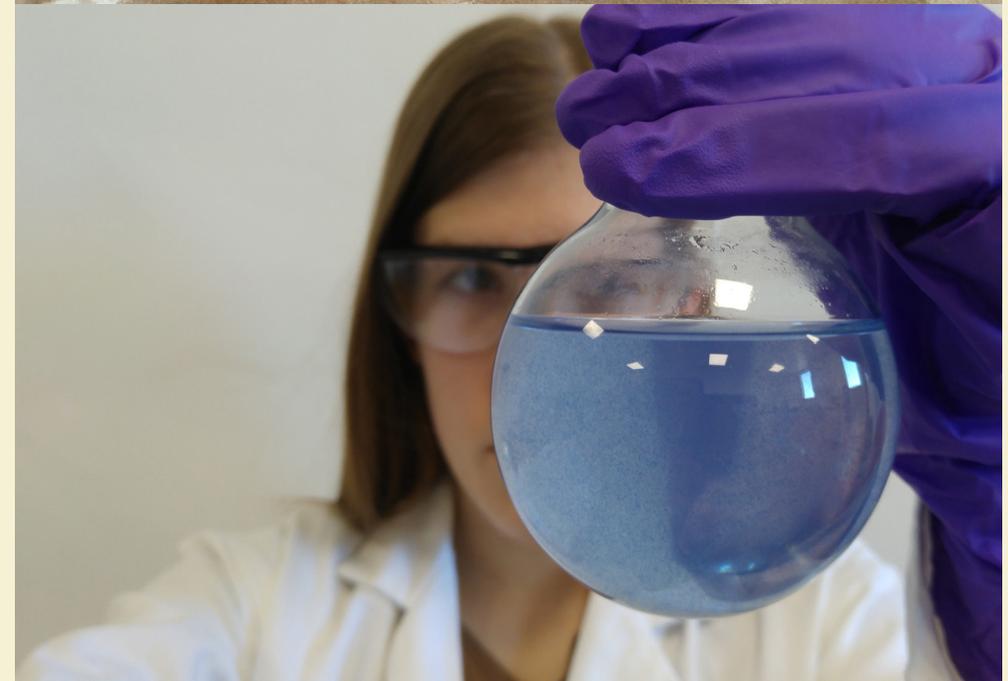
## ZOOMING IN ON 'INNOVATION'

Business as usual is not an option. Radical and transformative business models and attitudes are required to turn the problem of textile waste into an opportunity and solution.

“

*We are focused on research and development of a recycling textile technology. We want to find a solution to eradicate textile waste. A high percentage of textiles currently go to landfill or incineration. Our innovations will create new jobs in the future as well as new business models.* ”

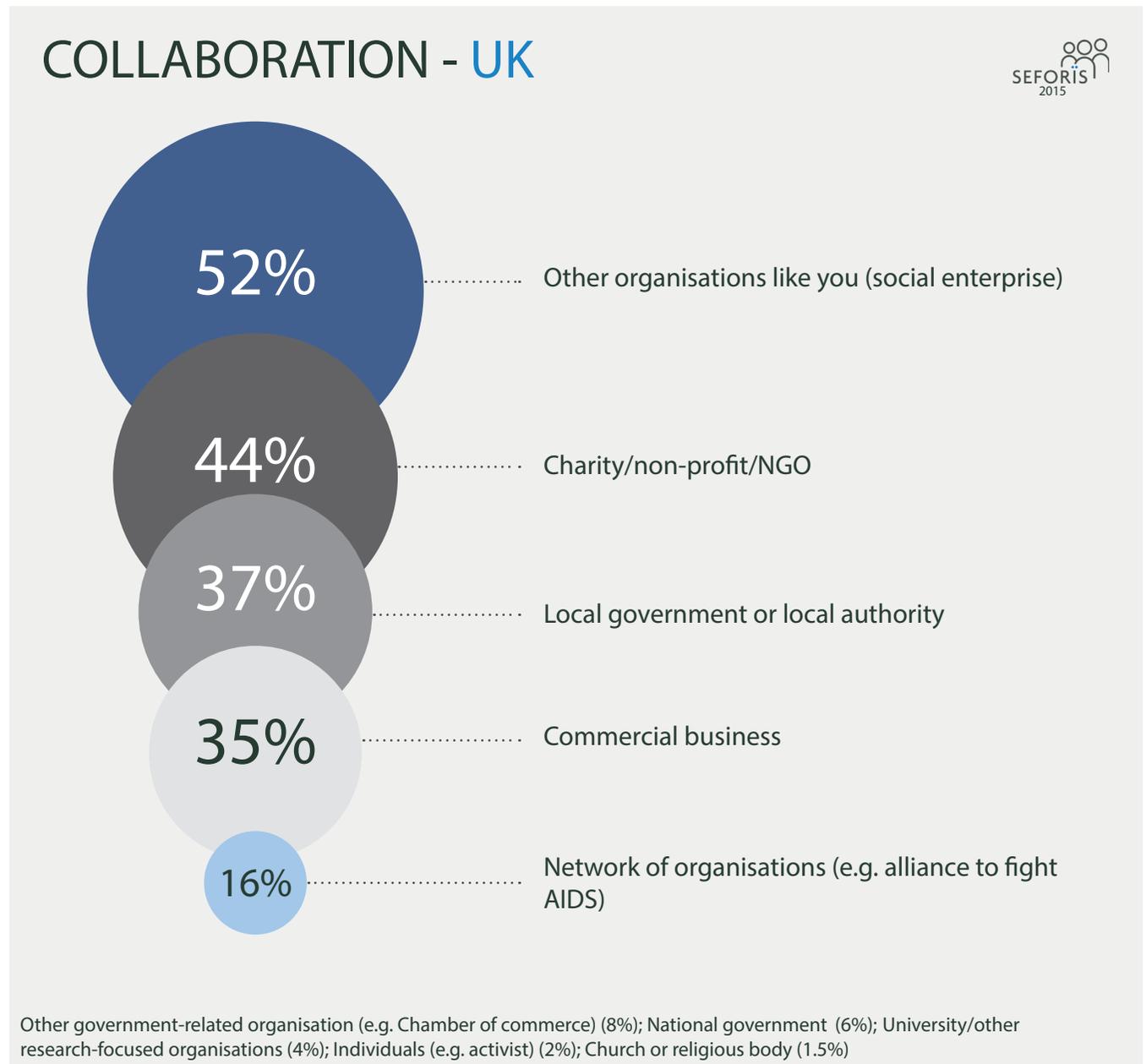
- Cyndi Rhoades, CEO Worn Again



# 11. COLLABORATION

## With whom do social enterprises collaborate?

We were interested in learning more about the collaborative nature of social enterprises. We asked social entrepreneurs if they collaborate with other organisations and what type of organisations these are. Over half (51%) of the interviewed organisations had engaged in 1-6 collaborations over the last 12 months (i.e. 2014). We also asked them who their collaborations partners were. Looking only at the 3 most important collaborations, we see that other social enterprises, charities, for-profit businesses and local government are the most common partners.



**Figure 11. Top 5 organisational types with whom Social Enterprises have collaborated at least once. Note: N=133.**

# 12. POLICY SUGGESTIONS

## Top 5 Policy Suggestions to UK Government

We asked all social enterprises about suggestions they may have for their country's policy makers to support social enterprises. We classified all policy suggestions into common categories, as well as selected quotes to illustrate the 5 most recurring policy suggestions for the UK government.

### Government promotion of social enterprises (52%)

*"Simplifying the accounting and the legal requirements to set up a social business. It is complicated and requires a lot of time and money."*

### Capital availability to social enterprise (11.5%)

*"Make more money available to regional parliaments for social enterprises and increase the funding level."*

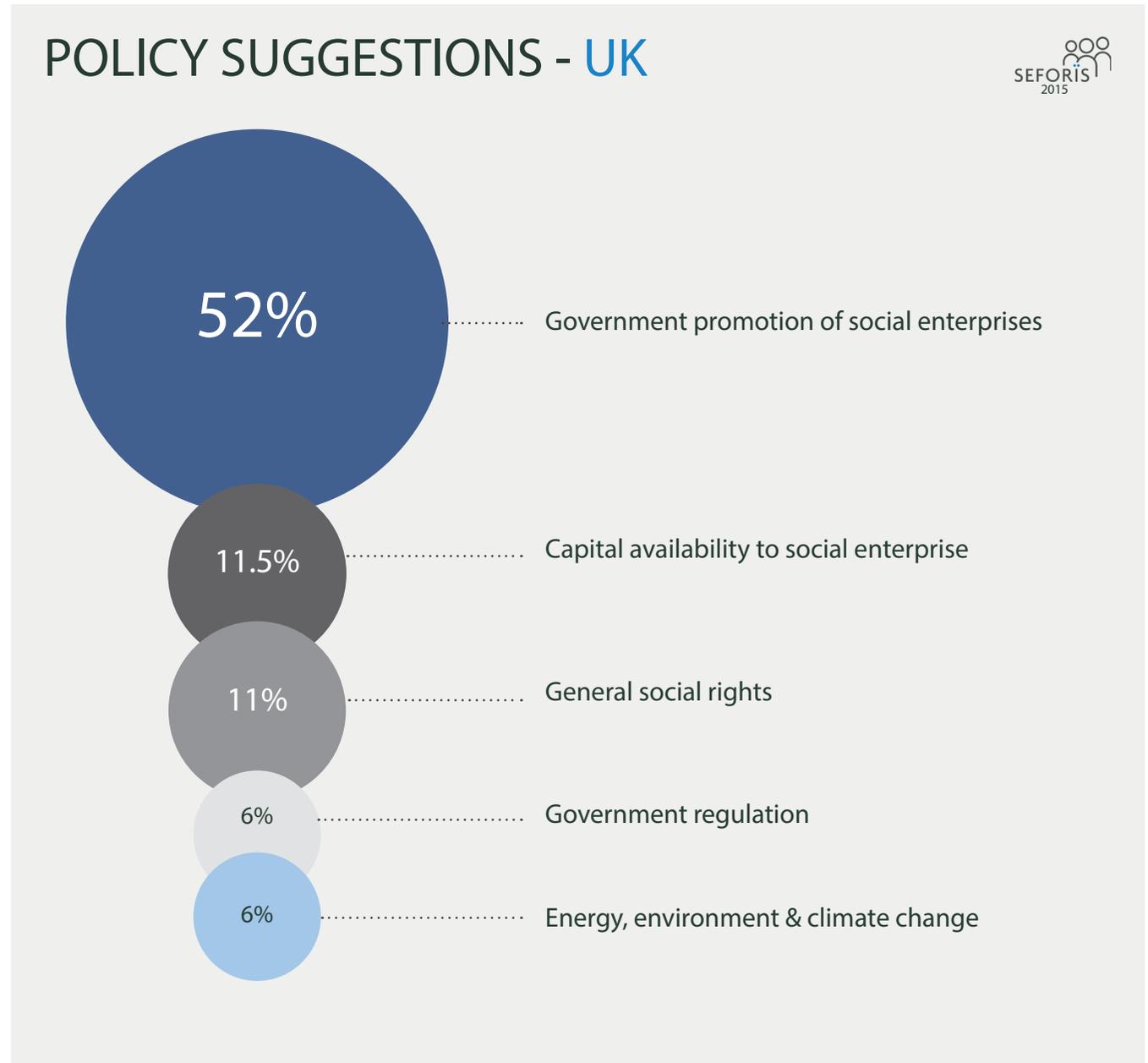


Figure 12. Overview of Policy Suggestions to UK Government. N=122. We adapted a typology of policies used by the European Commission: [http://ec.europa.eu/policies/index\\_en.htm](http://ec.europa.eu/policies/index_en.htm)

# 12. POLICY SUGGESTIONS (CONTINUED)

## General social rights (11%)

*“Change the strict benefit sanctions that the government brought in. They are really affecting young people, very badly and unfairly.”*

## Government regulation (6%)

*“To exempt social enterprises from corporation taxes and to encourage reinvestment of surpluses for social purposes.”*

## Energy, environment & climate change (6%)

*“Focus on renewable energy. The government has dropped many energy efficiency and renewable energy schemes and grants. We would like to see all these actions reversed. Also, the ECO policy has seen its targets stretched out to 2017 effectively reducing funding that is obtainable for contributing to these targets.”*

# A FEW CONCLUDING WORDS

*SEFORİS stands for “Social Entrepreneurship as a Force for more Inclusive and Innovative Societies”. It is a multi-disciplinary research programme, funded by the European Commission, that investigates the potential of social enterprise in the EU and beyond to enhance the inclusiveness of societies through greater stakeholder engagement, promotion of civic capitalism and changes to social service provision. SEFORİS combines insights from policy makers and social enterprise practitioners with cutting-edge academic research to build robust and novel evidence on social entrepreneurship. We develop theoretical frameworks for inclusion and innovation processes in context, employ novel experimentation with social enterprises, build a unique international database of in-depth case studies, and test and validate conclusions using robust longitudinal survey data. To find out more, latest news, reports, publications and upcoming events go to [www.seforis.eu](http://www.seforis.eu).*



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