SOCIAL ENTREPRISES: DEFINITIONS AND BOUNDARIES

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Abstract

Many concepts, such as social entrepreneurship, social entrepreneurs, social enterprises, are used to describe a field of research that have only recently come into official or common use. However, those terms are emerging, ill defined and often used without any nuance on their specific meaning, probably because it is not a tidy concept so far. The need to define and draw boundaries should be pursue. The presentation of this conceptual paper will focus on definitions and boundaries of social enterprise and related concepts. The paper will be an attempt to reduce the fuzziness nature regarding social enterprise on some specific dimensions and to help academics and government officials understanding the concept for policy purpose.

Themes: social enterprise, social entrepreneurship
Introduction

Entrepreneurship is a relevant and important field of research (Shane and Venkataraman, 2000). Social entrepreneurship is a particular form of entrepreneurship (Henton, Melville and Walesh, 1997). With the always present or growing social problems and social needs over the last hundred years, it is normal to find a lot of examples of social enterprises in different part of the world (Christie and Honig, 2006; Fulton and Dees, 2006; Mair and Marti, 2004).

However, many concepts, such as social economy, social enterprise, social entrepreneurship or social entrepreneur are used to describe a field of research that have only recently come into official or common use (Borzaga and Defourny, 2001; Christie and Honig, 2006). A review of the rapidly expanding literature on those topics suggests that definitions of each of these terms are still being developed and are by no means agreed upon (Certo and Miller, 2008). Martin and Osberg (2007, p.30) conclude that “social entrepreneurship has become so inclusive that it now has an immense tent into which all manner of socially beneficial activities fit”. Fontan, Allard, Bertrand-Dansereau and Demers (2007) and Defourny and Nyssens (2008) underline the difference in the development of the terminology and its clarity. In the United States, it has its own identity and is influenced by large private foundations. In the United Kingdom, the state is at the forefront of its development and identity. In Europe, it is more about social economy and cooperatives.

Thus those terms are emerging, ill defined (Barendsen and Gardner, 2004; Weerawardena and Sullivan Mort, 2006) and often used without any nuance on their specific meaning, probably because they are not tidy concepts so far (Peredo and McLean, 2006). Even if “a consensus over the boundaries of social entrepreneurship remains elusive” (Nicholls, 2006, p.7), “the need to draw boundaries so as to delimit scope and clarify whether it really is an independent field of research, and the need to identify the different level of analysis, disciplines and literatures” (Mair and Marti, 2006, p.42) should be pursued. Being able to outline a consensus on the definition and key
elements of the contract is recognized as a valuable research exercise (Certo and Miller, 2008). Hopefully this research will contribute to the field: “One of the biggest concerns in identifying a new field is the issue of definition” (Christie and Honig, 2006, p.1); “Establishing concrete definitions will help overcome the vagueness of the concept of social entrepreneurship, which places obstacles on research in the area” (Certo and Miller, 2008, p.269).

After clarifying the definition and boundaries of social entrepreneurship during the 2009 ANSER/ARES (Association for Nonprofit and Social Economy Research / Association de recherche des organismes sans but lucratif et de l’économie sociale) conference (Brouard and Larivet, 2009) and social entrepreneur during the 2010 ANSER/ARES conference (Brouard and Larivet, 2010), the main research objective of the present study is to repeat a similar study focusing on social enterprise.

Our methodology was to perform an extensive, but not exhaustive, literature review to find various definitions of the three concepts, social enterprise, social entrepreneur or social entrepreneurship. It is similar to Bacq and Janssen’s (2008a, 2008b) methodology. Our focus was only on English-speaking literature to avoid translation problems. From the exact definitions of various authors for each concept, we examine them to be able to outline the primary and secondary characteristics of the concept studied and to come up with a definition for the concept. The difference between primary and secondary characteristics depends on the general agreement in the literature of the mandatory/non-mandatory character of a specific characteristic.

Based on a literature review and analysis of various existing definitions, this conceptual paper focuses on definitions and boundaries of social entreprise. In the first section, the concept of social entreprise will be positioned in relation to connected concepts, such as social economy, social entrepreneurs, and social entrepreneurship. Then, in the second section, the exact definitions of various authors will be examined in order to list and rank the different characteristics of a social entreprise and to come up with a new definition.
Positioning of related concepts

To help setting boundaries for social entreprise, we take, as an initial step, a wider and more global perspective to position some related concepts, namely social economy, social enterprise, social entrepreneurship and social entrepreneur. Social entrepreneur occupies a privileged place in the social enterprise, which is part of the social economy and beyond. Inspired by Painter (2006), Figure 1 positions the concepts by distinguishing three main groupings (located on the left side, in the center and on the right side).

The left side of Figure 1 distinguishes four large sectors: public sector and private sector in the extreme, and NGOs (Non Governmental Organizations) and social economy in the middle (Painter, 2006). Public sector refers to “federal, provincial, territorial and local governments, government organizations, government partnerships, and school boards” (CICA, nd, Introduction.03). From the nature of their activities, many public sector organizations have a social mission and could be considered social enterprises. Private sector includes organizations with a profit objective. Other NGOs could include, for example, organizations like unions or churches.

The social economy “is a fairly new label for a diverse and evolving combination of non-governmental organizations (NGOs) that have been producing and delivering goods and services in communities across Canada and around the world for well over a century” (Painter, 2006, p.30). Favreau (2006) proposes a typology of three families of social economy organizations, such as associations, co-operatives and mutuals. For a better understanding of the diversity, we could examine the various types of organizations (in the center of Figure 1). We find government organizations, like state-owned firm and agencies, near-government organizations, like hospitals, universities and colleges. For Smallbone, Evans, Ekanem and Butters (2001, p.15) “the social economy is essentially a collection of social enterprises”. Non-profit organizations are seen as the first and foremost legal form of social enterprises (Valéau, Cimper and
Filion, 2004). A non-profit organization (NPO) is “an organization, usually formed for social, philanthropic or similar purposes, in which there is normally no transferable ownership interest and that does not carry on business with a view to distribution or use of any profits for the pecuniary gain of its members” (CICA, 1992, p.143). A for-profit organization is the opposite of non-profit organization. Hybrid organizations have characteristics of non-profit and for-profit organizations. They could aim for philanthropic or commercial goals, like a co-operative to sells foods.

The right side of Figure 1 distinguishes social enterprises and social entrepreneurs /social entrepreneurship. Social entrepreneur could be viewed as individual who are “leaders in the field of social change, and can be found in the private, public and not-for-profit sectors. These social innovators combine an entrepreneurial spirit with a concern for the ‘social’ bottom line, as well as the economic one, recognizing that strong, vibrant communities are a critical factor in sustaining economic growth and development” (CCSE, 2001, p.2). Social enterprises could be viewed as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners” (DTI, 2002, p.13). “The meaning of ‘social enterprise’ potentially covers everything from not-for-profit organizations, through charities and foundations to cooperative and mutual societies” (Harding, 2004, p.40). For social enterprises, their mission could be common interest or public service objectives (Painter, 2006). A soup kitchen or organizations providing training to individuals that need help securing employment are examples of public service. A local sports association for kids and a forestry workers co-operatives are examples of organizations focused on common interest.

In contrast with Nicholls’ (2006) interpretation of Dees (1998, 2001) and Alter (2006) works, we don’t consider social enterprises as a subset of social entrepreneurship, but social entrepreneurship as a subset of social enterprises. Our argument is that social enterprise doesn’t necessarily include the entrepreneurship component. An example
could be a recreational hockey club for kids. In that regard, we agree with the conclusions by EMES research network (Defourny and Nyssens, 2006).

To summarize the positions of those related concepts, Defourny and Nyssens (2008, p.4) provide the following comment: “simplifying a little, one could say that social entrepreneurship was seen as the process through which social entrepreneurs created social enterprises”, but not all social enterprise. Maybe it is too much simplification. Because each concept, social enterprise, social entrepreneur or social entreneurship, are often viewed in the literature as encompassing so many different sorts of organizations or individuals, it is essential to develop a definition for each concept that emphasises the major characteristics recognized in the world today. Clarifying the relationships between the concepts would also be useful. This will help move the field of social entrepreneurship forward. However, the present study focuses only on the social entreprise concept leaving the other concepts for other research projects in our research program.
Analysis of existing definitions and characteristics of social enterprises

In this section, we analyze different definitions of social enterprises, cited in the literature (see Table 1). Fontan, Allard, Bertrand-Dansereau and Demers (2007) underline the presence of the social enterprise concept in Europe and America, without necessarily corresponding to the same reality but with similar aims. It is with those aims in mind that we will try to identify the main characteristics of social enterprises. From a cross-country perspective, it is possible to identify some economic and social elements that help understand some key characteristics of social enterprises (Babos, Clarence and Noya, 2007; OECD – LEED Programme, n.d.). Social enterprises have developed over the years in response to social needs. Sometimes viewed as a compromise between the market, the State and civil society (Babos, Clarence and Noya, 2007; Nicholls 2006), social enterprises are associated with the social economy, the third sector, and the non-profit sector.

Even if the legal form is convenient and used in many countries to identify the social enterprises, it varies across different contexts and is arbitrary (Defourny and Nyssens, 2006). Therefore the legal form is not considered a primary characteristic for our definition.

Table 1 – Definitions of Social Enterprise

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Definitions of social enterprise</th>
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<tbody>
<tr>
<td>REDF</td>
<td>1996</td>
<td>“A revenue generating venture to create economic opportunities for very low income individuals, while simultaneously operating with reference to the financial bottom-line” (in Alter, 2006, p.4)</td>
</tr>
<tr>
<td>OECD</td>
<td>1999</td>
<td>“Any private activity conducted in the public interest, organised with an entrepreneurial strategy but whose purpose is not the maximisation of profit but attainment of certain economic and social goals, and which has a capacity of bringing innovative solutions to the problems of social exclusion and unemployment” (p.10)</td>
</tr>
<tr>
<td>Bates, Wells and Braithwaite and Social Enterprise London</td>
<td>2001</td>
<td>“Put simply it is about trading with a social purpose, using business tools and techniques to achieve explicitly social aims. [...] A social enterprise is not defined by its legal status but by its nature: what it does that is social, the basis on which that social mission is embedded in a form of social ownership and governance and the way that it uses the profits it generated through its trading activities.” (p.1)</td>
</tr>
</tbody>
</table>
| CONSCISE Project                 | 2001 | “Social enterprises are not-for-profit organisations, which seek to meet social aims by engaging in economic and trading activities. They have legal structure, which ensure that all assets and accumulated wealth are not in the ownership of individuals but are held in trust and for the benefit of those persons and/or areas who are the intended beneficiaries. They have organisational structures in which full participation of members is encouraged on a co-operative basis with equal rights accorded to all members. They also encourage mutual co-operation with other
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<tr>
<th>Author(s)</th>
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<tr>
<td>Smallbone, Evans, Ekanem and Butters</td>
<td>2001</td>
<td>“Competitive businesses, owned and trading for a social purpose” (p.13)</td>
</tr>
<tr>
<td>Social Enterprise Knowledge Network – Harvard Business School</td>
<td>2001</td>
<td>“A social enterprise is any kind of enterprise and undertaking, encompassed by nonprofit organization, for profit companies or public sector businesses engaged in activities of significant social value or in the production of goods and services with a embedded social purpose” (in Fontan et al., 2007, p.23)</td>
</tr>
<tr>
<td>Bibby</td>
<td>2002</td>
<td>“Social enterprise - An organization that is equally committed to generating economic, social and environmental profit – known as ‘multiple bottom lines’ – and is geared towards creating meaningful and lasting change within the community.” (p.38)</td>
</tr>
<tr>
<td>DTI</td>
<td>2002</td>
<td>“A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners” (p.13)</td>
</tr>
<tr>
<td>Gray, Healy and Crofts</td>
<td>2003</td>
<td>“Social enterprise refers to a broad set of approaches that use business acumen to address social goals.” (p.141)</td>
</tr>
<tr>
<td>Paton</td>
<td>2003</td>
<td>“Most simply, an organisation where people have to be business-like, but are not in it for the money. Defined in this way, social enterprise is a generic term encompassing many very different sorts of organizations (just as private enterprise does).” (p.x)</td>
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<tr>
<td>Pearce</td>
<td>2003</td>
<td>“Defines social enterprises as those which are: not-for-profit organisations; seek to meet social aims by engaging in economic and trading activities; have legal structures, which ensure that all assets and accumulated wealth are not in the ownership of individuals but are held in trust and for the benefit of those persons and/or the areas that are the intended beneficiaries of the enterprise’s social aims; have organisational structures in which full participation of members is encouraged on a co-operative basis with equal rights accorded to all members’. &quot; (p. 32 in Hare, Jones and Blackedge, 2007, p.114)</td>
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<tr>
<td>Alter</td>
<td>2006</td>
<td>“A social enterprise is any business venture created for a social purpose—mitigating/reducing a social problem or a market failure—and to generate social value while operating with the financial discipline, innovation and determination of a private sector business.” (p.5)</td>
</tr>
<tr>
<td>Crossan, Bell and Ibbotson</td>
<td>2004</td>
<td>“Social enterprises are organisations that are driven by a social mission, aims and objectives, that have adopted an economic business model to achieve their social aims” (p.7)</td>
</tr>
<tr>
<td>Dart</td>
<td>2004</td>
<td>“Social enterprise is considered synonymous with organizations becoming more market driven, client driven, self-sufficient, commercial, or businesslike.” (p.414)</td>
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<tr>
<td>Harding</td>
<td>2004</td>
<td>“Social enterprise potentially covers everything from not-for-profit organizations, through charities and foundations to cooperative and mutual societies&quot;</td>
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<tr>
<td>Haugh and Tracey</td>
<td>2004</td>
<td>“A business that trade for a social purpose” (in Defourny and Nyssens, 2008b, p.13)</td>
</tr>
<tr>
<td>Fondation Muttart - Shelley Williams</td>
<td>2005</td>
<td>“A venture/business activity within a non-profit organization providing financial and/or social benefits that further the mission” (in Fontan et al., 2007, p.24)</td>
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</tbody>
</table>
| Desa and Kotha                                | 2006 | “TSVs [technology social ventures]…develop and deploy technology-driven solutions to address social needs in a
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<tr>
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<tbody>
<tr>
<td>Defourny and Nyssens – EMES Network</td>
<td>2006</td>
<td>“Organizations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. Social enterprises also place a high value on the autonomy and on economic risk-taking related to ongoing socio-economic activity.” (p.5)</td>
</tr>
<tr>
<td>Gould</td>
<td>2006</td>
<td>“A social enterprise is a business dedicated to a social mission, or earning a profit for the financial furtherance of a social mission, although these are likely not the sole reasons for existence.” (p.5)</td>
</tr>
<tr>
<td>Haugh</td>
<td>2006</td>
<td>“Social enterprise is a collective term for a range of organizations that trade for a social purpose. They adopt one of a variety of different legal formats but have in common the principles of pursuing business-led solutions to achieve social aims, and the reinvestment of surplus for community benefit. Their objectives focus on socially desired, non financial goals and their outcomes are the non financial measures of the implied demand for and supply of services.”</td>
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<tr>
<td>Hockerts</td>
<td>2006</td>
<td>“Social purpose business ventures are hybrid enterprises straddling the boundary between the for-profit business world and social mission-driven public and nonprofit organizations. Thus they do not fit completely in either sphere.”</td>
</tr>
<tr>
<td>Office of the Third Sector (UK)</td>
<td>2006</td>
<td>“A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners” (p.10)</td>
</tr>
<tr>
<td>Thompson and Doherty</td>
<td>2006</td>
<td>“Social enterprises – defined simply – are organisations seeking business solutions to social problems. They need to be distinguished from other socially-oriented organisations and initiatives that bring (sometimes significant) benefits to communities but which are not wanting or seeking to be ‘businesses’. ” (p.362)</td>
</tr>
<tr>
<td>Babos, Clareence and Noya</td>
<td>2007</td>
<td>“Social enterprises typically engage in delivery of social services and work integration services for disadvantaged groups, as well as community services, including in the educational, cultural and environmental fields, in both urban and rural areas.” (p.5)</td>
</tr>
<tr>
<td>Cochran</td>
<td>2007</td>
<td>“Social enterprises are enterprises devoted to solving social problems. The reason for their existence is not to maximize return to shareholders, but to make a positive social impact” (p.451)</td>
</tr>
<tr>
<td>Office of the Third Sector (UK)</td>
<td>2007</td>
<td>“Social enterprises are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community. Social enterprise is not just ‘business with a conscience’. It is about actively delivering change, often tackling entrenched social and environmental challenges.” (p.2)</td>
</tr>
<tr>
<td>Institute for social entrepreneurs</td>
<td>nd</td>
<td>“Social enterprise: Any organization, in any sector, that uses earned income strategies to pursue a double or triple bottom line, either alone (as a social sector business) or as part of a mixed revenue stream that includes charitable contributions and public sector subsidies.” (p.1)</td>
</tr>
</tbody>
</table>
Primary characteristics of Social enterprises (SE_PRISE) are:

(A1) SE_PRISE are defined as enterprises, organizations or projects

(A2) SE_PRISE have a social mission which is central to addressing social needs/problems

(A3) SE_PRISE assets and wealth are used to create community benefit

(A4) SE_PRISE have various degree of positive social transformation

(A5) SE_PRISE have various degree of innovation

(A6) SE_PRISE have various degree of financial self-sufficiency

(A7) SE_PRISE take a wide variety of legal forms

Secondary characteristics of Social enterprises (SE_PRISE) are:

(A8) SE_PRISE may use business approaches, tools, and techniques

(A9) SE_PRISE may rely on a diverse mix of resource streams

(A10) SE_PRISE may be engaged in goods and services in a market place (earned income strategies and economic business model)

(A11) SE_PRISE may be market driven and client driven

(A12) SE_PRISE may be a competitive business

(A13) SE_PRISE may have risk taking behavior

(A14) SE_PRISE may have a double or triple bottom line paradigm

(A15) SE_PRISE surplus are principally reinvested for the social purpose

(A16) SE_PRISE may have rules prohibiting or limiting distribution of surpluses among members

(A17) SE_PRISE may be the result of an initiative by a community

(A18) SE_PRISE may have complex and democratic governance arrangements

(A19) SE_PRISE may be seen as accountable to both its members and a wider community
Building upon these definitions for the purposes of this work, the authors define *social enterprises as organizations which pursue social missions or purposes that operate to create community benefit regardless of ownership or legal structure and with various degrees of financial self-sufficiency, innovation and social transformation*.

**Conclusion**

Based on a literature review and analysis of various definitions, the objective of this paper was to analyze and present the main characteristics of social entreprise concept and to provide a definition, after having positioned the concept among other related concepts. Hopefully this research will contribute to the field by providing primary and secondary characteristics and by establishing a concrete definition which could overcome the vagueness of a variety of definitions. It will be useful for academics in their research and their teaching, for practitioners and policy makers in their decisions by offering a better understanding of the different characteristics. Clarifying the relationships between connected concepts would also be useful. This will help move the field of social entrepreneurship forward.

A limit of our work was to concentrate on English-speaking literature to avoid translation problems. Future research could include other definitions from different languages literature. Assessing our classification of primary and secondary characteristics and our definition could also be an interesting piece of work. Finally, future research could also look at the characteristics cited in the literature in addition to characteristics coming from the definitions only, then develop and revise existing typologies related to the concept.
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