

# **Development of a Social Enterprise Typology in a Canadian Context**

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## **ABSTRACT**

In an attempt to pursue the development of theory in the field of social entrepreneurship, the purpose of this paper is to present the development and assessment of a typology of Canadian social enterprises. The three major dimensions of the typology are: (a) extent of financial self sufficiency, (b) extent of innovation, and (c) extent of social transformation. Social enterprises were deemed to be either high or low in their degree of each dimension. The paper finds support for the typology and these dimensions from both the literature as well as from empirical research undertaken and described in the paper.

## **INTRODUCTION**

The practice of social entrepreneurship has a very long history going back hundreds of years. Many current and historical examples exist world wide and include such well known names as Florence Nightingale, Mohammed Yunus and the Graamen Bank, the Salvation Army, and many more (Fulton and Dees, 2006; Mair and Marti, 2004). Due to growing social needs and problems in most parts of the world, it is expected that social entrepreneurship will continue to grow in practice and in importance (Dees, 1998b; Christie and Honig, 2006). In spite of this long history, the field of social entrepreneurship has not been well researched, and has only recently garnered attention from academic scholars.

Concepts and terms such as social entrepreneurship, social entrepreneur, social enterprise and social venture are being used in recent writings in the field of social entrepreneurship (Borzaga and Defourny, 2001). However, in keeping with the nascent status of the field, a review of the literature on those topics suggests that definitions 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». In addition, these terms are often used without careful attention being paid to the nuances associated with their specific meaning (Peredo and McLean, 2006; Weerawardena and Sullivan Mort, 2006). While «a consensus over the boundaries of social entrepreneurship remains elusive» (Nichols, 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) is recognized as a valuable research exercise (Certo and Miller, 2008). The need to develop theory in this emerging field of entrepreneurship has also been called for (Shane and Venkatraman, 2000).

In an attempt to pursue the development of theory in the field of social entrepreneurship, and recognizing that typology development is an important step in theory building (Doty and Glick, 1994), the purpose of this paper is to present the development and assessment of a typology of Canadian social enterprises. By focusing on the social enterprise as the unit of analysis, we concentrate on the organizations in which the activity of social entrepreneurship most often occurs. In recognition that a very large variety of different types of social enterprises exist and that social enterprises are multi-dimensional (Nicholls, 2006; Sullivan Mort, Weerawardena and Carnegie, 2003; Weerawardena and Sullivan Mort, 2006), it is argued that one of the best ways of advancing theory in this field is through the development of such a typology (Doty and Glick, 1994).

The typology offered here, utilizes three basic dimensions which are viewed as key to both understanding and distinguishing different types of social enterprises. The paper also describes empirical qualitative research undertaken in order to determine whether support

exists for the typology and its dimensions as well as assessing the ease of use of the typology in research endeavours. While the research undertaken and described here is exploratory and preliminary, the long term goal of the research stream is to help reduce the fuzzy nature of the social enterprise concept as well as provide a tool for both academics, policy makers and other stakeholders to map social enterprises for research and policy development purposes.

The paper is organized as follows. Following this brief description of purpose and context of the paper, the next section provides a review of the literature concerning the dimensions of social enterprises as well as an analysis of existing typologies on social enterprises. Following the literature review, the proposed typology is presented and the empirical methodology described. The research findings are then presented and discussed and the paper closes by drawing conclusions and implications.

## **LITERATURE REVIEW**

Defourny and Nyssens (2008, p.4) comment : «simplifying a little, one could say that social entrepreneurship was seen as the process through which social entrepreneurs created social enterprises». In this section of the paper, we review the extant literature in order to identify and outline the main characteristics and dimensions of social enterprises and existing typologies. This identification of recognized dimensions of social enterprises serves as the foundation for the proposed typology.

### **Analysis of characteristics and dimensions of social enterprises**

It is generally agreed in the literature that social enterprises are established to address social needs and or problems; the social mission is central and explicit; and assets and wealth are used to create community benefit (Austin, Stevenson and Wei-Skillern, 2006; Babos, Clarence and Noya, 2007; Dees, 1998a, 2001; Dees and Anderson, 2003; Haugh, 2007; OECD, n.d.; Thompson and Doherty, 2006; Shaw and Carter, 2007; Sullivan Mort, Weerawardena and Carnegie, 2003).

While considerable agreement exists concerning these basic tenets of social enterprises, there are many differences among researchers in the ways that they conceive of social enterprises. For example, while legal form is often seen as a defining characteristic for social enterprises (Alter 2004, 2006; Dart, 2004), others (Lasprogata and Cotton, 2003) note the vast and diverse nonprofit sector and argue that this characteristic is too arbitrary to be a useful dimension (De Fourny and Nyssens, 2006). A number of writers have also noted that legal form varies so much among countries and various legal jurisdictions (De Fourny and Nyssens, 2006) that it becomes a very difficult dimension to work with. For example, within Canada, Gould (2006) summarizes different organization legal forms, which can and do vary across the different provinces and include: corporations, specially limited corporations, federally incorporated not-for-profit organizations, extra-provincial corporations, federally incorporated companies, sole proprietorships, partnerships, limited partnerships or limited liability partnerships, cooperatives, and charities. In summary, the literature is quite divided concerning the notion of whether legal form is an essential dimension of social enterprises, but it must be recognized that it is an extremely difficult dimension to work with given the wide ranging variety of legal forms that can and do exist in different jurisdictions.

Another often discussed dimension of social enterprises is the governance structure. A number of researchers suggest that social enterprises are or should be participatory in nature, (with decision-making not based on capital ownership (Babos, Clarence and Noya, 2007)), have a democratic governance process (Bouchard, Ferraton and Michaud, 2006), where members or employees have a role in decision making and/or governance involving stakeholder representation with no clear separation from management (Crossan, Bell and Ibbotson, 2004; Thompson and Doherty, 2006). While these governance characteristics accurately describe non-profit entities, they are not necessarily relevant to other corporate structures. Given that governance structures and legal form are closely related, it may be argued that governance dimension is not an essential characteristic of social enterprises. Also related to the legal form is the existence of rules prohibiting or limiting distribution of surpluses among members (Babos, Clarence and Noya, 2007; Bouchard, Ferraton and Michaud, 2006; Thompson and Doherty, 2006).

The phenomenon of applying business expertise to earn income is extensively discussed in the social enterprise literature and is used in many definitions of social enterprises and social entrepreneurship (Austin, Stevenson and Wei-Skillern, 2006; Boschee, 2001; Thompson, 2002). For some researchers, social enterprises must be engaged in the production and or selling of goods and services in a market place (Thompson and Doherty, 2006). This dimension of social enterprise appears to be one that many writers consider critical in describing social enterprises (Boschee 2001; Fowler 2000). However, there are also many who recognize that not all social enterprises will engage in revenue generating activity.

In broader definitions of social enterprises and social entrepreneurship (Austin, Stevenson and Wei-Skillern, 2006; Dees, 1998a, 2001; Dees and Anderson, 2003), social enterprises are characterized by innovation. Associated with innovation, social enterprises are often described as exhibiting significant levels of social opportunity recognition, proactiveness, as well as risk tolerance (Sullivan Mort, Weerawardena and Carnegie, 2003). The notion of innovation in social enterprise also appears to be an important aspect to be incorporated into a typology.

Lastly, because social enterprises are established to address social needs and alleviate social problems, virtually all social enterprises seek to attain social change or social transformation (Austin, Stevenson and Wei-Skillern, 2006; Babos, Clarence and Noya, 2007; Dees, 1998a, 2001; Dees and Anderson, 2003; Haugh, 2007; OECD, n.d.; Thompson and Doherty, 2006; Shaw and Carter, 2007; Sullivan Mort, Weerawardena and Carnegie, 2003). Social enterprises are frequently described in terms of different levels of social transformation (Alvord, Brown and Letts, 2004; Martin and Osberg, 2007). Further, a pragmatic issue often discussed is how to balance and determine the double- or triple-bottom line paradigm (financial and social returns). The assumption is that most effective social enterprises demonstrate healthy financial and social returns – rather than high returns in one and lower returns in the other (Thompson and Doherty, 2006).

## **Existing typologies on social enterprises**

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. Given the hybrid nature of social enterprises, researchers have developed definitions, models, and typologies to help deepen our understanding of social enterprise. To differentiate between social entrepreneurship and other forms of entrepreneurship, Levesque (2002) presents a typology of three different forms of entrepreneurship: capitalist, social, and collective. The typology draws on five dimensions: individual/ collective/ community, rationality, risk, project and innovation. For the purpose of this paper, we bring together social and collective entrepreneurship under one heading regardless of the differences and distinguish this form of social entrepreneurship from capitalist entrepreneurship.

Currently few typologies expressly focus on social enterprises. We extend the work of four existing typologies to create a new typology of Canadian social enterprises. The four typologies of particular interest for our work include: Fowler (2000), Dees, Emerson and Economy (2001), Alter (2004, 2006), and Laville, Lévesque and Mendell (2006). Figure 1 summarizes these typologies and the types of social enterprises they identify.

Fowler (2000) identifies three different types of social entrepreneurship, as the unit of analysis, applied to non-governmental development organisations (NGDOs): *integrated*, *re-interpretation* and *complementary*. The primary dimension of this typology is earned income. «*Integrated* social entrepreneurship is characterized when surplus-generating activities simultaneously create social benefits. An integrated approach to social entrepreneurship typically selects and introduces enterprises or commercial practices which create reinforcing horizontal, vertical, backward and/or forward linkages to produce additional development and economic benefits for both existing and a wider array of people» (Fowler, 2000, p.645). *Re-interpretation* social entrepreneurship «builds on and creatively applies NGDOs' existing activities in ways that reduce costs and/or increase and diversify incomes» (Fowler, 2000, p.646). *Complementary* social

entrepreneurship «seeks to diversify clients and income streams by adding an enterprise dimension that does not necessarily engender a social benefit. The enterprise generates a surplus that can cross-subsidise development activities that are in themselves not economically viable. It can be used to finance the NGDO itself.» (Fowler, 2000, p.647).

Dees, Emerson and Economy (2001) distinguish three major categories of social enterprises, *purely philanthropic*, *hybrids*, and *purely commercial*. While Fowler (2000) used one primary dimension, Dees et al identify multiple dimensions including: general motives, methods and goals, and key stakeholders (beneficiaries, capital sources, workforce, suppliers). *Purely philanthropic* is mission-driven and have social value creation at the forefront. *Purely commercial* is market-driven and the economic value creation is the focus. *Hybrids* exist between those two categories.

Alter's typology (2004, 2006) references the social enterprise itself and is probably one of the most important attempts at developing a typology of social enterprises. Alter situates the social enterprise along a continuum of what she calls hybrid organizations. At the left end of the hybrid continuum, we encounter the nonprofit with income generating activities. Continuing right along the continuum, we find the social enterprise. Alter differentiates between income generating activity and a social enterprise by noting that "an income generating activity becomes a social enterprise when it is operated as a business" (Alter, 2004, 2006, p.10). For Alter, legal form is an essential characteristic of a social enterprise. The transition to the right side of the continuum brings with it a shift in (1) the underlying motive of the organization (from mission driven to profit driven), (2) accountability (from stakeholder accountability to shareholder accountability) and (3) income distribution (from a reinvestment in the social program to shareholder profits). Immediately right of centre along the continuum is the socially responsible business. The last hybrid organizations are corporations practicing social responsibility. Having situated social enterprises relative to other organizations engaged in some form of social activity, Alter then looks more closely at the social enterprise, examining the relationship between the business activities and the social purpose of the organization. She suggests there are three types of social enterprise: *embedded social enterprises*, *integrated social*

*enterprises, and external social enterprises.* The main dimension of this typology is the relationship between business activities and social programmes. “In the *embedded social enterprise* business activities and social programmes are synonymous” (Alter, 2004, 2006, p.212 emphasis added). “In *integrated social enterprises* social programmes overlap [to some degree, but not fully] with business activities, often sharing costs, assets, and programme attributes” (Alter, 2004, 2006, p.212 emphasis added). “In *external social enterprises* social programs are distinct from business activities...Mission relevance and the pursuit of social benefits are not prerequisites of business activities” (Alter, 2004, 2006, p.213 emphasis added).

In the fourth typology, Laville, Lévesque and Mendell (2006) distinguish four major categories of social economy enterprises and result in a matrix of two dimensions (see Figure 1). Laville et al. (2006) draw out two major dimensions in their typology. The first is the enterprise’s response to urgent social needs or new opportunities. The second dimension is the relationship to the market. Laville et al (2006) distinguish between a predominantly non-market based social economy that results in social development and a predominantly market based social economy that results in economic development.

*“Insert Figure 1 Here”*

## **PROPOSED TYPOLOGY**

Because the term ‘social enterprise’ is often viewed in the literature as encompassing so many different sorts of organizations, it is essential to develop a typology of social enterprises that recognizes the major forms in existence in the world today. Until recently, the literature on social ventures and its related fields of social entrepreneurship and social entrepreneurs have lacked formal models and frameworks. Fortunately, this is changing. Nicholls and Cho (2006) identify sociality, innovation and market orientation as the three dimensions of social entrepreneurship. Perrini and Vurro (2006), on the other hand suggest that the social entrepreneurship construct has three components, innovation, entrepreneurship and social issues. Weerawardena and Sullivan Mort (2006) have

developed what they call the Bounded Multidimensional Model for Social Entrepreneurship in which risk management, proactiveness, and innovativeness are the central constructs of social entrepreneurship, constrained by three factors: the external environment, the social mission of the organization, and the need for sustainability. Austin, Stevenson and Wei-Skillern (2006) offer a Social Entrepreneurship Framework where opportunity, people and capital combine to create a social-value proposition, set against a series of contextual forces (tax, regulatory, sociocultural, macroeconomy, political, and demographic).

Building on the existing typologies identified above, the authors develop a comprehensive typology of Canadian social enterprises. While Fowler's (2000) typology utilizes one dimension, that of earned income, the authors suggest this is not the only dimension that should be considered. We find that the dimensions developed in the Dees, Emerson and Economy (2001) typology while interesting, are not specific to social enterprises. The Laville, Lévesque and Mendell (2006) typology, uses two dimensions: needs and opportunities and relationship to the market. While needs and opportunities is an useful dimension, the authors find it is not sufficiently distinctive to deepen our understanding of this field. We find that relationship to the market (a central concern of many researchers on this topic) raises the legal form debate and relates more to the essential characteristics of social enterprises than to its dimensions. In Alter's (2004, 2006) typology, social enterprises are distinct from traditional nonprofits or nonprofits with income generating activities. Contrary to many of the definitions in the literature, Alter's definition of the social enterprise is a business venture created for a social purpose. Most other definitions of social enterprise do not specify that a social enterprise must be a business enterprise.

We deepen this research through a typology of Canadian social enterprises. Drawing from the literature we define the essential characteristics of Social Enterprises (SE) as follows:

- (1) SEs are defined as enterprises, organizations or projects (regardless of legal form)
- (2) SEs have a social mission which is central to addressing social needs/problems

(3) SEs assets and wealth are used to create community benefit

Based upon the literature reviewed above, the authors contend that three critical dimensions can assist in developing a typology of the array of Canadian social enterprises in existence today. These three dimensions are: (1) the degree of financial self sufficiency (2) the degree of innovation, (3) the degree of social transformation<sup>1</sup>. Each of these dimensions is described more fully below and the typology matrix is presented. Building upon these characteristics for the purposes of this work, the authors define social enterprises as:

*«organizations created to 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».*

It is acknowledged that such a definition encompasses a wide variety of organizations ranging from traditional not-for-profits to ventures that operate as businesses, yet are social mission centric. It must be recognized that traditional not-for-profit organizations have a long history and many operate in a financially sustainable manner through their ability to attract some combination of grants, contributions and donations. However, in response to difficulties in attracting these traditional sources of financing, newer types of social ventures have emerged that seek nontraditional forms of financing such as generating revenues through the operation of various types of business ventures in order to finance (in whole or in part) the social mission of the enterprise. The definition of social enterprise adopted in this work includes these newer styles of ventures as long as they are designed primarily to address a social purpose.

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<sup>1</sup> These three dimensions do not represent a complete consensus in the literature. For example, Dees (2003) states: “Social entrepreneurship is about innovation and impact, not income”, However it is the authors’ view that combined with the essential characteristics, these three dimensions can be used to define social enterprises.

### **Degree of financial self sufficiency**

The financial self sufficiency dimension refers to social enterprises' financial autonomy through generating profits from income generating activities, and stands in comparison to receiving only grants, sponsorships and donations. Building on the literature we find for Boschee (1995, 2001), earned income is an essential aspect of social enterprise. Alter (2004, 2006) identifies two forms of financial self sufficiency, cost recovery (discrete) and earned income (ongoing). While Boschee and McClurg (2003) indicate a distinction between financial sustainability and self sufficiency, they find that sustainability can be achieved through philanthropy, donations, grants, government subsidy and earned income, but self sufficiency can only be achieved through reliance on earned income.

### **Degree of innovation**

The innovation dimension refers to the utilisation of innovation by social enterprises. Innovation is an essential part of entrepreneurship (Boschee, 2001). Alvord, Brown and Letts (2004) identify three types of innovation (transformational, economic, political). Social enterprises utilize both transformational and economic innovation. However the timing of innovation in the enterprise's life cycle is particularly important. While a social enterprise may be highly innovative at inception, as time goes on this same enterprise may become less innovative. We find that the time period in the enterprise's life cycle studied is important in assessing the degree of innovation in the social enterprise.

### **Degree of social transformation**

The social transformation dimension refers to the impact of social change desired or achieved by the enterprise. Martin and Osberg (2007) refer to transformative benefit, while Alvord, Brown and Letts (2004) refer to societal transformation. The impact of social transformation could be on the number of persons affected, the scope of change, the importance of the change, the strategy and transformation leverage (cultural, political, economic) (Alvord, Brown and Letts, 2004).

### **Social Enterprise Typology matrix**

Our first dimension is the degree of financial self sufficiency within the enterprise. In the case of social enterprises, financial self sufficiency is defined as earned income as opposed to grants and contributions. We use a high/low scale on which to place organizations on this dimension and as a guideline we suggest that enterprises with 50% or more of their total revenue coming from earned income generation should be considered as high in financial self sufficiency, while below 50% be considered as low. The second dimension is the degree of innovation used in the production process of the social enterprise. Here innovation is conceived as anything new; it is also conceived as falling on a continuum ranging from radically innovative to innovations seen as minor variations of existing forms. The third dimension is the degree of social transformation achieved or desired by the social enterprise. Social transformation can be either upstream or downstream in production, can be fully achieved or aspirational; can effect a few individuals deeply or a large number broadly. These three dimensions were used to form a conceptual framework or theory for understanding social enterprise in Canada. This framework takes the form of a typology of social enterprise and provides a theory for understanding social enterprises.

These High/Low degrees across three dimensions result in eight cells in our typology (see Table 1). We use our typology to examine a number of Canadian social enterprises. For each social enterprise, we first determine if they qualify as per the essential conditions of a social enterprise. We then assess these social enterprise on the three dimensions: (1) degree of financial self-sufficiency, (2) degree of innovation, (3) degree of social transformation. The typology and our findings are discussed in more detail in the next sections of the paper.

*“Insert Table 1 Here”*

## METHODOLOGY

This research uses qualitative methods (Denzin and Lincoln, 1994) and draws on Grounded Theory (Strauss and Corbin, 1998) in its approach to deepening our understanding of social enterprises in Canada. Grounded Theory suggests that a phenomenon, in this case social enterprises, can be examined by a thorough investigation of several dimensions of the phenomenon. Such investigation when carried out through a set of systematic steps of inquiry allows the researcher to gain deeper insight and understanding of the phenomena under investigation and ultimately develop a theory that explains the phenomenon.

We use a typology to identify the dimensions for which we wish to deepen our understanding of the phenomenon under investigation. Rather than developing a simple classification system we use the typology to construct a theory of social enterprises. Here we build on the work of Doty and Glick (1994), who view typologies not as classification systems but as appropriate forms of theory building. “Typology refers to conceptually derived interrelated sets of ideal types. Unlike classification systems, typologies do not provide decision rules for classifying organizations. Instead, typologies identify multiple ideal types, each of which represents a unique combination of organizational attributes that are believed to determine the relevant outcome(s)” (Doty and Glick, 1994, p.232).

Our typology discussed in detail above, utilizes three dimensions, degree of financial self sufficiency, degree of innovation, and degree of social transformation. Social enterprises were deemed to be either high or low in their degree of each dimension. The result is a typology of social enterprises that consists of eight cells (see Table 1). In order to validate our typology we developed a dataset of eight hundred social enterprises in Canada. This dataset was drawn from across Canada. It was compiled from publicly available directories, Internet searches and from umbrella organizations that work with Canadian social enterprises. Using the dataset we drew a random sample of ninety social enterprises. We then over-sampled in some provinces to ensure that our sample was geographically representative of the population in Canada as the dataset over-represented

some provinces such as British Columbia and Ontario and under-represented the Atlantic region as well as Quebec. Organizations included in the dataset had self identified as social enterprises and therefore we had to apply our definition of social enterprise and essential characteristics to the sample. The first question asked was: Is this entry an enterprise? If so, the second question asked was: Do they have a social mission or purpose? If so, the third question asked was: Are assets and wealth used to create community benefit? Any enterprises that did not meet these criteria were removed from the sample.

From our sample, we developed a set of profiles on sixty social enterprises utilizing publicly available information on each organization's web site. Using these profiles, each of the four researchers then independently examined each profile, and assessed each of the sixty social enterprises using the three dimensions established in our typology. For example, each researcher would read a profile for a sample organization, then utilizing the information available, make a determination as to whether that organization was high or low in financial self sufficiency, innovation, and social transformation. Each researcher kept notes concerning the ease with which these determinations could be made as well as challenges faced and insights obtained concerning social enterprises and the typology dimensions.

Following the assessment exercise, we then conducted telephone interviews with a further twenty social enterprises in our sample. Telephone interviews were approximately half an hour in length, were semi-structured with a set of open ended questions received by the interviewee in advance (see Appendix 1 for the interview instrument). The results of the telephone interviews were used to deepen the development of the typology.

## FINDINGS AND DISCUSSION

### **Results of Assessment of Social Enterprise Profiles**

This section of the paper summarizes what was learned from the process of examining a total of 60 web profiles of social enterprises utilizing the proposed dimensions of the typology described earlier in the paper. The goal of this portion of the study was to gain a better understanding of each of the typology dimensions in terms of the importance of and insight provided through applying these dimensions in studying the sample enterprises. Table 2 provides a brief summary of the sample on the three typology dimensions as well as the degree of agreement among the research team in assessing each social enterprise on these dimensions.

*“Insert Table 2 Here”*

Of central importance is the finding that the research team could effectively utilize the three dimensions. As noted in the description of the study methodology, a total of 60 social enterprise profiles were examined by four researchers assessing each enterprise on the three dimensions that comprise the proposed typology. This resulted in a total of 720 assessments being made. The research team was able to complete these assessments 93% of the time and unable to complete assessments in only 50 (7%) instances. This finding suggests that at a minimum, the dimensions appear to be usable when applying them to profiles compiled from information provided on the web sites of social enterprises in the Canadian economy. In most cases, the social enterprises' descriptions of themselves on their websites included information concerning financial self sufficiency, innovation and social transformation. This finding supports the notion that while the extant literature on social enterprise and social entrepreneurship finds these three dimensions to be key for social enterprises, so do social enterprises themselves, in that they choose to describe themselves frequently in their home web sites in terms of these dimensions. However, the authors note that a content analysis was not done on the web sites of these social enterprises. It must be recognized therefore, that there may be additional dimensions (that

this research did not check for) which are also utilized by the social enterprises to describe themselves on their web sites.

It is important to reinforce the purpose of this phase of the research. The attempt was to gain insights concerning each dimension of the proposed typology and our ability to work with them rather than complete a simple coding exercise in which four separate assessors utilized the three typology dimensions in order to determine the extent of inter-assessor reliability. However, the extent of agreement among assessors even at this early stage of the research is taken as a positive sign in terms of the future ability to utilize and operationalize the typology and its dimensions.

The findings showed that about one-half (51.7%) of the sample enterprises were judged as being high in financial self sufficiency, defined as over 50% revenues from income generating activities. About one-quarter were judged as exhibiting low financial self sufficiency. In total, the assessors demonstrated considerable agreement in coding slightly more than three-quarters of these enterprises on the financial self sufficiency dimension. In the remaining 14 enterprises, there was not strong agreement among the assessors concerning the degree of financial self sufficiency - fewer than three of the four assessors agreed as to whether the enterprise was high or low on financial self sufficiency.

The findings showed that about less than one-fifth of the enterprises (18.3%) of the sample enterprises were judged as being highly innovative. Almost two-thirds were judged as exhibiting low innovation (65%). In total, the assessors demonstrated considerable agreement in coding slightly more than eighty per cent of these enterprises on the innovation dimension (83.3% agreement on the classification of the enterprise on the innovation dimension). In the remaining 10 enterprises, there was not strong agreement among the assessors concerning the degree of innovativeness - fewer than three of the four assessors agreed as to whether the enterprise was high or low on innovation.

Lastly, from Table 2, the findings showed that almost one-third (31.7%) of the sample enterprises were judged as being high in social transformation. Less than half (41.7%) were judged by at least three of the assessors as exhibiting low social transformation. In total, the assessors demonstrated considerable agreement in coding almost three-quarters of these enterprises on the social transformation dimension. In the remaining 16 enterprises, there was not strong agreement among the assessors concerning degree of social transformation - fewer than three of the four assessors agreed as to whether the enterprise was high or low on this dimension. The following sub sections describe briefly the insights gained from the research on the enterprise profiles concerning the three dimensions of the proposed typology.

The financial self sufficiency dimension of the typology is arguably the most concrete dimension and the research team found it to be the easiest one to make assessments on (even though (as shown in Table 2) the extent of agreement in coding was not highest for this dimension). In developing this dimension of the typology, the authors began the research utilizing a guideline of 50% or more to indicate a high degree of funding from earned income. Given the preliminary nature of this research, this guideline was intended to assist researchers in understanding this dimension – it was not expected that specific data would be available which would allow the research team to know precisely the extent of funding provided from earned income, and this was found to be true. However, social enterprises typically do document when they earn large portions of income rather than relying on grants and donations. An example of a social enterprise coded as high in self sufficiency is the Potluck Café in Vancouver Canada:

“Today, Potluck provides training employment for ten, formally at risk, Downtown Eastside residents, full time. Since we do not expect everyone to make quick transitions, we are committed to employing staff until they are ready to move on. The café also provides nutritious meals to area residents and a discounted daily breakfast, lunch and dinner offered to low-income diners. Potluck is a social enterprise, relying on Catering revenues and limited fundraising to help subsidize our programs. Therefore, revenue growth in these areas means three things: more meals are served to area residents, the café becomes financially self-sustaining, and more sustainable jobs are created.”

(<http://www.potluckcatering.com/index.cfm?fuseaction=aboutUs>, accessed November 17, 2008).

When a mention of considerable earned income was not documented, or when an enterprise listed its funders as organizations that provide grants and donations, the social enterprise was assessed as exhibiting low financial self sufficiency. An example of an organization coded as low in financial self sufficiency is Art Starts, “Our mandate is to use the arts to help build healthy communities”

(<http://www.artstarts.net/WhoWeAre.html>). Art Starts lists its past and current funders and overall, the website is quite clear that primary funding comes from grants and donations as opposed to earned income.

Another way of signaling a high degree of financial self sufficiency was for the enterprise to make no mention on its web site of receiving grants or contributions, but to list products for sale on their social enterprise website. Such enterprises were also coded as being highly financially self sufficient. An example of such an enterprise is Sun Baked ([www.solarcooking.ca](http://www.solarcooking.ca)) which has established itself as a social enterprise with the mission of being a source for a full range of environmentally sustainable, pollution-free solar cooking appliances and accessories. This organization describes five different solar cooking and lighting appliances and facilitates e-commerce through the sale of these products on its web site. It makes no mention of receiving any other funding.

A major difficulty that came to the fore through the application of the self sufficiency dimension concerns the appropriate level of analysis of the social enterprise. Within the sample, a very common situation involved umbrella not-for-profit enterprises operating a sub enterprise within it, e.g. a self financing strategic business enterprise whose goal might be to contribute to the social mission as well as to throw off funds to assist in the financing of the umbrella not for profit organization. In such instances, then, the umbrella social enterprise may rely upon financing from a number of sources including the organization’s self financing enterprise, and perhaps traditional funding from governments and donations. An example of such organizations would be the Salvation Army Thrift Stores operating as part of the larger Salvation Army organization. If one focuses on the strategic business enterprise (the Thrift Store) as the appropriate unit of

analysis, one would correctly assess the enterprise as being highly financially self sufficient. However, if one focuses upon the larger not for profit enterprise as the unit of analysis, the issue is not so clear – one needs to know the extent to which the larger organization relies on the strategic business enterprise for funding. This research took the larger organization as the appropriate level of analysis and was not always able to determine from web constructed profiles, the degree of financial self sufficiency. (In the case of the Salvation Army, it is possible to estimate fairly closely the degree of financial self sufficiency as financial statements are provided on the site.)

The innovation dimension proved to be more difficult to work with in the assessment of social enterprises even though the team was able to exhibit considerable agreement concerning the extent of innovation in these social enterprises (in 83.3% of enterprises, three or more of the members of the research team reached the same conclusion concerning the degree of innovativeness). There are a number of reasons for this difficulty.

Firstly, following Rogers (1995) innovation was conceived as anything new; it was also conceived as falling on a continuum ranging from radically innovative to innovations seen as minor variations of existing forms. The difficulty in utilizing this conceptualization is the degree of judgment that is necessarily involved in reading a profile describing a social enterprise and then judging whether the social enterprise appears to be radically innovative in any major ways or whether it is not.

It is possible to rely on the social enterprises themselves to indicate whether they are being innovative or not. In fact, many of the sample social enterprise web sites did claim that they were utilizing new and innovative approaches. The argument in favor of utilizing the social enterprise's own assessment of its innovativeness is that it reflects the challenges as seen by the social enterprise itself. If it sees itself as innovative, then it sees itself as working to utilize new ways of doing things. However, in terms of consistency, what may be seen as innovative to one organization is probably not seen as innovative by

another – meaning that the notion of innovativeness would not be applied consistently across social enterprises.

As noted above, the approach utilized in this research was to have the research team judge how innovative the social enterprise appeared to be in terms of activities reported in its web site. The research reveals that the first factor which appears to affect this judgment is familiarity with various types of social enterprises. For example, if one is not familiar with social enterprises selling landscaping services, when one finds a social enterprise (e.g. Landscape with Heart that focuses upon employing disadvantaged employees in order to provide landscaping services (<http://www.coastmentalhealth.com/landscaping.html>) one probably would assess the enterprise as being highly innovative. However, when one subsequently finds other similar enterprises one is likely to rate them as lower in innovation. In conclusion then, a relatively sophisticated level of knowledge is required among those making assessments concerning the innovativeness of different approaches that might be taken in social enterprises.

A related challenge in the use of the innovation dimension is the issue of where in the enterprises life cycle the innovation assessment is taking place. Most social enterprises are innovative when they are initially established. As time goes on they become less innovative as the process or product becomes more widely known and used. This is true of all businesses, and not restricted simply to social enterprises. As a result new enterprises (those established in the last eight years) were more likely to be judged by the assessor as highly innovative while older organizations using more widely known processes or products were judged as low in innovation. The research revealed that information on an enterprises innovation was not consistently readily available in web profiles. As a result it becomes more difficult to assess the level of innovativeness of the social enterprise. The implication of this finding is that the research may have understated the degree of innovativeness among these social enterprises in that the point in time that the enterprise adopted specific practices and approaches was not considered. Indeed, less than twenty percent of social enterprises (18.3%) were assessed as being highly

innovative. It may in fact be true that relatively few social enterprises are highly innovative or it may be that the research has understated the number of organizations exhibiting high innovation.

The findings resulting from working with the social transformation dimension revealed a number of main challenges including: (1) whether one is dealing with the *goal* of social transformation or *evidence* that it has already occurred, (2) the challenge of comparing *major social transformation in the few* versus a *smaller transformation among many*, (3) whether one is dealing with what might be termed upstream social transformation meaning transformation among employees or suppliers to the enterprise; or downstream transformation, referring to transformation among clients and or customers. Findings concerning each of these are discussed below.

As expected, a very high proportion of the social enterprise websites mentioned goals of social transformation, but fewer provided evidence of such transformation occurring as a result of the efforts of the social enterprise. In this study, in instances where social enterprises provided little web site information concerning achievements of the social enterprises, the team coded them as low in social transformation.

The findings reveal that it is possible to understand the social transformation goals and objectives of the social enterprises from studying information posted on their web sites, but it is very difficult to assess how well they have accomplished these objectives. A number of social enterprises indicate awards that they have won – in some cases, these can be interpreted as evidence of success in transformation. Some enterprises also list numbers of organizations or individuals where they have made a transformation. An example of a social enterprise which does provide this type of specific evidence concerning the degree of social transformation achieved is Social Capital Partners. Social Capital Partners funds businesses that demonstrate the discipline and competitive spirit of a private sector company while striving to generate outstanding social outcomes for the individuals they employ and communities they support. Among other criteria, Social Capital Partners invests in organizations that hire the majority of employees from an

economically disadvantaged community as well as provide skills and experience that promote long term employment. Social Capital Partners was judged by all researchers as being high in the social transformation dimension because it lists examples of organizations both past and current that it has/is invested in. On the other hand, the environmental social enterprise Agoo Agii was assessed as being low in social transformation because no indication was given regarding any success achieved in promoting ecological relationships through use of indigenous plants.

The second issue concerning degree of social transformation concerns whether transformation occurs among the few or many. Typically, when transformation occurs among the many, the transformation itself is more minor than major. When transformation occurs among fewer individuals, the transformation is usually a more major one. An example of a social enterprise assessed by all members of the research team as being high in social transformation is Street Kids International. Street Kids International is a non-profit agency founded in Canada, with operations in Canada and the UK which focuses on in developing and disseminating strategies and tools needed to give street kids around the world the choices, skills, and opportunities to make a better life for themselves:

“Having worked with more than 2 million street kids in over 60 countries, Street Kids International has been recognized by the United Nations as a Global Best practice leader in youth work.” ([www.streetkids.org](http://www.streetkids.org)).

This organization provides concrete evidence of the number of street kids that it has worked with and it also lists having received a number of widely recognizes awards for their work. This organization is an example of providing considerable social transformation among relatively few homeless youth.

Lastly, the research reveals that the target of social transformation can be ‘upstream’ or ‘downstream’. The research reveals that social enterprises can focus on transformation primarily among clients and or customers (downstream) or among employees or suppliers (upstream) or a combination of both. An example of a social enterprise focusing both on upstream social transformation and downstream social transformation would be

Phoenix's Print Shop. The Phoenix Print Shop is a socially and environmentally responsible commercial printer that provides homeless and at-risk youth with the opportunity to learn the basic skills needed for long-term self-sufficiency in today's graphic communications industry:

“Described by Print Action magazine as “Canada’s leading social program with print ties”, the Eva’s Phoenix Print Shop has connected over 100 youth with career building opportunities in the vibrant graphic communications sector. Over 80% of youth who complete Foundations of Print connect with full-time work, and many return to school via our Scholarship Fund. We are particularly proud of our commitment to long-term follow-up that helps youth graduates sustain their gains and achieve self-sufficiency. It was for leadership in this area that the enterprise received a Toronto Community Foundation 2007 Vital Ideas Award.” (<http://phoenixprintshop.ca/>).

This social enterprise primarily focuses on training youth (upstream), but also focuses on providing its customers with environmentally responsible printing services (downstream). This social enterprise provides evidence of success in their social transformation goals, and appears to achieve considerable social transformation among a relatively small number of homeless youth (upstream).

### **Results of Assessment of Social Enterprise Interviews**

In addition to the assessment of the profiles of sixty social enterprises in Canada, we deepened our analysis with a set of individual semi-structured interviews with an additional twenty social enterprises. These interviews were conducted over the fall of 2008 and were used to gauge the importance of the three dimensions identified in our typology with the enterprises themselves. We also wanted to deepen our initial assessment of the enterprise based on their Internet profile using the more detailed information on the enterprises surfaced through the interviews.

The twenty enterprises interviewed are primarily in the service sector ranging from fair trade coffee houses to courier services. The one exception is in light manufacturing, using hard to employ populations in packaging assembly. Eight of the enterprises have a focus on food. Seven of the enterprises engage hard-to-employ populations as their primary

mission. One utilizes renewable energy, another, an innovative financing structure. The remaining enterprises provide products or services that form the core of their mission.

Most of the interviewees described themselves as a social enterprise though two indicated that their work supported other social enterprises, “My mission is to support social enterprise, to create environment where social enterprises and community enterprises can flourish.” All interviewees with one exception were able to describe their mission in detail. While some felt their mission combined social and economic factors most described their mission as social. “The mission is entirely social. The courier business is just the way to accomplish it.” said one interviewee. “Our entire purpose is social. Construction is just a means to an end. We could be in any industry. Our mission is to create quality jobs.” said another.

As anticipated in our definition of social enterprises, the organization of these twenty entities covers a variety of legal forms ranging from sole proprietary, for-profit companies, not-for-profit structures, charities, and businesses embedded within not-for-profit structures. Yet in almost all cases these organizations describe themselves as social enterprises. It is interesting that when asked the definition of a social enterprise no two answers are the same. Most respondents answered this question with a variation of “Any enterprise or business with a double bottom line (financial and social mission).” Another suggested that “It is using a business approach to achieve a social mission. A business approach is a revenue generating venture, as in making a product and competing in the market place, and using this to achieve a social mandate. Our social enterprises are contributing to that directly by providing services to women and the finances help with our organization’s flexibility.” Most interviewees took a broad response to this question, and many suggested that there was not yet an agreed definition. Some felt that a non-profit structure was necessary, but most did not limit the definition in this way.

The interviewees were asked a set of questions that probed their responses to the three dimensions identified in our typology of social enterprises: degree of financial self sufficiency, degree of innovation, and degree of social transformation. All interviewees were able to easily answer the questions on the degree of financial self sufficiency within

their organization. Most were in the 40% to 50% self-funded range. However some enterprises operated primarily with external grants and donations, while others were 100% self sufficient based on the earned revenue of the organization. These responses indicate that social enterprises themselves are well aware of their degree of financial self sufficiency as part of their defining characteristics but that the degree can vary from low to high within the range of organizations. It also indicates that an external assessment can be easily determined on degree of financial self-sufficiency within the enterprise.

Several organizations indicated a degree of innovation in achieving financial self sufficiency, while others indicated the problems for social enterprises when using traditional financial instruments to achieve scale, “We try to stay away from loans. Because the last thing you want to do is getting everything up and running and you’re starting from a negative balance. You’re always trying to catch up to make the loan payments.”

Most respondents indicated that their enterprises are innovative. For some the whole sector is innovative as it constantly changes to meet social and community needs. “Community development and social enterprise is inherently innovative, you are blending two aspects to make change. You are seeing people as assets in the community. Our programs are designed to give them access to do that, employment is an innovative approach to achieve this.” Interviewees themselves did not distinguish between types of innovation such as whether their enterprise used an entirely new process or developed a new product or whether the idea had been in existence somewhere else or over a long period of time. For some respondents the lack of competing businesses reflected innovation. “There are very few businesses that are managed by and employ ‘psychiatric consumer survivors’.<sup>2</sup> So, it is an empowerment model, a recovery model. I think the model remains innovative.” Others felt that if the enterprise was innovative at the beginning it remained innovative today, “Back in the 80’s, it was such a new concept and the building of this huge network of social entrepreneurs that stay in the network for life

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<sup>2</sup> The term ‘psychiatric consumer survivors’ is a term used by the organization to refer to post-psychiatric patients who are the employment target job of this social enterprise.

is quite innovative.” Interestingly of the three dimensions used in the typology, establishing the degree of innovation is the most subjective. While the enterprises themselves all saw their activities as innovative regardless of age or familiarity of the concept, the external assessor was influenced by the newness of the innovation in establishing a high or low degree for the enterprise. It should be noted that the degree of innovation externally assessed as high corresponded to the age of the enterprise. Of the twenty enterprises interviewed, seven were deemed highly innovative by the external assessors. Six of these enterprises had been established since 2002.

While the social enterprises interviewed were able to easily identify their mission, degree of financial self sufficiency and as indicated above all felt that they were innovative, questions about degree of social transformation proved to be the most difficult for these enterprises to answer particularly of they had either very broad societal impacts or facilitated other social entrepreneurs to achieve their mission. In one form or another they all hoped they were achieving social transformation “we hope we are making an impact” but many did not measure the impacts of their enterprise and could not point to specific social transformation as a result of their work. For many, social transformation was aspirational and ranged from ‘peace in Palestine’, to ‘increased environmental awareness’, and ‘good healthy food for all’. For some, identifying their degree of social transformation was a restatement of the mission of the organization or the growth of the organization itself rather than the direct impacts on others that resulted from the social enterprise activities.

Social enterprises with broad societal impacts had difficulty in measuring those impacts and as a result using the typology we would propose coding them as low in social transformation. While enterprises that provided detailed quantitative statistics and qualitative outcomes to support their degree of social transformation were found to be high in social transformation. This was particularly true if the social transformation affected a few individuals in a significant way. For example, those enterprises that targeted hard-to-employ populations readily identified their degree of social transformation and quantified it with the number of individuals whose lives had been

directly impacted by the social enterprise. Conversely, those enterprises that affected large numbers of people or even society as a whole in a small way most often restated their mission as their degree of social transformation and were not able to provide concrete ways in which their impacts were measured. For example, one enterprise that focuses on environmental awareness impact indicated “Yes, it is difficult to measure, our impact is not huge but we still see the environment is being looked at by schools and other organizations, we’d like to think we play a part in supporting it.”

The measurement of social impacts varied across all interviewees. No one standard measurement or tool kit was referred to with any consistency. Most interviewees indicated the difficulty of measuring social transformation. Some used annual reports and published those reports on the Internet “To measure it, we have annual reports for the store, from a business perspective, business, sales, on-going evaluation with store participants to see how it is working from a store perspective, meeting with customers, making changes as needed.” Others tracked numbers of participants “We have both quantitative and qualitative measures for our programs. In terms of quantitative measures, we look at targets met for number of trainees, number of employment hours, number of training workshops, type of training workshops, number of participants who move on to other employment or training. In terms of qualitative measures we look at feedback from participants; observable changes in participants (increased productivity at work; increased eye contact, confidence, self-esteem; increased hope about the future; increased support networks; able to demonstrate new skills in the workplace.” Another enterprise serving hard-to-employ populations also discussed social transformation in quantitative terms of numbers of individuals impacted. “We have employed over 1,800 people (survivors) over the last twenty-one years. We look at things like decrease in number of hospital days, an increase in income, and feelings of self esteem. If income is going up and wages going up, then we’re meeting our mandate. However they also looked at downstream transformation, “We are one of the best examples of anti-discrimination. We put a different face on mental illness. It’s not just the guy ranting on the street corner. That’s a huge impact when people see our couriers on the streetcars.”

In spite of the lack of use of standardized quantitative measures our interviewees suggest that the use of standardized measurement tools for social impacts is on the increase. Enterprises that use social return on investment (SROI) instruments were able to easily answer the questions on their degree of social transformation. “In terms of job placements, we know how happy our employers are, we know we have the highest satisfaction and retention rate in the city, so we are measuring it, and we’re getting better at doing that and being trained to do that.” But more often interviewees expressed a need for standardized tools and instruments to measure impacts, even those enterprises that publish detailed annual reports and track the number of individuals served by the enterprise “If they don’t design a way where it’s easy for someone to do impact analysis, it’s going to be a problem because they don’t have the time. Anyone running a social enterprise is over the top busy.”

## **CONCLUSIONS AND IMPLICATIONS**

In order to develop theory concerning social enterprises, the purpose of this paper is to propose a typology of such organizations. We conducted a detailed literature review with particular attention to the definitions of social enterprise. After this assessment of the literature, we developed three dimensions of social enterprise that would form the basis of our examination. “Typologies also include the unidimensional constructs that are the building blocks of traditional theoretical statements. These “first order” constructs are the dimensions used to describe each ideal type in the theory” (Doty and Glick, 1994, p.234). The typology utilizes three dimensions: degree of financial self-sufficiency, degree of innovation and degree of social transformation.

In addition to literature analysis to identify the relevant dimensions, two methodologies were utilized to determine whether these dimensions could be effectively utilized in assessing samples of social enterprises in the Canadian economy. The first methodology involved selecting a simple random sample of 60 Canadian social enterprises and extracting data from their web sites in the form of a profile of each that summarized information available from these web sites on the three dimensions of the typology.

Assessment of the web site profiles showed that considerable information concerning these dimensions was available from the social enterprise web sites. This finding lends support for the proposed typology in two ways. First, the findings show that the social enterprises themselves appear to find these dimensions important enough to include in their web profiles. Second, the dimensions appear to be ‘usable’. Although the research is exploratory and in preliminary stages, the team was able to assess each of the social enterprises as being either high or low on each dimension in a large proportion of cases (93%). The implication is that future research utilizing the typology appears to be worthwhile and possible. A second implication is that more precise operational definitions need to be developed for each of the dimensions in the typology. Larger samples of social enterprises can then be drawn and independent coders can attempt to assess web site profiles to deepen our understanding of social enterprises in Canada and elsewhere.

Both the extant literature and the findings from the web profile research conducted in this study appear to be supportive of a typology including the three dimensions proposed here. The findings on financial self sufficiency, innovation and social transformation show that there is considerable variation in these dimensions among the social enterprises studied – suggesting that one can conceptualize different types of social enterprises in terms of these dimensions. The findings illustrate some of the key issues and challenges involved in utilizing these dimensions and suggest that future researchers will need to consider these issues and challenges in future work. For example, implications from the findings concerning social transformation include the need for future research to be explicit concerning the sub dimensions of this aspect of social enterprises. The findings showed three major sub dimensions: (1) the *goal* of social transformation versus *evidence* of achievement, (2) social transformation of the *few* versus the *many*, and (3) *upstream* (employee or supplier) versus *downstream* (client or customer) transformation. Future research needs to explicitly recognize what sub dimensions of social transformation it focuses upon (Emerson, 2003; Haugh, 2005). For example, it would be important to note whether one is seeking to assess the extent of the ‘goal’ of social transformation or evidence of the ‘achievement’ of social transformation. At the very least, researchers

would need to acknowledge which aspects of social transformation they are concerned with.

The findings also suggest several hypotheses to be tested in future studies of social enterprises. The research found several instances where dimensions that one would expect to relate to each other were indeed found to be related to each other in the assessments of the profiles. For example, one might hypothesize that social enterprises characterized by a high degree of innovation would also be characterized by either a high degree of self sufficiency or by a high degree of social transformation or with high degrees of both of these dimensions. While the extant literature has not focused on such relationships in social enterprises, such a finding appears to be logical in that it is likely that highly innovative social enterprises would either be able to generate considerable funds from nontraditional sources or be able to generate a high degree of social transformation or both. The current research is suggestive of such a hypothesis in that 9 of the 11 social enterprises rated as high in innovation, were also rated as either highly financially self sufficient by three or more of the four assessors (7 social enterprises), or as high in social transformation by three or more of the four assessors (2 organizations).

Validation of the typologies in other countries is a possible future research endeavour. In developing the typology further, future research is required to better understand and compare how different types of social enterprises are organized and managed (Haugh, 2005). Ultimately, one would seek to understand the key success factors for different types of social enterprises. Each type of social enterprises has their own strengths and weaknesses. An understanding of how they are best managed would be helpful. For example, a youth recreational soccer club is different in many aspects compared to a soup kitchen or to a child-care services.

Lastly, an important implication from this research study is the need to develop detailed databases of social enterprises in order to build readily available knowledge concerning key dimensions of social enterprises. Utilization of the typology as proposed in this paper would provide a useful foundation for the compilation of such databases as it suggests

three essential characteristics and three fundamental dimensions to capture in the construction of the databases. Such databases would facilitate examination of the dimensions of social enterprises as well as the management, organization and success of different types of social enterprises.

The research contributes to the literature in providing a typology building on characteristics and dimensions mentioned in existing typologies and definitions. Our findings appear to be in line with the literature. The three dimensions identified were not discarded by our subsequent empirical analysis. It is comforting to see actual social enterprises in Canada aligned with analysis done by academics. Building a typology of social enterprises validated by empirical qualitative research contributes to theory building in the field of social entrepreneurship. Lastly, it is hoped that this work will also assist in policy development by focusing on ways of describing and subsequently deepening our understanding of social enterprises.

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**Table 1 - Social Enterprise Typology Matrix**

<b>Financial Self-Sufficiency</b>	Low		High	
<b>Innovation</b>	Low	High	Low	High
<b>Social Transformation</b>				
Low	1	2	3	4
High	5	6	7	8

Interpreting the matrix: e.g. cell # 3 represents an enterprise/venture that is high in financial self-sufficiency, low in innovation, and low in the degree of social transformation.

**Table 2 – Degree of Financial Self-Sufficiency, Innovation and Social Transformation in the Sample Social Enterprises: Web Profiles Sample**

	Extent of Self-Sufficiency		Degree of Innovation		Degree of Social Transformation	
	High	Low	High	Low	High	Low
	31 (51.7%)	15 (25%)	11 (18.3%)	39 (65%)	19 (31.7%)	25 (41.7%)
Extent of 3+ Assessor Agreement*	46 (76.7%)		50 (83.3%)		44 (73.4%)	

\*Note that this indicates agreement among 3 out of 4 assessors.

**Appendix 1**

**Telephone survey instrument**  
**Organization**

1. Tell me about your organization in general
2. What is your mission?
3. Do you see your mission as mostly social? Why?
4. How is your organization structured?
5. Do you consider your organization as a social enterprise? Why?

**Degree of social transformation**

6. What are your organization' aspirations for social change?
7. What is the scope of your activities?
8. Do you think your social enterprise has made an impact? What impact have you made? How do you measure these impacts?

**Degree of self sufficiency**

9. How are you funded (donations, grants, income generation, membership, selling products/services)?
10. What percentage of your revenue comes from income generation?

**Degree of innovation**

11. Can you tell us about how your social enterprise came into being? PROBE IF NEEDED: Where did the idea for your social enterprise come from?
12. Would you describe your organization as innovative? Why?
13. What kinds of innovative things has your organization done? What kinds of innovative things are you currently doing?

**Challenges**

14. How would you describe the term social enterprise?
15. What are some of the biggest benefits your organization has gained from being a social enterprise?
16. What are some of the biggest challenges your organization faces as a social enterprise
17. What are some of the biggest challenges your organization faces in achieving your social mission?