

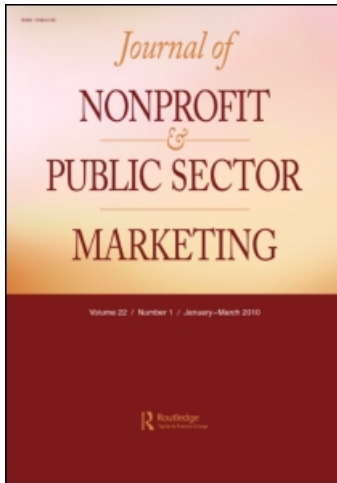
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Canadian Social Enterprises: An Empirical Exploration of Social Transformation, Financial Self-Sufficiency, and Innovation

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This article reports on empirical research investigating social transformation, financial self-sufficiency, and innovation in Canadian social enterprises. A set of profiles on 60 randomly selected social enterprises utilizing information from each organization's Web site was developed and analyzed. The profiles show that about one-third of the sample enterprises were deemed high in social transformation, approximately one-half were assessed high in financial self-sufficiency, and fewer than one-fifth were found to be highly innovative. Implications for marketing in social enterprises are drawn.

KEYWORDS *social enterprises, social transformation, financial self-sufficiency, innovation*

INTRODUCTION

Although a number of social enterprises such as the Salvation Army have existed for many years, it is widely recognized that there has been rapid

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recent growth in the quantity, type, and societal impact of social enterprises throughout the world. For example, in 2003 it was estimated that there were 161,000 Canadian nonprofit corporations and trusts generating revenues of \$1.2 billion and responsible for approximately 7% of GDP (Hall et al., 2005, Statistics Canada, 2006). In the United States, more than 1.4 million nonprofit organizations generated \$1.36 trillion in revenue in 2008, constituting at least 5% of GDP (Rangan, Leonard, & McDonald, 2008). As of November 2008, the total turnover of social enterprises in the United Kingdom was estimated at £27 billion and their contribution to GDP was estimated at £8.4 billion (Cabinet Office, 2010). Due to growing social needs and social problems in most parts of the world, accompanied by reduced government ability to provide the funding necessary to effectively combat these social problems, it is expected that social enterprises will continue to grow both in number and importance (G. Dees, 1998b; Christie & Honig, 2006; Rangan et al., 2008).

In spite of current growth in the formation of social enterprises, academic research has been undertaken only relatively recently and has largely been case based and anecdotal. Much of the developing literature base has focused on definitional issues around what exactly is meant by social entrepreneurship and social enterprise (G. Dees, 1998a; Douglas, 2008; Mair & Marti, 2006; Martin & Osberg, 2007; Peredo & McLean, 2006) and much of it has focused on three dimensions considered key to social enterprises—social transformation, financial self-sufficiency and innovation (Austin, Stevenson, & Wei-Skillern, 2006; Brooks, 2009; G. Dees, 1998b; Mair & Marti, 2006; Massarsky & Beinhaker, 2002). It is widely recognized that social enterprises, in comparison to commercial enterprises are established with the primary purpose of making positive change in the world—helping disadvantaged people and solving social problems. Social enterprises are also seen as being different from traditional not for profit enterprises in that they seek different forms of financing. In contrast to traditional not for profit organizations that rely primarily on grants and donations to achieve their social goals, social enterprises often engage in profit making activities in order to fund their social missions and gain a form of financial self-sufficiency (Austin et al., 2006; Boschee, 2001; Thompson & Doherty, 2006). Lastly, social ventures are frequently described in the literature as innovative in that they represent new organizational forms and seek new ways to accomplish social change and finance their missions (Brooks, 2009; Mair & Marti, 2006).

To assist in addressing current gaps in empirical research, the purpose of this article is to report on a study designed to investigate social enterprises in Canada. Specifically, the article reports research designed to develop a deeper understanding of social enterprises in Canada along the dimensions of social transformation, financial self-sufficiency and innovation and develop implications for marketing in social enterprises through this enhanced understanding of key dimensions of such enterprises.

The next section of the article provides a brief review of existing literature concerning the three focal dimensions of social enterprises and provides a theoretical perspective for approaching the research. Following the literature review, the study methodology is described. The research findings are then presented and discussed and the article closes by drawing conclusions and implications (with a focus on implications for marketing practice in social enterprises) in the context of the strengths and weaknesses of the research.

SOCIAL ENTERPRISES: BACKGROUND LITERATURE

Even at the basic level of defining social enterprise, there is considerable variation and a commonly held, well accepted definition is not used by all social enterprise and social entrepreneurship researchers and writers. However, it is widely agreed in the literature that social enterprises are innovative organizations 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 et al., 2006; Babos, Clarence, & Noya, 2007; G. Dees, 1998a, 2001; J. G. Dees & Anderson, 2003; Douglas, 2008; Haugh, 2007; OECD, n.d.; Thompson and Doherty, 2006; Shaw and Carter, 2007; Sullivan-Mort, Weerawardena, & Carnegie, 2003). While considerable concurrence exists in highlighting these basic tenets of social enterprises, there are important differences among researchers in the ways that they conceive of social enterprises along the basic dimensions of social transformation, financial self-sufficiency and innovation.

Social Transformation in Social Enterprises

Social transformation refers to the impact of the social change desired or achieved by a social enterprise. Much of the literature concerning social enterprises contrasts social entrepreneurs and business entrepreneurs and underscores the major difference between the two as the social change emphasis of the social entrepreneur. Sharir, Lerner, and Yitshaki (2009, pp. 75–76) summarize a common view:

The main difference between entrepreneurs operating in the business sector versus those in the nonprofit sector is that social contribution, in the sense of mission and service, becomes the main goal of social entrepreneurs, and not just profitability or financial gains.

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 et al., 2006; Babos et al., 2007;

G. Dees, 1998a, 2001; J. G. Dees & Anderson, 2003; Haugh, 2007; Organisation for Economic Co-operation and Development, n.d.; Thompson & Doherty, 2006; Shaw & Carter, 2007; Sullivan-Mort et al., 2003).

Social enterprises are frequently described in terms of different levels of social transformation (Alvord, Brown, & Letts, 2004; Martin & Osberg, 2007). The pragmatic issue of balancing the double- or triple-bottom line paradigm (most often financial and social returns, sometimes environmental returns) is frequently discussed in the literature (see for example, Neck, Brush, & Allen, 2009). 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 & Doherty, 2006).

Financial Self-Sufficiency in Social Enterprises

Financial self-sufficiency refers to the ability of a social enterprise to gain financial autonomy through generating profits from income generating activities. This is often discussed in comparison to traditional not for profit organizations who rely primarily on grants, sponsorships and donations in order to meet their social goals. Many writers argue that earned income or financial self-sufficiency/sustainability is an essential aspect of social enterprise (Boschee, 1995, 2001). Alter (2006) identifies two forms of financial self-sufficiency, cost recovery (discrete) and earned income (ongoing). While Boschee (2001) indicates 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.

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 enterprise and social entrepreneurship (Austin et al., 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 & Doherty, 2006).

Innovation in Social Enterprises

In many definitions of social enterprises (and the related concept of social entrepreneurship) (Austin et al., 2006; G. Dees, 1998a, 2001; J. G. Dees & Anderson, 2003), social enterprises are characterized by innovation. Brooks (2009) and Mair and Marti (2006) see social enterprises as using innovative behavior to achieve social objectives. This contention is supported by Weerawardena and Sullivan-Mort (2001), who note that the not-for-profit literature is dominated by discussion of nontechnological innovation. Social enterprises themselves are seen as innovative structures to solve social

problems (Fowler, 2000). Mair and Marti (2006) view social enterprise as the outcome of social entrepreneurship. In turn, social entrepreneurship is seen as innovative in that it is a “process of creating value by combining resources in new ways” (p. 37), and “involves the offering of services and products but can also refer to the creation of new organizations” (p.37). For example, Austin et al. (2006) state:

Common across all definitions of social entrepreneurship is the fact that the underlying drive for social entrepreneurship is to create social value, rather than personal and shareholder wealth (e.g., Zadek & Thake, 1997), and that the activity is characterized by innovation, or the creation of something new rather than simply the replication of existing enterprises or practices.

The term social entrepreneur is regularly used to describe individuals who initiate and run social enterprises and they are frequently characterized as innovative individuals:

Ashoka, a premier organization that invests in social entrepreneurs, defines a social entrepreneur as an individual with innovative solutions to society’s most pressing social problems. Similarly, The Skoll Foundation, which also invests in social entrepreneurs for systemic change, identifies social entrepreneurs as society’s change agents: pioneers of innovation that benefit humanity. (Neck et al., 2009)

Associated with innovation, social enterprises are often described as exhibiting significant levels of social opportunity recognition, proactiveness, as well as risk tolerance (Sullivan-Mort et al., 2003).

Theoretical Approach: Development of Research Objectives

It is recognized that theory development concerning social enterprise is at an early stage. As noted above, even at the most basic level, a common definition of social enterprise has not been achieved. Robinson, Mair, and Hockerts (2009, p. 3) “do not prescribe to the notion that there is one meta-theory of social entrepreneurship but that there are many theories that explain and frame the activities of social entrepreneurs.” Several of the theories that have been proffered to help identify factors to explain long-term survivability of social ventures include resource dependency, institutional and social capital and network theories, the resource-based view of the firm and human capital (Sharir et al., 2009).

This research adopts the resource dependency view of social enterprises in guiding the formation of the research objectives. “According to the resource dependence view, organizations seek to gain resources and

minimize their dependence on the environment” (Astley & Van de Ven, 1983). This theoretical approach recognizes that managing social ventures is more complicated relative to business ventures for two main reasons. First, social enterprises are exposed to higher resource dependence in their environments and frequently have depended heavily on financial resources obtained from governmental grants, donations and volunteers. Second, the goods and services of social enterprises may not have easily definable commercial value (Roper & Cheney, 2005; Sharir et al., 2009). Utilizing a resource dependency point of view focuses the research on developing better understanding on what resources are acquired in social enterprises to achieve social transformation. Deepening understanding of the extent to which Canadian social enterprises have reduced dependency on government sources (financial self-sufficiency) yet still strive to achieve the social transformation goals of the enterprise are essential to improving our understanding of resource dependency in Canadian social enterprises. A research focus on innovation also follows from resource dependency theory in that it appears to be a key dimension that allows social enterprises to achieve both social transformation and financial self-sufficiency.

To summarize, the bulk of the extant literature on social enterprises is not empirical in nature—rather it is frequently case based or discussion based with little empirical data. However, both resource dependency theory as well as the extant literature highlight the importance of the dimensions of: social transformation, financial self-sufficiency and innovation. Given the importance of these three dimensions, and the lack of empirical work focusing on them, the current research is aimed at deepening our understanding of Canadian social enterprises along these dimensions:

Research Objective 1: To assess and deepen our understanding of the extent of social transformation occurring as a result of the activities of Canadian social enterprises. To assess and deepen our understanding concerning the extent of financial self-sufficiency and innovation exhibited in Canadian social enterprises.

Research Objective 2: To develop implications for marketing in social enterprises through deepened understanding of Canadian social enterprises.

METHODOLOGY

As part of a larger project on social enterprises, the researchers developed a dataset of seven hundred and forty two social enterprises in Canada. This dataset was compiled from amalgamating publicly available directories, Internet searches, and from umbrella organizations that work with Canadian

social enterprises. In order to complete the current research, a random sample of ninety social enterprises was drawn from this dataset. Because the dataset over-represented some provinces (British Columbia and Ontario) and under-represented others (the Atlantic region and Quebec), we then over-sampled in some provinces to ensure that our sample was geographically representative of the population in Canada.

A number of the organizations in the dataset were included because they had self-identified as social enterprises; therefore we had to apply our definition of social enterprise to the selected sample in order to retain only those social enterprises meeting the definition of social enterprise utilized in this research. 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. The team assessed whether the enterprise had a social mission or purpose, and whether assets and wealth were used to create community benefit. Any enterprises that did not meet these criteria were removed from the sample leaving 86 social enterprises in the sample.

From the selected sample, we developed a set of profiles on 60 social enterprises utilizing publicly available information on each organization's Web site. The research used qualitative methods (Denzin & Lincoln, 1994) and draws on Grounded Theory (Strauss & Corbin, 1998) in its approach to deepening understanding of social enterprises in Canada. Grounded Theory suggests that the phenomenon—in this case social enterprises—can be examined by investigation of several dimensions of the phenomenon. Such investigation when carried out through a set of systematic steps allows the researcher to gain deeper insight and understanding of the phenomena under investigation and commence to develop theory that explains the phenomenon. Accordingly, using the profiles, each of the four members of the research team (three authors and one research assistant) independently examined each profile, and assessed each of the 60 social enterprises along the dimensions of social transformation, financial self-sufficiency, and innovation.

Social transformation is conceived as the extent to which the enterprise changes lives for the better. Each researcher searched the profile for indications that the focal social enterprise was achieving such changes. The researcher assessed the enterprise as high in social transformation when concrete reports were provided on the enterprise Web site concerning the extent to which lives had been changed (e.g. how many disadvantaged youth were provided with employment, or how much positive impact was made on the environment). The researcher assessed the enterprise as low in social transformation when little or no indication was provided concerning such impacts or when the impacts were judged as quite minor (e.g. the amount of organic coffee sold). In order for an organization to be classed as high

(or low) in social transformation, the authors required that three of the four researchers independently rate the enterprise and high (or low). In instances where this level of agreement among the researchers was not achieved, the enterprise was not rated. The same approach was utilized below for assessing social enterprises as either high or low in financial self-sufficiency and innovation.

Financial self-sufficiency is defined as relying on earned income as opposed to grants and contributions. In this methodology, we used a high-low scale on which to place organizations on this dimension and as a preliminary guideline we suggested that enterprises with about 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.

Lastly, innovation is conceived as utilizing new processes or behaviors to accomplish the enterprise mission. Each researcher assessed the processes and behaviors employed by each social enterprise and rated the enterprise as high in innovation if the enterprise was utilizing new processes or behaviors and low in innovation if the processes and behaviors utilized were not judged as new.

To summarize, each researcher read the profile for a sample social enterprise, then made a determination as to whether that organization was high or low in social transformation, financial self-sufficiency, and innovation using the guidelines discussed above. Agreement among three of the four independent researchers had to be achieved in order to classify an enterprise as high or low. 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 using these dimensions.

FINDINGS AND DISCUSSION

Assessment of Web-Based Profiles: Introduction

Table 1 summarizes the 720 assessments made by four members of the research team in assessing the sample of 60 social enterprise profiles on the three dimensions that comprised the focus of this study.

Individual members of the research team were able to independently complete assessments 93% (670) of the time and unable to complete assessments in only 50 (7%) instances. This finding shows that in most cases, the description that social enterprises provide on their Web sites includes 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 find 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

TABLE 1 Degree of Financial Self-Sufficiency, Innovation, and Social Transformation

	Degree of social transformation			Degree of financial self-sufficiency			Degree of innovation		
	High	Low	NC	High	Low	NC	High	Low	NC
Assessment (<i>N</i>)	19	25	16	31	15	14	11	39	10
(%)	31.7	41.7	26.6	51.7	25.0	23.3	18.3	65.0	16.7
Degree of 3+ researcher assessment		44 (73.4%)			46 (76.7%)			50 (83.3%)	

Note. NC = not classified because fewer than three of the research team agreed on the assessment.

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.

Extent of Social Transformation, Financial Self-Sufficiency, Innovation

In addressing the first research objective in the research, the findings show that almost one-third (31.7%) of the sample enterprises were deemed to be high in social transformation. (Recall from the methodology that a rating of high required that three of the four assessors judged the enterprise as high in social transformation). Fewer than half (41.7%) were judged 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.

The findings show that about one-half (51.7%) of the sample enterprises were judged 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. Again, the researchers achieved considerable agreement in coding slightly more than three-quarters of these enterprises on the financial self-sufficiency dimension.

The findings show that less than one-fifth of the sample social enterprises (18.3%) were 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).

Deepening Understanding of Social Transformation

The findings resulting from working with the social transformation dimension revealed a number of major issues concerning this dimension including:

(a) specifying whether one is dealing with the goal of social transformation or evidence that it has already occurred, (b) the challenge of comparing *major social transformation in the few* versus a *smaller transformation among many*, (c) specifying 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 and insights concerning each of these are discussed later.

As expected from the extant literature, a very high proportion of the social enterprise Web sites mention goals of social transformation, but fewer provide evidence of such transformation occurring as a result of the efforts of the social enterprise. 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. However, it is much more difficult to assess how well they have accomplished these objectives. A number of social enterprises report on 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 provides this type of specific evidence is Social Capital Partners (SCP). SCP funds businesses that demonstrate both 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, SCP invests in organizations that hire the majority of employees from economically disadvantaged communities as well as provide skills and experience that promote long term employment. SCP was judged high in the social transformation dimension because it lists examples of organizations both past and current that it has/is invested in.

A 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 judged high in social transformation is Street Kids International (www.streetkids.org). Street Kids International is a nonprofit agency founded in Canada, which focuses on 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 and has reported specifically on the number of street kids that the organization has worked with.

Lastly, 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 Print Shop. 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 (<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).

Deepening Understanding of Financial Self-Sufficiency

The financial self-sufficiency dimension 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 1, 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. 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 (n.d.) in Vancouver Canada:

Potluck operates a fully professional Café and Catering enterprise in the heart of the city serving hundreds of corporate and non profit clients. Potluck is a registered charity whose café and catering revenue is directly invested back into its 4 community social programs that are integrated into its daily operations. (para. 2)

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” (Art Starts, 2009, para. 1) Art Starts lists its past and current funders and overall, the Web site 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 Web site. Such enterprises were also coded as being highly financially self-sufficient.

A major research issue that came to the fore through examining Canadian social enterprises on the self-sufficiency dimension concerns the level of analysis of the social enterprise under study. Within the sample, a very common situation involved an umbrella not-for-profit enterprise

operating a sub enterprise within it. An example of such an organization would be the Salvation Army Thrift Stores operating as part of the larger Salvation Army organization. If the researcher focuses on the strategic business enterprise (the Thrift Store) as the unit of analysis, one would assess the enterprise as being highly financially self-sufficient. However, if the researcher 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 (the Salvation Army) relies on the business enterprise (the Salvation Army Thrift Store) for funding. In fact, the umbrella social enterprise may rely upon financing from a number of sources including the organization's self-financing enterprise (in this case the Thrift Store), and perhaps traditional funding from governments and donations.

Deepening Understanding of Innovation

Bullfrog Power is an example of a social enterprise judged as highly innovative in this study. Bullfrog provides 100% green electricity in British Columbia, Alberta, Ontario-and now-Nova Scotia, New Brunswick and Prince Edward Island, Canada (<http://www.bullfrogpower.com/>). However, innovation proved to be the more difficult dimension with which to work 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 several reasons for this difficulty.

First, following Rogers (1995) definition, 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 making decisions concerning whether the social enterprise appears to be highly innovative in any major ways or whether it is not. 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. A related challenge is the issue of where in the enterprise life cycle the innovation assessment is taking place. Most social enterprises are innovative when they are initially established. As time goes on the processes utilized or products sold become more widely known and used.

SUMMARY, DISCUSSION AND IMPLICATIONS

The purpose of this article was to describe empirical research examining three major dimensions noted as important but under researched in the extant literature on Canadian social enterprises: social transformation, financial self-sufficiency, and innovation. Analysis of the Web-based profiles results shows that while approximately one-third (31.7%) of the sample enterprises were judged as being high in social transformation, 41.7% were judged as exhibiting low social transformation. The researchers recognize that this study may in fact understate the extent of social transformation in that social enterprises may not be providing Web site evidence demonstrating achievement of social transformation. A key practical implication for social enterprises themselves is the need to detail the contributions that they make and to be prepared to communicate these results to stakeholders (including funders and others).

The results contribute to resource dependency theory by providing empirical evidence suggesting that approximately half of Canadian social enterprises sampled (51.7%) are highly self-sufficient and much less reliant upon the environment for government grants, as well as donations and volunteers for the resources necessary to accomplish their social missions. The profile analysis results suggest that one-quarter of Canadian social enterprises sampled are low in financial self-sufficiency and still very highly dependent upon such traditional funding. It would appear that over half of social enterprises sampled have found ways to attract resources to the enterprise in the form of earnings from the sale of various types of products and services ranging from the sale of various food items, to provision of snow clearing and building services. Future research is required to fully understand how these organizations manage and market their products and services within these social ventures.

The results suggest that future research is required to examine what it means to be innovative in social enterprises. It may not be desirable to assess all social enterprises as innovative simply because they are social enterprises. Social enterprises competing both with other social enterprises and with traditional for profit enterprises in a sector such as catering, for example, may need to consider that simply being a social enterprise caterer may not be innovative enough to grow and sustain the enterprise over time.

Implications for the Role of Marketing in Social Enterprises

Given that relatively few social enterprises were found to be able to provide evidence of their social transformation missions, it is important for Canadian social enterprises to improve both their measurement of as well as their ability to demonstrate degree of social transformation. Adoption of a marketing approach in social enterprises would bring with it the

discipline to clearly formulate and state concrete measurable objectives for change as well as research approaches for conducting such measurement. Such approaches are considered fundamental to the practice of social marketing— which also attempts to achieve behavior changes in target segments (Andreasen, 2006; Kotler & Lee, 2008). There appears to be further room for useful application of social marketing thinking in specific types of social enterprises—in particular, those social enterprises whose goals are to encourage behaviour changes. For example, the social enterprise OneChange (www.onechange.org) runs Project Porchlight, a campaign to distribute energy-efficient light bulbs and provide conservation messages door to door. The view is that the act of changing one bulb opens the door for consumers to more positively receive other program messages and to make other conservation changes in support of the environment. Knowledge gained by social marketing researchers and writers in such fields as developing market segmentation approaches in encouraging household waste recycling (Jesson, 2009), or developing safety awareness among coal miners (Cullen, Matthews, & Teske, 2008) might be useful in developing effective marketing strategies for such organizations. Perhaps equally important, knowledge gained concerning marketing in social enterprises may be useful to social marketing programs and campaigns. Further research is required to understand both what social marketers can learn from social enterprises and what social enterprises can learn from social marketers.

With regard to increasing financial self-sufficiency in social enterprises, bringing a market or marketing orientation to the social enterprise may help improve their ability to sell goods and services in such enterprises. Developing marketing strategy around a careful assessment of the “4Ps” should also help social enterprises succeed better (Kotler & Lee, 2008; Stater, 2009; Zeitlow, 2001). Much remains to be learned concerning adapting marketing thinking to social enterprises. For example, future research is needed on positioning and branding in social enterprises. Do they and should they emphasize the “doing good” aspect of the enterprise in their branding or downplay it? How important is this benefit to key target markets?

Strengths and Limitations of the Research

The findings from this study provide useful preliminary baseline qualitative (and some quantitative data) on Canadian social enterprises. The simple random sample utilized in the research is a strength of the study and enhances confidence in the findings. However, it is unknown how complete the database itself is in terms of being an inclusive sampling frame of social enterprises. To the extent that the database includes weaknesses in listing social enterprises in Canada, the simple random sample will also reflect these weaknesses. As well, the authors recognize that the small sample size limits ability to generalize from the findings. However, given the

need for both qualitative and quantitative empirical research to contribute to theory development in the field of social entrepreneurship, the current study was designed to take an important preliminary step in this research on the Canadian scene.

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