

If not for profit,
for what and how?



Plowing the Fields: Provincial surveys of social enterprises in Canada

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and



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Abstract

Social enterprises are emerging as both an identifiable and viable organizational form capable of providing goods and services in the marketplace and motivated by a clear social, cultural, environmental or employment mission (Enterprising Non-Profits; Social Enterprise Council of Canada, 2011). Defining social enterprises from a statutory and a functional perspective is an important dimension of an on-going and contested institutionalization process. This phenomenon of contested definition and creation of policy space, and operational practice by social enterprises reflects what ecology theorists have identified as the "creative exploitation" phase of development (Zimmerman, 2000).

As necessary as is a clear and continuous engagement in market or trading activities, this criterion is not sufficient to identify a social enterprise. The enterprise should either be structurally incorporated as a nonprofit (including co-operative, society or without share capital corporation) or be a private corporation wholly owned by a nonprofit. This second, structural criteria for a social enterprise has been clearly designated by leading social enterprise capacity-building organizations in Canada and elsewhere (Enterprising Non-Profits; Giulia Galera & Carlo Borzaga, 2009). The non-distribution constraint inherent and widely acknowledged in the nonprofit form continues to address the issue of contract failure (Hansmann, 1987). We acknowledge, as do Defourny and Nyssens (2006, 2012), that social enterprises are embedded in particular political contexts. The political context may influence the nature, scope, and number of social enterprises, but not their nonprofit form or their goal of selling goods or services to achieve a social, environmental or cultural benefit.

The third criterion that we apply is that the social enterprise must be engaged in market activities in a way that achieves a social, environmental, or cultural benefit. This creates in principle, a nexus between the nature of the market engagement of the organization and its founding mission. Hence, our definition of social enterprise is a structural-functional one, applying the structural nonprofit form and the functional benefits that are social, environmental or cultural.

We show that using this definition, social enterprises can be identified, measured and analyzed using a practical on-and off-line survey tool. This data can then be used to conduct comparative analyses at a variety of jurisdictional scales. The survey has the capacity to capture an organizations' purpose, form, population served, number of employees and volunteers, revenues and expenses and their sources, and the role of a parent organization. Further these findings, when shared with social enterprises and capacity building organizations, provide an important contextual and factual feedback loop towards the development and collective self-definition of the sector.

1.0 Introduction

Considerable interest in social enterprises in Canada has been shown by nonprofit organizations and policy makers.¹ To date evidence of the impact of social enterprises in Canada has been largely anecdotal, limiting the capacity of community advocates to justify to policy makers a sustained or focused commitment to the social enterprises (Madill, Brouard, & Hebb, 2010). It was this gap in knowledge that the social enterprise sector survey project stepped.

Social enterprises are said to be effective in finding innovative solutions to social and economic marginalization, environmental deterioration, and cultural isolation (Madill, et al., 2010). Yet, in order to determine their effectiveness in achieving these purposes, one needs to first establish what is meant by a social enterprise so their presence and impact can be documented.

This definitional quest led us to a structural-functional definition of social enterprises that is addressed in the first part of this paper. Subsequently the methodology section chronicles how the structural-functional definition was applied and how the research instrument was developed and implemented in the field. The third part of the paper profiles the research findings, namely the number, size, purpose, and operations of social enterprises in the seven surveys completed across five provinces to date. The final section of the paper discusses the implications and conclusions drawn from research findings.

2.0 Defining social enterprise

Social enterprises are emerging as both an identifiable and viable organizational form capable of providing goods and services in the marketplace and motivated by a clear social, cultural, environmental or employment mission (Enterprising Non-Profits; Social Enterprise Council of Canada, 2011). Yet the struggle to clearly define, identify, and survey social enterprises has also been well documented (Dart, Chow, & Armstrong, 2010; Lyon & Sepulveda, 2009). We contend that this definitional struggle reflects different contextual understandings of what constitutes a social enterprise, as well as reflecting a broader ecological competition for status and resources. This competition plays out between individual social enterprises (and between social enterprises and various private, civic and state organizations), but more importantly, it is a competition over the future institutionalization of the social enterprise sector, in the sense that institutionalization reflects a higher degree of legitimacy and access to resources, and so will shape the future development of the sector (Dart, 2004).

Our view is that this phenomenon of contested definition and creation of, policy space, and operational practice by social enterprises reflects what ecology theorists have identified as the "creative exploitation" phase of development (Zimmerman, 2000). According to Zimmerman:

This [creative exploitation] state is characterized by a wide variety of species all competing for the resources. There is usually not one dominant species. There are a lot of births in this stage; however, many of the new births do not reach maturity. In human organizations, this is the early "entrepreneurial" phase of an industry or organization. This is a period of high energy, lots of new ideas and trial and error learning. Resources are spread over a variety of projects or activities (Zimmerman, 2000, p. 5).

It is thus not surprising that we witness a variety of contested versions of organizational forms, social purposes, and definitions all relating to social enterprises. The UK government, for instance, uses a functional definition of social enterprises: "a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners"(Department of Trade and Industry, 2002, p. 13). This definition, with very slight variations, (e.g. addition of environmental benefits) has been replicated in studies in the UK and more recently in Ireland (Leahy & Villeneuve-Smith, 2009; Prizeman & Crossan, 2011; Villeneuve-Smith, 2011). As Lyon and Sepulveda point out: "This [UK] definition [of social enterprise] has been kept deliberately open to allow a wide range of organizations that define themselves as social enterprises to be included"(Lyon & Sepulveda, 2009, p.85). Definitions are not without political influence, as recently noted by Teasdale et al (Teasdale, Lyon, & Baldock, 2013).

¹ Enterprising Non-Profits, based in Vancouver, has been promoting social enterprise activities in the Province of British Columbia since 1997. It now has partners in other provinces (Alberta, Manitoba, Ontario, Quebec and Nova Scotia). Canada also held its fourth Canadian Conference on Social enterprise in November, 2011, and is hosting the World Social Enterprise Forum in October 2013. Several provinces have established task forces to review legislation, funding and capacity building policies.

This openness or ambiguity creates a big tent, but it also makes any survey research on (or policy response for) the sector extremely difficult to contain. Other surveyors, attempting to operationalize this definition for survey purposes, have modified this functional definition by introducing a threshold level of trading or marketing activity, for example, more than 25% of total income (IFF Research Ltd., 2005). However, definitional modifications of social enterprises that require an internal operational analysis (Alter, 2007) make it impossible to externally identify a frame for sampling purposes. In other words, a survey would have to be conducted to define the population. In addition, such an arbitrary financial cut off ignores the operational realities facing all market-oriented organizations. This is particularly the case in the start-up phase when social enterprises are in the process of building their skill and financial base, market share, and community legitimacy, and a robust revenue stream has not yet been established. As important as is a clear and continuous engagement in market or trading activities, market success is not necessary to identify a social enterprise.

2.1 A Structural-Functional Definition

The second criterion we used to define social enterprise was structural: the enterprise should either be incorporated as a nonprofit (including co-operative, society or without share capital corporation) or be a private corporation wholly owned by a nonprofit. This structural criteria for a social enterprise has been clearly designated by leading social enterprise capacity-building organizations in Canada and elsewhere (Enterprising Non-Profits; Giulia Galera & Carlo Borzaga, 2009). The nonprofit form structurally prohibits the private distribution of assets or surplus revenues (non-distribution constraint) and ensures a collective or community benefit-focused governance structure. While the intent of a private corporation may have a social benefit, there are no regulatory constraints or oversight that prevents that intent from fundamentally changing. It is also important to note that not all social enterprises in Canada have registered charitable status. Charitable status is a tax designation of eligible nonprofits, not an incorporation designation.

We also acknowledge the hybrid forms that have been created in the UK and the USA respectively, namely Community Interest Corporations (CICs), Benefit Corporations and the L3Cs (Corriveau, 2010; Manwaring & Valentine, 2011). Although similar corporate structures have been developed in British Columbia and Nova Scotia, these options are neither widely available nor universally considered necessary. There is still considerable debate as to whether these corporate forms are superior to the non-profit form. In our view the non-distribution constraint inherent and widely acknowledged in the nonprofit form continues to address the issue of contract failure (Hansmann, 1987). We acknowledge, as do Defourny and Nyssens (2006, 2012), that social enterprises are embedded in a broader political context. In Canada, we need look no further than the province of Québec, where the social economy is a force for a new political economy and economic solidarité (Mendell & Neamtan, 2010). This socio-political context may influence the nature, scope, and number of social enterprises, but not their nonprofit form or their goal, among others, of selling goods or services in the market to achieve a social, environmental or cultural benefit.

The third criterion that was applied here was that the social enterprise must be engaged in market activities to achieve a social, environmental, or cultural benefit. This remains a challenging aspect of the definition to operationalize, but creates in principle, a nexus between the market engagement of the organization and its founding mission. Further, we prefer the notion of a nexus or connection to some arbitrary measure of revenue or size (e.g. as in the 25% market-based income threshold). This is not to deny that some social enterprises will generate significant income to support or subsidize their mission-based activities. However, market activities that have no social, environmental or cultural benefit, used by nonprofit organizations only to raise funds, do not make that activity or organization a social enterprise. Selling cookies or chocolates to raise funds is not a social enterprise, it is classic fundraising. If, on the other hand, a recycling social enterprise transfers or donates excessive revenues to a parent environmental organization, the recycling activity would qualify the organization as a whole, and the recycling social enterprise in particular, as a social enterprise.

Hence, our definition of social enterprise is a structural-functional one, applying the structural nonprofit form and the functional benefits that are social, environmental or cultural. This blended definition clearly contextualizes the structural form of the social enterprise and the purpose for which it exists. It can be used to differentiate between fundraising activities that in themselves do not have a social, environmental or cultural benefit and social enterprises that exist, in part, to generate revenue for a parent organization.

There is also an argument to be made that the current diversity of the social enterprise sector in this creative exploitation phase is healthy and not a passing phase in the sense that the social needs and financial resources to which the social enterprise sector responds are constantly changing. The risk here is that any premature institutionalization could lock the sector into patterns that will leave it unresponsive to changing social needs. If this view is correct, then the risk is that prematurely institutionalizing the sector, including

imposing a rigid or unidimensional definition, could leave it insufficiently adaptable. In contrast to this view, others have argued that certain organizational forms are inherently sufficiently adaptable. For example, Fairburn et al (1990) and others have made this argument with respect to cooperatives. A third contrasting view is that social enterprises are a phenomenon of their time; an organizational form that can deal with social challenges in context of marketization. The institutionalization of the sector in this context could create an organizational form of only passing utility, or indeed one that can successfully replicate itself without actually addressing future social needs. Either way, the stakes in defining the social enterprise sector are considerable.

Social enterprise is currently as much a contextual (or organic) as it is a legal construct and varies both within and across countries (Defourny & Nyssens, 2010). In Canada, social enterprises are differentiated from social purpose businesses by organizational form. Those based on the nonprofit form are distinct from the broader definition that includes both non-profit and for-profit social purpose organizations. These two versions are contested as much for definitional supremacy as they are for bragging rights over which version produces the largest population of social enterprises. In our survey research, we committed ourselves to utilize a definition of social enterprise that was clear, independently verifiable, classifiable, and traceable.

Thus the operational definition of a social enterprise chosen for this research survey was, “a business venture, owned or operated by a non-profit organization that sells goods or provides services in the market for the purpose of creating a blended return on investment; financial, social, environmental, and cultural”. This definition excludes other important organizations in the social and solidarity economy, including institutional non-profits such as universities and hospitals, most co-operatives, voluntary associations and societies, governmental organizations as well as non-enterprise charities and non-profits. We also do not include First Nations enterprises in our population as we recognize the self-governance status of First Nations and thus regard First Nations as a level of government.

3.0 Methodology

The research was implemented in three phases. In phase one, the structure and content of the mapping instrument was developed and tested. Existing social economy networks were also identified and invited to contribute names and contact information to the sample frame, and in turn, would benefit from its results. In phase two, the survey was circulated to all verified social enterprises in the sample frame to achieve a large and fully representative probability sample of social enterprises in both provinces. Data were subsequently collected for cleaning, entry, and analysis. Phase three involved the circulation of the survey results to social enterprise-related networks in both provinces through both participant feedback and de-briefing workshops.

Given the objectives of the study – to generate widely intelligible and comparable quantitative indicators of the impact of social enterprise activity in various Canadian provinces British Columbia, Alberta, Manitoba, Ontario, New Brunswick, and Nova Scotia, while recognizing its emergent character – we opted for a short and highly standardized questionnaire, designed for easy completion and return in order to achieve a high response rate.

3.1 The survey instrument

The survey instrument was developed and piloted by students in co-author Peter Hall's 2009 Leadership in Sustainable Community Development course at Simon Fraser University (SCD 403, 2009). The questionnaire was further refined by the research team to deal with problems from the student survey (e.g., legal structure was clarified; the set of sector definitions was expanded), to ensure comparability between this survey and other secondary sources and to also meet newly identified specific needs (e.g. sources and uses of grant financing). However, the basic structure and length of the tested and proven questionnaire was retained.

The survey instrument was specifically designed to map the location, purpose, and operations of social enterprises in two Canadian provinces. We surveyed social enterprises in British Columbia and Alberta in the spring of 2010, and again in 2012; in addition to Manitoba (2011), New Brunswick (2012), Nova Scotia (2011), and Ontario (2012). All of these surveys were conducted with the goal of developing clear indicators of their nature, scope, and socio-economic contribution. Indicators of socio-economic contribution included sales and revenue, expenditures, employment, volunteer engagement, and clients served and trained (see <http://www.sess.ca>). The respondents were asked to report on financial performance in the previous annual reporting period. The questionnaire / survey instrument consists of five parts. A limited number of additional questions were developed by the host survey partners in several provinces, but do not form part of this paper. The surveys were initially completed off-line, and this is still an option, but surveys are now predominantly completed via a secure on-line survey system. The instrument described here reflects this latter development. It consists of five parts:

PART A: The initial portion of the survey verifies the identification of the person, organization, and the location and contact information of the person who completed the survey; informed consent information; and contact information for the principal investigators and human research ethics board administrators. A contact e-mail field on the opening page allows the respondent to complete the survey at a later time if they so wish.

PART B: The next series of questions (1-7) are designed to capture the primary purpose of the social enterprise and their organizational and operational characteristics. A number of questions (e.g. question 4) were designed to verify the status of the social enterprise in relation to the operational definition. Demographic information and postal codes are used to develop a GIS map of both identified and responding social enterprises by type. This helps to identify geographic clusters of social enterprises and their proximity to major transportation corridors and target populations.

PART C: The next question (8) was designed to identify the nature of the goods and services sold by the social enterprise. The list of options was generated from known social enterprise business sectors, as well as Marie Bouchard's broader and comprehensive classification of social economy organizations (Bouchard, Ferraton, Michaud, & Rousselière, 2008). Note that the list of sectors provided to respondents thus includes some redundancy; for example, day care is an activity within the broader sector, personal services. We believe that this question assisted respondent recall and generated usable information to sector intermediaries, while post-coding allowed us to create a widely accepted sectoral description (see Table 2).

PART D: The next series of questions moved from the broad classification of goods and services to the more specific area of human resources. Question 9 asks respondents to identify the demographic groups which the social enterprise trains, employs or provides services to as part of its mission. Question 9.1 asks respondents to quantify this relationship. Thereafter, respondents are asked to identify paid staff and volunteers as well as seasonal and full time paid and unpaid worker. Part time workers are classified as those who worked less than 30 hours and week, while volunteers were separated in to those that worked more or less than 10 hours per month. These questions generate two estimates of employment; those employed from the population defined as part as the mission of the organization, and overall employment.

PART E: The final part of the questionnaire dealt with financial information. While more and more detailed questions could certainly have been posed, we deliberately struck a balance between capturing the most relevant financial information and delving into operational details that would have created a real barrier to successful survey completion. As it turns out, this data became a rich source of information and while some respondents needed additional time to retrieve the information; in the most recent (2012) BC and AB survey, 42% of responding social enterprises provided answers to all the financial questions. Furthermore, it was possible to determine whether total revenue exceeded total expenses for 75% of respondents.

3.2 Sampling

To ensure confidence in a representative sample, a sample frame of known social enterprises and enterprising nonprofits in the host province was developed. This identification and verification process was led by the host organization in a given province with our on-going guidance and support. Any social enterprise included in the sample had to meet the aforementioned structural-functional definition of social enterprise. A further selection criterion required that the social enterprise, when possible, be independently verified as such.

We are greatly assisted in our efforts to identify social enterprises, and thus increase the response rate, by letters of support, collaboration with umbrella organizations, e-mail tools such MailChimp, and keen and talented groups of young surveyors. Thus the survey strategy is a blended approach, as distinct from a purely "top down" or "bottom up" approach (Lyon & Sepulveda, 2009).

Best efforts are made to create a sample frame that included all social enterprises in the surveyed provinces, and to collect data from a representative sample of this population. When one or two known examples of social enterprises (e.g. farmers' markets) came to our attention, we broadened our outreach to capture similar social enterprises within the same market segment. Based on these lists, we identified a total universe of potential social enterprises. In other cases, such as nonprofit day care centres, the identification process was overshadowed by the difficulty in contacting these centres and soliciting their support for a survey that represented a considerable opportunity cost to the centre. Thus, while explicitly recognizing nonprofit day care centres as social enterprises, a different strategy may need to be employed to reflect their contribution.

Potential respondents were further screened with the following text included on the first page of the questionnaire to determine whether they were (still) operating as a social enterprise:

“This is a survey of social enterprises in (name of province). A social enterprise is a business venture owned or operated by a non-profit organization that sells goods or provides services in the market for the purpose of creating a blended return on investment, both financial and social/ environmental/ cultural.”

With these broader methodological considerations in mind, all social enterprises on the contact lists, segregated by category (e.g. Farmers market, thrift store/ charity shop), were contacted about their impact and social value.

3.3 Data collection

A combination of direct e-mail survey solicitation and phone call introduction followed by an e-mail survey solicitation was used. The survey instrument was sent out electronically to all identified social enterprises following contact by phone to verify their contact information. Respondents could respond in a variety of ways: using the online survey tool, SurveyCrafter, or verbally with the data being recorded by a research assistant or by fax or email/mail return after manually completing the survey. In all cases, phone call follow-up became an essential tool to address questions, clarify responses and encourage full survey completions. When necessary, the data was then coded and entered into the online survey tool database. The response rate for the 2012 BC and AB survey was 32%.

3.4 Data Analysis

Data entry guidelines are established for the student research assistants who enter data subsequent to conducting/receiving interviews. As the survey completion has evolved to an electronic / online format, this third party data entry is now rare. Several random checks for internal consistency in responses are conducted by the researchers. When necessary, respondents are re-contacted to clarify unclear or contradictory responses, especially regarding the collection of financial data.

Various decisions about data classification are made based on the responses received, especially regarding the targeted populations and goods and services sold. This has informed subsequent refinement of the survey instrument. In the application of the three-part structural-functional definition, if there were no governance or operational dividing lines between the social enterprise activity and the parent organization, the parent organization was considered a social enterprise. If the social enterprise was structurally independent or independently incorporated, then the social enterprise was an eligible respondent.

Although it is inaccurate to speak of many social enterprises in terms of profitability, since many are budget- or service-maximizers while others are satisficers², we did calculate revenue minus expense. This allowed us to identify social enterprises that broke even (i.e., showed a profit of zero or more in a given financial year).

3.5 Outliers

We find considerable variation in levels of employment, financial indicators and the number of people in targeted groups that were trained, employed and served. We identify and then exclude any potentially misleading outliers, such as membership and people served numbers for an SE in the cultural sector (which appeared to have included business clients / patrons in their reports). However, other high numbers, for example, the number of people served by a social enterprise that is part of a relief organization were not excluded.

Finally, financial information was incomplete for some organizations, resulting in potentially misleading estimates for some indicators. We primarily present results that include all responses, with the caveat that the aggregated data represents “at least” this much from the “responding social enterprises”. However, we include only those that provided complete financial data when average financial data per social enterprise is reported.

4.0 A Profile of Social Enterprises in six Canadian Provinces

The survey results provide a rich profile of surveyed social enterprises in six of ten provinces and three territories, and are starting to form a larger pan-Canadian series of provincial surveys.

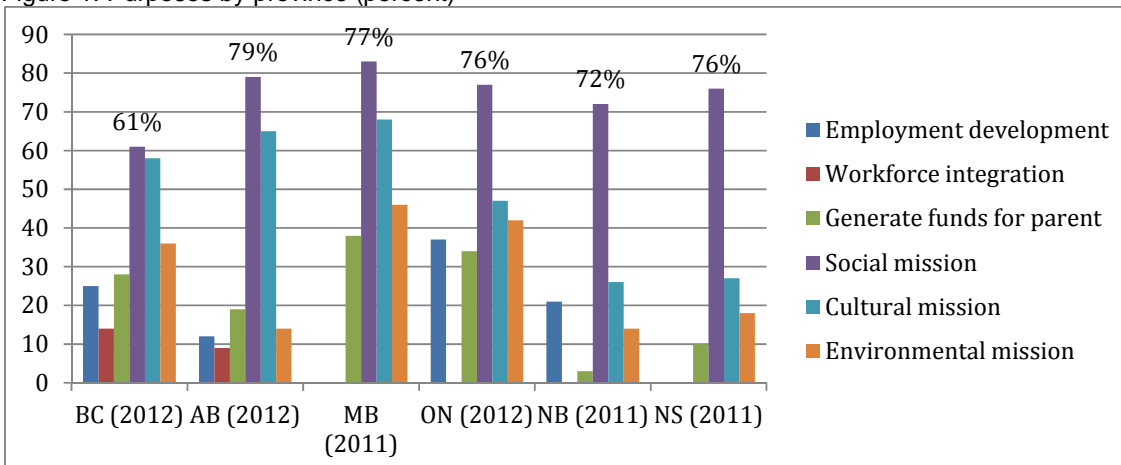
² With acknowledgement and apology to Herbert Simon, here we use the term ‘satisfice’ to describe the extremely complex motivations of a small number of social enterprises which seek to meet the multiple needs of a defined population without trying to maximize any one of them, and without trying to grow beyond their existing scale.

The following tables reflect the collective results to date.

Table 1: Cross provincial profile (demographics and purpose)

Demographic profile (1)	MB 2011 Survey	NS 2011 Survey	ON 2012 Survey	AB 2012 Survey	BC 2012 Survey	NB 2011 survey
Year of formation: median	1991	1982.5	1997	1986.5	1996	1985.5
Year of first sale: median	1994	1983	1999	1988	1996	1988
Number of business sectors (1-7)	2.7	2.5	2.3	1.8	2.1	2.2
Number of targeted populations (0-17)	3.8	4.1 (b)	4.8	5	3.8	4.9
Legal Organizational Form (percent)						
Nonprofit legal structure	94.9%	77.1%	87.6%	82.5%	89.4%	82.9%
Registered charity	54.3%	54.1%	57.9%	60.7%	67.6%	55.2%
Co-operative	5.1%	17.4%	3%	3.5%	2.9%	5.7%
Has a parent organization	53.4%	26.6%	51.8%	38.6%	36.5%	24.8%
Purpose (percent of social enterprises):						
Employment development, training and placement	29.7%	42.7%	n/a	n/a	n/a	n/a
Employment development	n/a	n/a	36.9%	12.3%	25.0%	20.9%
Employment training	n/a	n/a	29.2%	8.8%	14.4%	n/a
Income generation for parent organization	38.1%	9.7%	33.9%	19.3%	27.9%	3.3%
Social mission	83.1%	75.7%	77.4%	78.9%	60.6%	72.4%
Cultural mission	67.8%	27.2%	46.6%	64.9%	57.7%	26.4%
Environmental mission	45.8%	18.4%	42.4%	14.0%	35.6%	14.3%

Figure 1: Purposes by province (percent)

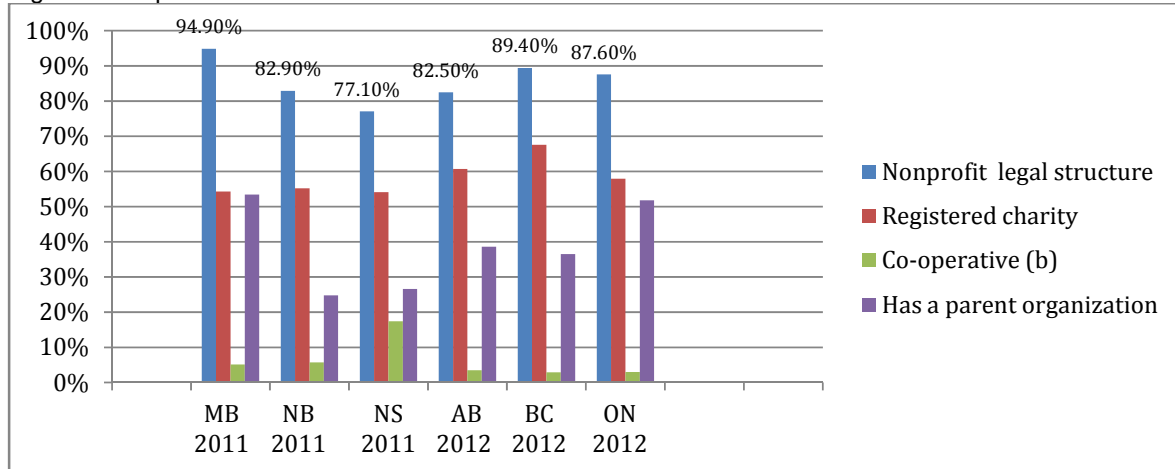


Clearly a social mission dominates the profile of responding social enterprises, followed by a cultural and an environmental mission (Figure 1). Note that this finding partly reflects the sampling frame and cannot be interpreted as a reflective profile of all social enterprises.

4.1 Corporate structure

Nearly all social enterprises were registered as nonprofit organizations (see Figure 2). Concurrently, more than 50 % of social enterprises were registered as a charity. By definition, if the social enterprise had a parent organization, that parent was a nonprofit organization. The nonprofit form does not appear to be a barrier to the establishment and growth of a social enterprise. This may explain why only two of ten provinces in Canada have introduced a community interest corporate form.

Figure 2: Corporate Structure



4.2 Designated demographic groups

As part of their mission, social enterprises will often train, employ or provide services to designated demographic groups. Table 2 profiles this as a percentage of all social enterprises in each Province. The categories and percentages are not mutually exclusive; social enterprises commonly serve, on average, almost five different target populations. A wide variety of groups are served by social enterprises. The highest percentage of groups served, although social enterprises are open to everyone in the community, are low-income individuals, women, and youth.

Table 2: Figure Percentage of social enterprises that train, employ or serve each demographic group as part of their mission

	MB 2011	NS 2011	ON 2012	AB 2012	BC 2012	NB 2011
Target groups (percent of social enterprises):						
All the people living in a particular place / community	82.2%	64.2%	67.5%	71.9%	64.4%	51.6%
Aboriginal / Indigenous people	29.7%	15.6%	22%	36.8%	32.7%	n/a
Children	32.2%	25.7%	27%	38.6%	21.2%	33.7%
Ethnic minority	26.3%	20.2%	31%	22.8%	22.1%	27.4%
Families	31.4%	33.0%	28%	45.6%	20.2%	29.5%
Homeless people	11.0%	8.3%	13%	14.0%	10.6%	13.7%
Immigrants	22.9%	15.6%	25%	19.3%	14.4%	17.9%
Men	19.5%	32.1%	35%	29.8%	30.8%	42.1%
Lower income individuals	36.4%	33.0%	47%	33.3%	25.0%	46.3%
People with mental disabilities	28.0%	37.6%	n/a	n/a	n/a	53%
People with addictions	n/a	19.3%	13%	15.8%	12.5%	18.9%
People with employment barriers	22.0%	31.2%	29%	19.3%	20.2%	28.4%
People with physical disabilities	21.2%	30.3%	28%	24.6%	19.2%	31.6%
People with psychological disabilities	n/a	n/a	19%	24.6%	17.3%	n/a
People with intellectual disabilities	n/a	n/a	32%	33.3%	18.3%	53%
Refugees	9.3%	5.5%	11%	12.3%	2.9%	7.4%
Senior / aged / elderly	29.7%	25.7%	28%	45.6%	31.7%	33.7%
Women	24.6%	35.8%	42%	36.8%	37.5%	45.3%
Youth / Young adults	39.0%	38.5%	47%	50.9%	38.5%	43.2%

4.3 Human Resources

Social enterprises engage people in multiple ways: as members, volunteers, recipients of services and training, and as employees, including those that could be designated as special needs employees. It is important thus to understand that the same individual can be counted more than once in the indicators reflected in Table 3. Social enterprises provide meaning and dignity for marginalized individuals, or those with a disability, through work. While the social enterprise may be subsidized by the public sector, these individuals also earn wages as an employee. Often the subsidy funds are allocated to training and special supports. This particular phenomenon within social enterprises complicates the task of enumerating employment figures than otherwise would be the case.

Table 3: Members, recipients of training and services, paid workers, and volunteers (average per social enterprise)

Demographic profile (2)	MB 2011	NS 2011	ON 2012	AB 2012	BC 2012	NB 2011
Trained	62.6	328.3	210	122.3	68.8	90
Employed (from target group)	30	20.9	16.3	132.3	26.4	20.6
FTEs	15.8	18.1	9.3	96.2	14.9	15.2
Volunteers (full-and part-time)	50	33.2	56.8	182.4	90.7	31.7
Served	4211.9	2418.0	9119.9	5287.3	7721.5	4468.4

Note that our employment numbers are conservative regarding estimation of impact of social enterprise activity. Marketing and cooperative social enterprises that work with, for example, small-scale farmers, refugees, street vendors, to ensure that they receive market access and fair trade prices for their product are recorded as receiving services (i.e., marketing, distribution, technical advice). Likewise, those working as 'contractees' are not recorded as employees. Many of these people would not be receiving an income without the activity of the social enterprise, but to call them employees in the standard sense is also not accurate. Where social enterprises place members of designated groups in employment, these individuals may be counted as FTEs or as contract workers, as appropriate. Somewhat balancing this underestimation is that in a limited number of other cases, the 'employed' from designated groups are counted as 'unpaid volunteers'.

Not only are employment opportunities created for members of designated social groups, social enterprises are also important direct employers. Social enterprises staff are often members of the designated or special needs groups, but not always. Social enterprises have full-time, part-time and seasonal employees. In the survey we asked respondents to estimate Full-Time Equivalent positions created, and estimated a number for those respondents who did not provide their own. In calculating Estimated FTEs, if the respondent provided a FTE count, this was accepted. Otherwise an estimate based on 1 FTE per full-time employee, 0.5 per part-time and 0.25 per seasonal was calculated. Missing data were regarded as 0 for this calculation.

Social enterprises also created employment for contract workers. Once again, these individuals may be members of designated groups, especially when the social enterprise is involved in marketing the products of independent producers who are classified as contractors. Likewise, the volunteer category includes persons engaged in traditional charitable activity, as well as members of designated groups who volunteer to support the SEs that provide them with services (especially common amongst SEs with a strong employment-training and linkage aspect in their mission).

4.4 Financial Performance

4.4.1 Profitable vs not profitable

Noting again that the concept of 'profitability' is not always useful when discussing social enterprises, though financial self-sustainability is, we report here that very little difference exists between the profitable and the not profitable groups. This analysis was also limited by sample size and the absence of balance sheet records to measure assets and retained earnings.

Those SEs not breaking even are not necessarily younger although, those not breaking even are slightly smaller across various quantitative indicators. Social enterprises that target people with employment barriers are more likely to break even. These organizations are also more likely to be working with government contracts for defined services which must be provided within a defined budget. This relationship is confirmed by the fact that those which rely on operational grants are more likely to break even. Table 4 reports, amongst other details, on the percentage of revenue from sales, which on average is over 50% in all categories of social enterprise and verifies the extent to which social enterprises rely on market activities as a critical source of revenue (for the full statistical report, see (Elsion & Hall, 2010).³

³ The full report for British Columbia and Alberta is available from <http://www.mtroyal.ca/wcm/groups/public/documents/pdf/socialenterprise2.pdf>

Table 4 Financial Profile, average in year prior to survey

Financial profile	MB 2011	NS 2011	ON 2012	AB 2012	BC 2012	NB 2011
Total expenditure (a)	\$501,700	\$1,219,600	\$814,200	\$2,908,600	\$1,119,800	\$848,800
Total wages and salaries (a)	\$240,300	\$757,100	\$517,600	\$1,039,400	\$754,600	\$430,300
Transfers to parent (a)	n/a	n/a	\$3,600	\$4,400	\$7,400	n/a
Total revenue (a)	\$551,800	\$1,397,000	\$856,100	\$2,919,000	\$1,164,900	\$866,100
Revenue from sales of goods & services (a)	\$451,200	\$1,150,800	\$548,700	\$2,230,200	\$902,800	
Revenue from grants, loans, donations (a)	\$89,300	\$245,400	n/a	n/a	n/a	n/a
Revenue from grants/loans/donations from parent (a)	n/a	n/a	\$47,000	\$34,400	\$4,300	n/a
Revenue from all other grants/loans/donations (a)	n/a	n/a	\$232,800	\$393,200	\$237,900	\$795,000
Revenue exceeds expenses	79.5%	67.4%	84.9%	75.9%	74.1%	68.6%
Sales as percent of revenue	64.0%	67.0%	65.1%	58.2%	62.6%	67%
Revenue less grants/loans/donations exceeds expenses	46.4%	17.9%	51.7%	31.8%	28.0%	18.2%

(a) Note that only respondents who provided complete financial data were included in this analysis

4.5 Sources of Finance

Government is the primary source of financing for social enterprises, followed by individuals and foundations. The greater access of social enterprises in BC to Credit Unions is also noteworthy as it could represent an untapped source of financing for social enterprises in Alberta. Further investigation into the particular role of credit unions in BC in the financing of social enterprises found that their affiliation with social enterprises was viewed as a competitive advantage and helped to differentiate their brand in the market. This is not necessarily the case where there is a lack of competition among credit unions (Karaphillis, 2011).

5.0 Discussion

This research set out to take stock of the structure, purpose, and operational activity of social enterprises in Canadian provinces. This was undertaken using a structural-functional definition of social enterprise as “a business venture, owned or operated by a non-profit organization that continuously sells goods or provides services in the market for the purpose of creating a blended return on investment; financial, social, environmental, and cultural”. Organizations had to be incorporated as a non-profit or wholly owned by one; they had to continuously engage in the market; and the market activity itself had to provide a social, environmental or cultural benefit. The structural “non-profit” component of our definition allowed us to differentiate between social-purpose for-profit and non-profit businesses. The two functional components (mission and continuously engaging in the market) allowed us to differentiate between non-profits that did and did not charge for goods and services provided; and to omit non-profit organizations that raised money for a parent organization (i.e. fundraising), but did so in a way that had no direct social, environmental, or cultural benefit.

Lyon, Teasdale and Baldock (2010) recommend that surveys of social enterprises: be clear about the sampling frame; achieve clarity in definitions and questions; and take care when interpreting self-reporting questions. In some of the surveys reported here and those conducted or underway in other Canadian provinces, subsets of social enterprises (e.g. farmers markets, thrift stores) were not included as such unless a complete sampling frame was identified. When a complete sample frame could not be identified, the social enterprises were either excluded or grouped together in a miscellaneous category. The operational definition chosen for these surveys was found to be very practical, although interpretation of the core definition was an

on-going process. Care was taken to conservatively and consistently interpret responses to questions. For example, we strove to differentiate between “people served” and “customers”; the former being members of the mission-driven target group receiving training and support, and the latter being members of the general public or another organization who purchase a service.

Notwithstanding the inclusion of the non-profit corporate form in our definition, social enterprise organizational form and legal structure tell us little about the activities or the impact of the organization. This is a tentative finding; it is indicative perhaps of the current, “pre-institutionalized”, phase of social enterprise development, but more research needs to be conducted to fully examine and to elaborate on this proposition.

Two forces appear to influence activities and impact social enterprises at this time. First, in a newly emergent field, we would expect that the purpose of the social enterprise – as chosen by the founding individuals or parent organization—would exert a clear influence on the scale and nature of the operations undertaken. We identified three mutually exclusive social enterprise types based on their focus and goals. First, income-focused organizations are those with a singular purpose (income-generation) or, if they have two purposes, one of which is income and the other either employment or cultural or environmental purpose. Social purpose is excluded here because it does not differentiate sufficiently. Second, social, cultural or environmental-focused organizations with one or more of a social, cultural or environmental focus, and which have neither income-generation nor employment as an additional focus. Third, multi-purpose focused organizations which have employment as a purpose and may have other purposes. But purpose, while necessary, is not sufficient, since social enterprises also ‘choose’ to fulfill their purpose (or mission) by engaging with the market.

Second, social enterprise activities and impact also reflect the ‘environment’ in which they operate (Potter & Crawford, 2008). We can think of this as reflecting the fact that emergent social enterprises are still somewhat embedded in their local context, more so than in more ‘universal’ structures and practices (e.g. professionalization, legislation). Cross-national contextual variances have been explored at length, including a distinction across economic and social priorities (Dees, 1998; Defourny & Nyssens, 2010; Giulia Galera & Carlo Borzaga, 2009; Kerlin, 2006). In this instance we explored the sub-national context by examining the impact of geographic location on social enterprises in various Canadian provinces.

In a broader ecological context, this exploration of social enterprises and its contested definitional and operational landscape revealed that this particular class of nonprofit organizations is undergoing a “creative exploitation” phase (Zimmerman, 2000). There is no “quick fix” to this “creative exploitation” phase, but as Galera and Borzaga sagely point out, “this lack of common understanding should not be regarded as a limitation preventing further development”(G. Galera & C Borzaga, 2009, p. 225).

This research reinforces the importance of having a clear operational definition of the unit of measure. The structural-functional definition of social enterprise was found to be practical and provided a way to distinguish social enterprises from either for-profit ventures or nonprofit fundraising efforts that generated revenue but did not achieve a social benefit. The survey itself was found to be practical and timely to administer. While tempting to add a number of speculative questions, the focus on existing purpose, performance and impact measures meant that the survey could be completed in a timely fashion and the results could be readily analyzed. These features were reinforced when social enterprise intermediary organizations across Canada chose to accept the survey protocol presented here as a baseline from which any subsequent provincial social enterprise sector survey would follow.

In practice, this structural-functional definition emphasizes an important differentiation between, in our view, social enterprises (i.e. nonprofit) and social purpose businesses (i.e. for-profit). While there may be reasons to combine the two forms; structural and operational differences in a number of areas, including, for example, the distribution of profits to shareholders and variances in access to capital, are important points of departure. Structural form is a critical consideration for any enterprise, and social enterprises are no exception. This definition may assist those in this position to realize that the nonprofit form can achieve significant results. These collective results, reflected in the surveys completed to date, provide support to existing social enterprises as well by providing aggregate information of both the social enterprise sector as a whole and each sub-sector, such as thrift stores, day care centres, farmers markets, and museums. This can be used by individual social enterprises to compare their impact and performance to comparable aggregate sub-sector data.

In a broader societal context, the survey provides tangible evidence of the obvious: social enterprises are not new. While there are renewed energies and investments in social enterprises, the social enterprises in our population, on average, are several decades old. These older social enterprises should be readily acknowledged as they are the forerunners of today’s social enterprises (Quarter, 1992). In addition, social enterprises, as defined in our context, combine the best elements of two worlds: the nonprofit form that

constrains resource distribution and market activities that engage consumers and provides meaningful work for target group employees and volunteers. The survey of social enterprises is a tangible way to demonstrate to the broader public, governments, and private sector interests the on-going impact of these organizations.

6.0 Conclusion

The aim of this research was to provide relevant and timely information, not to define social enterprises as an end in itself. The operational definition of social enterprise was thus developed with the explicit purpose of conducting this investigation and as such, we are confident that it serves its purpose.

The practical and parsimonious nature of the survey certainly expedited its completion as did supporting letters from affiliated umbrella associations. This latter inclusion is recommended not only because it increases the response rate, but also because it reinforces our contention that a survey should not be conducted as an end in itself, but should be an integral part of a social enterprises community development strategy, developed and executed in collaboration with actively engaged community partners. These community partners, in turn, are able to provide critical contextual information, not only about the location and nature of social enterprises in their province, but also about the broader historical, political and social context in which social enterprises operate. This information, in turn, is reflected in individual provincial survey reports.

Measuring the size, strength and scope of social enterprises contributes to the important constellation of evidence, policy options, and political will that is necessary to put a policy on the political agenda (Kingdon, 1995). In several provinces, the survey results provided policy advocates with the first empirical evidence of the scope, size, and capacity of social enterprises in the province. This, together with existing anecdotal information, case stories, and stakeholder events, helped to convince policy makers that social enterprises are a viable and legitimate entity, worthy of serious policy support, including legislative changes, training support, and loan guarantees. Advocates were able to convince the provincial government in British Columbia to create a BC Advisory Council on Social Entrepreneurship and statutory, financial, and technical assistance programs have been recommended (BC Advisory Council on Social Entrepreneurship, 2011). In Nova Scotia, loan guarantees and legislative changes have been introduced while in New Brunswick, the provincial government has recently approved a comprehensive social enterprise policy framework. These provincial surveys have assisted policy makers and social enterprise advocates alike to move beyond the anecdotal and to fully engage in informed policy dialogue and program development.

The survey results reveal that there are differences in the nature of social enterprises in all Canadian provinces studied to date. These differences may have historical, political, cultural, or socio-economic origins that affect the size and shape of the emergent social enterprise sector. Regardless, the survey, while not exhaustive, was able to capture a broad and representative sample of social enterprises. As the first of its kind, we appreciate that subsequent surveys will reveal more details and insights about this emerging social enterprise sector. Additional surveys are not only planned or underway in several other Canadian provinces; it is hoped that the survey will be repeated in two-year cycles to both expand the population sample and to capture longitudinal data from repeat respondents. To this end, we hope that this survey, and its embedded structural-functional definition, will contribute to the on-going exploration of the number and nature of social enterprises in Canada and elsewhere.

We are under no illusion that the status of social enterprises, whether from a definitional or organizational perspective is settled or universally accepted. What this survey has done, however, is to provide an important collective sense of community in an otherwise fractured and sometimes contentious yet creatively exploitive environment.

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