



The Social Enterprise Model: A Phenomenon Taking the Business World by Storm

by Kristy Wong

The social enterprise business model (SE) has risen in popularity in the past few years, with Deloitte naming it one of their top human capital trends (2018). The firm boldly called it a “profound shift facing business leaders worldwide” (Deloitte, 2018, p. 2). Nevertheless, SE is a term that is often misunderstood. If social entrepreneurship is so important to the future of business, why does society understand so little about it? Do post-secondary institutions have an obligation to teach students how to be social entrepreneurs?

What is the social enterprise (SE) model?

A SE is a business that operates with the purpose of achieving a social, economic, or environmental good (Deloitte, 2018). The business structure can be not-for-profit or for-profit. Varying definitions of SE in academia exist, but the main tenet is an organization that aims to do good by the environment and people. Simply put, “the main purpose of the Social Entrepreneurship and Social Business field is to diminish vulnerabilities and social inequalities in the world” (Barki et al., 2015).

Origin

SEs have not always been met with recognition, with social entrepreneurship education only being taught in the last few decades. According to a University of Calgary study that surveyed 500 local business owners, “most participants [had] limited or no knowledge about SE” (Lai, 2012, p. 7). Rather than to an intrinsic fault of SEs, these results should be attributed to common perceptions of SEs (Chell, 2007). These statistics are a drastic contrast from Deloitte’s findings on SE. According to Deloitte (2018), the more recent awareness of SEs can be attributed to a shift in societal values and the expectations that consumers have placed onto corporations. Notably, as Millennials come to the forefront of spending power, they have become more concerned about the state of the world left for future generations (Deloitte, 2018). In today’s business climate, a corporation will find it increasingly hard to justify social irresponsibility in an age where the accountability of leaders is highly important. Society is demanding corporations to focus on societal impact and not just the bottom line (Deloitte, 2018).

Dispelling Common Myths

To further this discussion, it is important to address some common misconceptions that have emerged in response to the SE model.

Myth 1: SEs are non-profits and charities

In the past, “social enterprises have been modelled on tenets of ‘not-for-profit’ charitable organizations,” which is what led the public to assume that SEs are run for charitable purposes (Chell, 2007, p. 5). Chell (2007) writes that, historically, not-for-profit organizations were not

considered as being entrepreneurial, but this has changed in the recent decade. This historical view may have resulted in SEs losing credibility as a “legitimate” business that could return financial gain.

Myth 2: SEs are less legitimate than other businesses

Due to its focus on social impact, SEs can be seen as a distinctive type of business that is not entirely legitimate. For example, some may wonder, how can a business with the goal of reducing greenhouse emissions be financially sustainable? Is it feasible to go against how business has always been done? The answers to these questions are not straightforward, but social innovation allows SEs to create a positive impact.

Myth 3: SEs need to help large amounts of people

It may seem that SEs need to be large scale, designed to create widespread change by helping as many people as possible. However, it has been argued that scaling impact, sometimes referred to as “scaling deep,” is as important as growing the organization (Tripp, 2013). Additionally, SEs geared toward making a local impact:

- Leftovers Foundation (rescuefood.ca), a Calgary-based organization that works to reduce food waste. It partners with restaurants and distributors to divert food that would have been discarded in the landfill, benefiting those who face food insecurity. At the same time, it also helps reduce food waste and pollution from decaying food.
- Sarjesa (sarjesa.com), a Calgary-based tea company that donates 20% of its profits per box to violence prevention programs in Canada. Its teas empower Canadian women and are available in-store and online.

Benefits of Social Entrepreneurship Education for Post-Secondary Students

How post-secondary institutions should teach social entrepreneurship is widely debated (Tracey & Phillips, 2007). One approach suggests that social entrepreneurship education should be woven into traditional business courses where relevant, not necessarily needing to be treated as a stand-alone subject (Prabhu et al., 2016). Integrating social entrepreneurship topics into business courses signals to students that SEs are an integral part of entrepreneurship and are not any less legitimate. This also allows for the opportunity to teach students that entrepreneurship matters not just to businesses but to society as a whole (Tracey & Phillips, 2007). Nonetheless, “the growth of social entrepreneurship also represents a significant opportunity for business schools” (Tracey & Phillips, 2007).

Prabhu et al. (2016) found that social entrepreneurship education can also support students who have social entrepreneurship ambitions. Their study surveying 1000 millennials concluded that educational institutions must play a role in providing entrepreneurial thinking training. More specifically, educators play a significant role in forming the confidence, attitudes and perceived self-efficacy of students that want to become social entrepreneurs (Prabhu et al., 2016).

Regardless of the approach, post-secondary institutions should make social entrepreneurship education available as it prepares future generations of business leaders of tomorrow to apply entrepreneurial thinking to social problems. When institutions educate the next generation of entrepreneurs, students are more adaptive, dynamic, and socially responsible leaders.

Additional ways to involve students include providing a diverse set of opportunities such as social business case competitions, inviting social entrepreneurs as guest speakers, and offering experiential learning opportunities to consult with SEs (Prabhu et al., 2016). Some local examples include the newly founded Trico Foundation Social Entrepreneurship Centre that connects SEs with students through experiential learning as well as Enactus University of Calgary (enactuscalgary.com), a student-run club that organizes social enterprise projects and a Social Entrepreneurship Challenge. Additionally, ENTI 413 and 668 are SE classes for undergraduate and graduate students, respectively.

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