

**Foundational Training Course on Social Entrepreneurship**

# Introduction to Social Entrepreneurship

by LIAISE - Linking Incubation Actors for Inclusive and Social  
Entrepreneurship

**MODULE 1 | ONLINE, 17 MAY 2021**

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develop key skills, know-how & connections to  
grow your services to better support businesses  
make social & environmental impact

- 📌 Module 1: **Introduction to Social Entrepreneurship**, 17 May
- Module 2: **Program Design and Delivery**, 30 June
- Module 3: **Impact Measurement and Management**, 30 September
- Module 4: **Communicating Impact**, 20 October
- Module 5: **Funding Instruments**, 28 October

# Speakers' profiles



## Tatiana Glad

Co-founder & Director, Impact Hub Amsterdam, Tatiana leads the team, overseeing the delivery of multiple entrepreneurship development programs and overall impact strategy.



## Alberto Masetti-Zannini

Global Development Director, Impact Hub - Founder of IH Milan, Alberto oversees the development of new initiatives and programs within the IH Network. He co-designed the LIAISE program.





# Better Incubation

Innovation Ecosystems for Social Change

## Objective:

To equip participants with understanding of the common characteristics of social enterprises and the different forms these can take within a European context.

## Learning Outcomes:

- Describe social entrepreneurs and social enterprises
- Identify typical business models across a spectrum of social venture types
- Identify various social, environmental and financial factors important to social enterprises



**Better Incubation is powered by LIAISE - Linking Incubation Actors for Inclusive and Social Entrepreneurship project.**  
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# Flow of our Session

## 1st block 10:00-10:55 CEST

- Check in & Expectations
- Social Entrepreneur vs Social Enterprise
  - Common characteristics
  - Definitions
  - Spectrum

## 2nd block 11:00-11:55 CEST

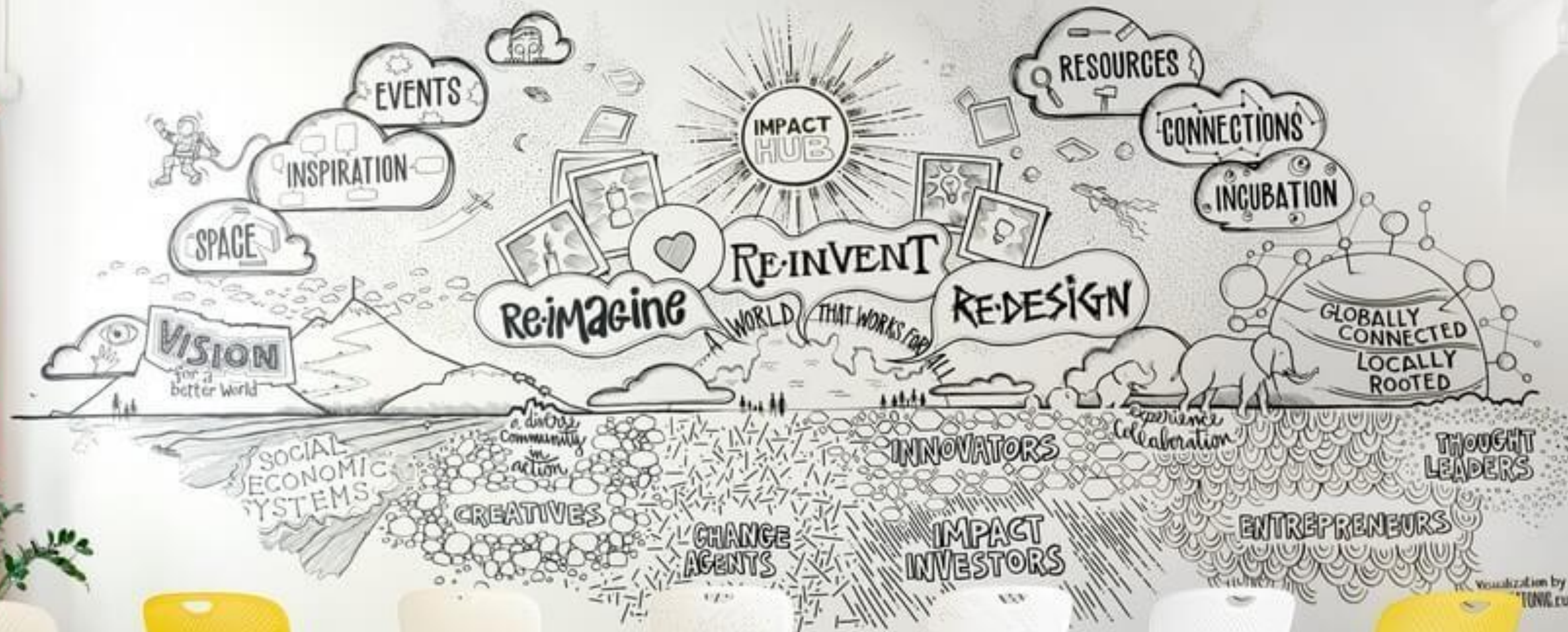
- SE Quiz
- Social Enterprise
  - Examples
  - SE in your context: small group work

## 3rd block 12:00-12:55 CEST

- Legal parameters of SE across Europe
- Discussion
- Close & Reflection



# CHECK IN





# Defining Social Entrepreneurs vs Social Enterprises







VanPlestik







# Defining Social Entrepreneurs

“People with entrepreneurial solutions to social or environmental problems” - *Zulfiqar Ahmed, Equal Impact.*

“Social entrepreneurs are the essential corrective force. They are *system-changing* entrepreneurs. And from deep within they, and therefore their work, are committed to the good of all.” - *Bill Drayton, Ashoka*

“A person who sets up a business enterprise with the aim of alleviating social problems” - *Collins English Dictionary*

## Two types of social entrepreneur

- **Biographical** - They have direct *lived experience* of the issue and have a solution
- **Career / Serial** - They see a problem and are *motivated* to solve it



# Social Entrepreneurs - 10 Common Characteristics

1. Focus first and foremost—on purpose / **social value creation**
2. Make **trade-offs** between making a profit and serving their community and creating impact
3. Often willing to **collaborate** & share their innovations and insights for others to replicate
4. Social entrepreneurs are willing to **jump in** before ensuring they are fully resourced
5. They push against convention, and **challenge** the status quo and are often seen as troublemakers
6. Identify and apply **practical solutions** to social problems, combining innovation, resourcefulness, and opportunity
7. **Innovate** by finding a new product, a new service, or a new approach to a social problem
8. Show a determination that pushes them to **take risks** that others wouldn't dare, often at personal risk
9. Balance their passion for change with a zeal to **measure and monitor their impact** (once they know how)
10. Display a **healthy impatience** (e.g., they don't do well in bureaucracies, which can raise succession issues as their organisations grow)



# Defining Social Enterprise

“A non-dividend company created to solve a social problem. Like an NGO, it has a social mission, but like a business, it generates its own revenues to cover its costs. While investors may recoup their investment, all further profits are reinvested into the same or other social businesses” **Mohammed Yunus**

“Social enterprises are businesses with a twist. Whether operated by a non-profit organisation or by a for-profit company, a social enterprise has two goals: to achieve positive social, cultural, community and/or environmental outcomes; and to earn revenue” - **Centre for Social Enterprise, UK.**

“Any private activity conducted in the public interest, organised with an entrepreneurial strategy, but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment” - **Organisation for Economic Co-operation and Development (OECD)**



# Defining Social Enterprise

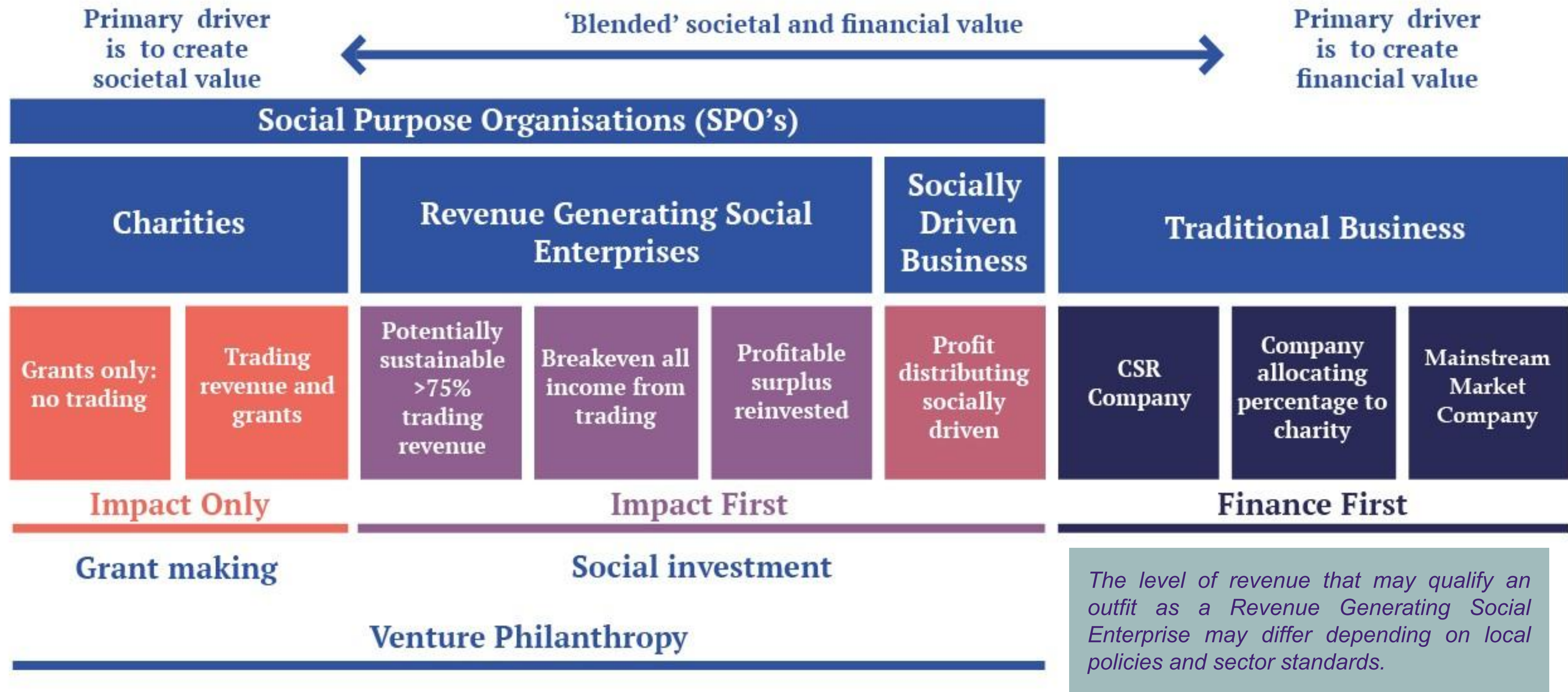
“A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.” **European Commission**

The Commission uses the term 'social enterprise' to cover the following types of business:

- ❑ *Those for whom the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation*
- ❑ *Those whose profits are mainly reinvested to achieve this social objective*
- ❑ *Those where the method of organisation or the ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice*



# The SE Spectrum & Typical SE Business Models





# Cooperatives

**Co-operatives range from farming to football clubs, community energy, and food retail. The co-operative sector around the world is hugely diverse**

Cooperatives often look like any other business. What makes co-operatives unique is that they are run not by institutional investors or shareholders, but by their members – customers, employees, residents, farmers, artists, taxi drivers..

**Co-operatives enable collective and often major social impact, for example:**

- Employment within the scope of cooperatives, comprising mainly self-employed producer-members, concerns over 252.2 million people, the vast majority being in agriculture.
- The number of cooperatives throughout the world is 2.94 million and the number of members in all types of cooperatives is 1,217.5 million.



# 5' BREAK



WHERE'S MY COFFEE ?



# SE Quiz: Two Truths, One Lie

## Round 1: Social Enterprise World Forum

- 1 - The first SEWF was held in 2008 in Edinburgh, Scotland
- 2 - The only continent that didn't physically host a SEWF to date is Oceania
- 3 - In 2020 the SEWF lasted 7 days and nights uninterruptedly
- 4 - SEWF is legally registered as a Community Interest Company (CIC)



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## Round 2: Cooperatives

1 - 12% of humanity (approx. 1bn) is a cooperator of any of the 3 million cooperatives on Earth

2 - The first cooperative was established in Italy in 1844

3 - The largest cooperative group in the world employs over 140.000 people

4 - The top 300 cooperatives have a combined turnover of \$2.1bn



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## Round 3: Social Business

1 - Mohammed Yunus invented the concept of micro-credit, for which he was awarded the Nobel Prize in Economics in 2006

2 - The first microcredit loan was worth \$27 and benefited 42 Bangladeshi women

3 - BRAC, the largest NGO in the world based in Bangladesh, generates most of its \$800m+ revenues from social businesses it owns and operates

4 - Social business is just another word for social enterprise, although it describes more commonly the model devised by Mohammed Yunus



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# The Spectrum of Social Enterprise Types - A Few Examples

Purpose	Social Venture Type	Example
Impact Only	Charity / NGO	<ul style="list-style-type: none"> <li>● War Child (Germany, Netherlands, Sweden, UK)</li> <li>● Balkans River Defence (Slovenia)</li> <li>● Climate Action Network Europe (Belgium)</li> </ul>
Impact First	Revenue Generating Social Enterprise	<ul style="list-style-type: none"> <li>● Magdas Hotel (Austria)</li> <li>● Fierce Women (Croatia)</li> <li>● Joon (Turkey)</li> </ul>
	Socially Driven Business	<ul style="list-style-type: none"> <li>● Belu Water (UK)</li> <li>● Apivita (Greece)</li> <li>● Too Good To Go (Switzerland/Austria)</li> </ul>
Finance First	Traditional Business	<ul style="list-style-type: none"> <li>● Lego (Denmark)</li> <li>● H&amp;M (Sweden)</li> <li>● Danone Dairy (ireland)</li> </ul>
Cooperative ownership and decision making		<ul style="list-style-type: none"> <li>● Juratri (France)</li> <li>● Corporación Mondragón (Spain)</li> <li>● ElektrizitätsWerke Schönau (EWS)</li> </ul>



# Access to Market

- SEs have access to public markets through public procurement schemes
- SEs receive support for responding to tender calls
- SEs are supported by measures to access private markets
- SEs use the opportunities offered in the private markets as well as using new technologies to access markets

# Buy Social Campaigns

Buy Social campaigns run by national social enterprise representative bodies in Canada, Netherlands, United Kingdom, and the United States are supported by public authorities, local administrations and corporations.

Other good practices include Canadian (British Columbia) 2014 Social Impact Purchasing Guidelines, World Economic Forum's COVID Response Alliance for Social Entrepreneurs - Corporate Access Cluster with corporates like IKEA leading. Also good practices from SAP, Deloitte, PwC, Danone in supply and value chain integration. Social intrapreneurship efforts like UN Global Compact's Young SDG Innovators Programme, Bottom of the Pyramid business model incentives.



*For A Better World*



# Skills and Business Development Support

- There are dedicated training initiatives, coaching and mentoring programmes available to SEs
- There are business development support structures and networks supporting the development of SEs

# Breakouts

**From what you heard so far...  
What resonates with you in your context?**

**Bring one example that excites from each  
context and how you can best support them**



# 5' BREAK





# Who's your superhero?





# Panorama of Legal Structures

## Field is fragmented among different structures

- cooperatives, start-up companies, trading arms of charities and new generation and hybrid forms operating on a spectrum with differing needs
- co-existence of for-profit and non-profit qualifications is common, 20 percent of social enterprises adopt second legal forms
- practices are innovative and iterative, thus worldwide policy-making falls behind the practice

# Panorama of Legal Structures

## Legal and regulatory approaches are diverse

1. Distinct Legal Form
2. Distinct Legal Status
3. Global Third-Party Certification
4. Existing Forms, Hybrid Forms & Self-Regulation

*+ Different combinations and variations of the above*



# Distinct Legal Form

The legislative map continues to evolve as more countries adopt new legal forms and others debate the impact of existing forms

- Community Interest Company (CIC) in the UK;
- ‘benefit corporation’ or ‘low-profit limited liability company’ or California’s ‘flexible purpose corporation’ in the USA ;
- ‘social welfare enterprise’ in China;
- ‘ejido’ in Mexico;
- ‘social cooperative’ in Italy;
- ‘social initiative cooperatives’,
- ‘work-integration social enterprises’ and
- ‘sheltered employment centres’ in Spain etc.

# Distinct Legal Form

- Designing a legal form suitable for all forms of social entrepreneurial activities is challenging. Social enterprises operate under existing legal forms as de facto social enterprises. i.e. 15 % CICs, 40% second legal forms in the UK
- Work-integration social enterprises (WISEs) are widespread in Europe. WISEs focus on the integration of socially excluded groups through skill development
  - i.e. Austria, Belgium, Finland, France, Germany, Greece, Italy, Lithuania, Luxembourg, Spain, Sweden...
  - WISEs are not necessarily distinct legal forms though



# Distinct Legal Status

- Social enterprise is conceived as a status, working like a certification or a mark or a label, available to various forms of organizations such as limited companies, cooperatives, associations and foundations
  - i.e. Slovenia, Malaysia, South Korea, France, Italy
- Fits better into the fragmented SE ecosystem structures
  - i.e. 'external signalling' and 'internal alignment' purposes

# Third-party Certification

Tested, readily available and widely used standard sets, impact measurement and reporting systems under third-party/private oversight

- B Corp Certification
- Economy for the Common Good Certification
- Social Enterprise Mark



# Existing Forms, Hybrid Forms

- Business model based forms
  - form follows function principle
- Tandem structures
  - parent-subsidiary relationships
  - sister-brother organizations
- Hybrid clusters
  - group of different forms and statuses
- Removal of barriers
  - mapping and removing unnecessary restrictions

# Self-regulation

- Trust or contract-based partnership agreements between public authorities and network organisations assuming monitoring functions
  - i.e. Thematic Network of Social Economy (TESSEA) in Czech Republic
- Voluntary code of conduct and self-monitored practices
  - i.e. SE Code Scotland, Zebras United
- Third-party national platforms monitoring transparency and accountability related issues
  - i.e. Openly Platform, Turkey



# Reflect

**What do you feel you can / have to do  
different working with social  
entrepreneurs?**



**- your key takeaways**



**- your next actions**



# Your key takeaways

The fact that SE position itself in a range between charity and traditional businesses and there is not only a legal form for it	Know what impact are you trying to scale: Impact x enterprise	A clear vision of the different kinds of social business (from charity to traditional business)	The discussion about the most appropriate legal form should start at the early stages and not to be rushed.	<b>IMPORTANCE OF COOPS IN SOCIAL ENTREPRENEURSHIP</b>
variety of legal forms with different implications	Legal status can be different than legal form!!	social entrepreneurs don't feel like comfortable working as business	The enterprise spectrum	The different definitions of SEs and the examples shared.
Got some interesting examples of social enterprises around Europe	Knowing the difference between a classic entrepreneurs and a social entrepreneur	Using the Spectrum to guide where a SE stands according to its 'values' and borrow elements from both ends of the spectrum	There is no clear definition of social entrepreneurship	don't let yourself bounded by definitions
finding the right fit between purpose and financial performance	The difference between legal forms and legal status	Learning from the experience of other participants	The examples and BP around the globe	Better understanding of the Social Entrepreneurship landscape
The SE Spectrum being great tool to use when explaining differences in Business models	the practical tips and good practices	Social Innovation Camp	The world of social enterprises is very complex and colourful	Different aspects from different countries
SE Definition and boundaries	legal issues constrain the growth of social enterprises in certain contexts	<b>CERTIFICATIONS FOR SOCIAL BUSINESS</b>	That legal status should corresponds to the values of the organization	

# Your next actions

Implement the SE spectrum as an additional visual tool when talking about triple bottom line in training	<b>Pay attention to the heart vs profit equilibrium</b>	Explore B Corp status for our organisation	Focus on the numerous definitions and analyse how to better create impact	Look at developing training for certification
dig deeper into legal frameworks SE are facing	Bring up the question "how we want to scale?" - profit or impact scale?	Develop training for SE about third party certification	Start a conversation with my team about our own organisation	more focus on impact measurement and communications
Add learnt information about social entrepreneurship in the daily advice	Replicate this knowledge with the team and organization (training and course)	Learn more about the balance between legal status and purpose	Discuss with my team how to shift work/results coming from research towards SE and how to mentor people to have a more SE attitude	Looking for new examples of SE which are easy to explain to our participants
<b>LOOK UP CERTIFICATIONS FOR SOCIAL BUSINESS</b>	How to establish locally an SE from a legal point of view	Visit an Impact Hub as soon as we are allowed to build our network!	to better understand the definition and check who is SE around my clients	Mapping to find out what kind of social entrepreneurs exist in the region and their needs
Look at the different types of certifications and how those could be used	Join the impact hub network	I would like to develop a program for SE	Dig deeper into the local context of Social Enterprises	





## Further reading 1/2:

- *How to Change the World: Social Entrepreneurs and the Power of New Ideas* by David Bornstein
- *The Power of Unreasonable People: How Social Entrepreneurs Create Markets That Change the World* by John Elkington and Pamela Hartigan
- *Starting a Revolution* by Naomi Ryland and Lisa Jaspers
- *The Social Entrepreneur's Playbook* by James D. Thompson
- *Creating a World Without Poverty: Social Business and the Future of Capitalism* by Muhammad Yunus





## Further reading 2/2:

- [Stanford Social Innovation Review](#) magazine since 2003
- [The rise of the social entrepreneur](#) by British Charles Leadbeater
- [Making It Big: Strategies for scaling social innovations,](#) NESTA
- [A Positive Theory of Social Entrepreneurship \(INSEAD\)](#)
- [The Impact Entrepreneur Show](#)
- [Pioneers Post](#)





# Thank you!

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