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# A Blurring of Boundaries: An Exploration of Social Enterprise in Alberta's Social Service Agencies

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UNIVERSITY OF CALGARY

A Blurring of Boundaries: An Exploration of Social Enterprise in Alberta's Social Service  
Agencies

by

Catherine Mary Lynn Pearl

A THESIS

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## **Abstract**

This study examines the extent, type, and impact of social enterprise engagement in a population of social service agencies in the province of Alberta, Canada. Three theoretical perspectives framed this study and the development of an online survey instrument: resource dependency theory, institutional theory and empowerment theory. A 24 question survey was developed and distributed to **541** Alberta-based social service agencies. A descriptive study, the research design relied on survey methodology and quantitative analysis using three participation invitations and a series of incentives, yielding a **62.8%** response rate.

This research study concludes that social enterprise engagement is a growing phenomenon across Alberta. The results revealed that 70.7% (n=215) of eligible respondents indicated they had experience with social enterprise, of which 72.5% (n=156) had some, but limited experience while 27.5% (n=59) had considerable experience. Considerably engaged agencies tend to be larger and older than their less experienced counterparts and view social enterprise as a tool to improve organization viability. Moreover as social enterprise engagement increases, the portion of agency revenue originating from government sources decreases. While social enterprise engagement requires additional oversight and administration, respondents did not consider it a distraction from mission related work. The results also revealed that engagement in social enterprise may also enhance an agency's reputation in their community.

This paper will be of interest to social service providers, funders, and government agencies currently exploring social enterprise and its applicability to the charitable sector.

**Key words:** social enterprise, online survey, social services, nonprofit

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## **Dedication**

To my husband Greg, for his love, endless support and constant encouragement which enabled me to follow my passion for learning and for the voluntary sector. This is for you.

To my amazing children, Taylor and Channing may they find their lifelong passion as they complete their first phase of university and embark on their respective careers. This is for you.

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## List of Symbols and Abbreviations

Symbol	Definition
N	Number of cases in population
n	Number of cases in sample
%	Percentage
<	Less than
≤	Less than equal to
>	Greater than
≥	Greater than equal to
r	Pearson's correlation coefficient
α	Cronbach's alpha
p	Probability statistic
F	F ratio test statistic used in MANOVA
M	Mean
SD	Standard deviation
Df	Degrees of freedom
t	T test statistic used in Independent Samples test
$\chi^2$	Chi- square test statistic
$R^2$	Nagelkerke, proportion of the variance explained
Z	Logistic regression equation
B	B value, regression coefficient
SE	Standard error
$X^2$	Wald statistic, coefficient significance level
Exp(B)	Odds Ratio, odds that an event will occur
CI	Condition index
MANOVA	Multivariate analysis of variance

# CHAPTER 1

## Introduction

Canada's nonprofit sector has been described as an economic force within the Canadian economy (Eakin, 2009; Hall, Barr, Easwaramoorthy, Sokolowski, & Salamon, 2005; Hall, 2010). In 2007, the value added or gross domestic product (GDP) of the voluntary sector represented 7.0% of Canada's economy. In fact, from 1997 to 2007 economic activity in the nonprofit sector outpaced the Canadian economy six out of eleven years (Statistics Canada, 2009, p. 9). As Mulholland, Mendelsohn, and Shamshiri (2011) point out, in addition to its contribution to Canada's GDP and absorption of labour, Canada's voluntary sector has become "the partner of choice for federal, provincial, territorial, and municipal governments. In 2009, the sector delivered over \$3 billion in federal programs alone in communities across Canada and internationally" (p. 3).

The 2003 *National Survey of Nonprofit and Voluntary Organizations* (NSNVO) estimated Canada's 161,000 nonprofit organizations employed over 2 million people representing 12 % of the country's working population (Hall, Barr, Easwaramoorthy, Sokolowski, & Salamon, 2005). When analysed as a share of the country's economically active population, the Canadian voluntary sector is recognized as the second largest in the world. A total of 6.5 million volunteers, participate in an estimated 19 million volunteer positions, contribute more than 1 billion volunteer hours, helping organizations to generate almost \$112 billion total revenue annually (Mook, Quarter & Ryan, 2010; Statistics Canada, 2004). Interestingly, of the \$112 billion generated, almost \$40 billion (35%) is categorized as earned income from nongovernmental sources, including the sale of goods and services and memberships (Statistics Canada, 2004). Michael Hall (2010), *Imagine Canada* points out, "As earned revenues increased,

the share of total revenues from provincial government transfers declined (from 17.8% in 1997 to 14% in 2007)” (p. 90). Extended further, it is apparent that revenue generated through the voluntary sector from the sale of goods and services is outpacing growth in funding received from government transfers and donations.

As the sector’s size, scope and complexity has evolved, so too has its landscape. Movement to short-term outcome based program and project funding has marked the sector (Eakin, 2007; Hall, 2006; Murray, 2006; Scott, 2003; Struthers, 2012). Shifts in government policy, funding cutbacks, endowment shortfalls and greater government scrutiny relative to accountability have combined to exert tremendous pressure on nonprofit organizations and registered charities to do substantially more with substantially less (Brock, 2006, 2009; Eakin, 2006; Phillips & Teplova, 2006; Quarter, Mook, & Armstrong, 2009; Mulholland, Mendelsohn & Shamshiri, 2011; Struthers, 2012; Williams, 2005). Katherine Scott (2006) observed in her seminal report, *Pan-Canadian Funding Practice in Communities*:

changes in funding practices by governments and other funders, which are central to the viability of non-profits, have over the past 15 years had a significant impact on the sector and its future prospects. Funders have shifted from general “mission support” to targeted funding for specific projects and programs ... meanwhile societal forces are affecting the sector: levels of civic engagement are declining, yet demand for services (many delivered by the sector on governments’ behalf) is increasing. This has been described as a “perfect storm” scenario in the making. (p.2)

As municipal, provincial, and federal grant making processes continue to evolve to competitive bid, *nonprofit* organizations have been forced to compete with one and other; and increasingly with *for profit* institutions for service contracts (McRae, 2012). Concomitantly, the ongoing erosion of funding platforms along with increased donor fatigue have combined to exert tremendous pressure to identify alternate sources of revenue. Scott’s *perfect storm* has provided fertile ground to organizations in Canada’s social economy (and, elsewhere) to intensify their

exploration of additional revenue sources generally and social enterprise specifically (Borzaga & Defourny, 2001; Larson, 2002; Massarsky, 2006; Struthers, 2012; Williams, 2005).

Therefore the study that follows explores this perfect storm in terms of its breadth and depth along with the blurring of boundaries that is occurring in Alberta's human service organizations. This blurring of boundaries, in which social enterprise increasingly resides represents a growing interest among voluntary sector actors to engage in commercial activities aimed at generating revenue to support programs and services along with client capacity building initiatives.

### **1.1 The Nature of Social Enterprise**

Social enterprise has been described as a growing phenomenon and an emerging field of study (Defourny & Nyssens, 2012; Massarsky, 2006; Paton, 2007; Williams, 2005) and as result, debate continues regarding what it is and what it is not. While Kendall and Knapp (1995, p. 66) coined the phrase "loose and baggy monster" to describe the diversity of the United Kingdom's voluntary sector, the term has also been used to describe the complex terrain that has become social enterprise (Paton, 2007). To help clarify the nature of this messy and complex monster, Kim Alter (2007) proposed a spectrum to depict where enterprise and income generating activities are situated within this *sprawling terrain* (Paton, 2007).

*Figure 1.1* presents *Alter's Hybrid Spectrum*, which has been adapted for inclusion in this dissertation.

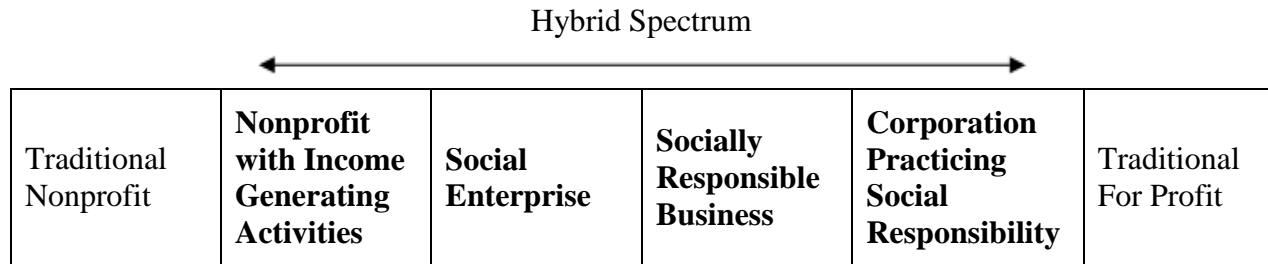


Figure 1.1 Alter's Hybrid Spectrum. Adapted from *Social Enterprise Typology*, (2007, p. 14).

*Traditional nonprofit* organizations are situated on the far left of the organizational continuum. These organizations tend to provide programs and services to communities and their constituents using resources secured from traditional stakeholders including government, local volunteers, and donors, whether individual, foundation, or corporate. Alternatively, on the far right of the continuum is the *traditional for profit* organizational entity, which relies on a conventional business approach, aimed at enhancing shareholder value and wealth creation.

Within her spectrum Alter proposes four types of hybrid structures which complement the traditional *nonprofit* and *for profit* organizational structures. The first and most common include the *nonprofit entity incorporating income-generating activities*; such entities undertake enterprise initiatives aimed at supporting the ongoing delivery of programs and services. The second, the *social enterprise* may be structured as a separate legal entity or embedded within a *'for profit'* or *'not for profit'* organization. The modus operandi of the *social enterprise* is driven by its social purpose and mission first, with profit and return secondary. The *socially responsible business*, situated on the right of the spectrum is driven toward economic sustainability by 'doing well by doing good' (Krupa, Lagarde, & Carmichael, 2003; Warner & Mandiberg, 2006). Last, is the *corporation practicing corporate social responsibility*, a corporate entity first, its primary purpose is aimed at increasing shareholder value while at the same time doing so through its connection to local communities, engagement in philanthropy and community investment.

This research study explores two positions on Alter's spectrum: *nonprofits with income generating activities* and *social enterprise*. Because of the paucity of research specific to social enterprise and the fact that debate continues regarding what social enterprise is, there are in many instances overlap between these two positions on Alter's spectrum. Moreover, as the definitional debate continues universities and colleges are incorporating social enterprise into curricula at business schools and schools of social work! Whether in the form of business plan competitions, practicum placements, nonprofit consulting, social enterprise administration, or linkage to community development initiatives, interest in the field is expanding rapidly (Dees & Battle Anderson, 2006; Defourny & Nyssens, 2012; Massarsky, 2006; O'Connor, Elson, Hall, & Reimer, 2012). Daily blog postings, weekly webinars, workshops, conferences, and funding competitions throughout North America and Europe, reflect the mounting interest in the phenomenon (Dees & Battle Anderson, 2006; Larson, 2002; Massarsky, 2006). Moreover, on June 26, 2012 the first free global social enterprise 'app' was launched using Apple's iPhone, iPad and iPodtouch © incorporating a GPS feature to search for social enterprises in a user's local community (R. Larson, personal communication, June 26, 2012).

Despite its significant growth, one of the most persistent challenges concerns defining the scope and breadth of what social enterprise is and what it is not (Alter, 2007; Kerlin, 2006; Mswaka, 2009; Paton, 2003). Is it an affirmative or social purpose business? Or, is it a program or venture operated within or outside a nonprofit or charitable organization? Is it a hybrid of mission and profit driven motivations, or is it founded on principles of inclusion, economic diversity, and development? Discussions, debates and an evolving body of literature have explored social enterprise as a social movement (Massarsky, 2006), as a resource development tool (Cooney, 2009) and as a form of creative philanthropy (Chan, 2009). It has also been viewed

as an agent of social change, a creative response to unemployment, and as a policy tool to tackle exclusion and poverty in marginalized communities (Birkholzer, 2009; Cooney, 2009; Ferguson, 2008; Hahn & McCabe, 2006; Mswaka, 2009; Nakagawa, 2011). At the same time however, it has been described as a potential distraction, a contributor to mission drift and as a consumer of scarce resources (Foster & Bradach, 2005; Jones, 2007; Tekula, 2010; Weisbrod, 2000). Certainly there are opposing views regarding what social enterprise is and how its existence may complement and potentially support the voluntary sector.

The term *social enterprise* has been used to describe a broad set of approaches utilizing business acumen to address social goals (Gray, Healy, & Crofts, 2003); a business trading for a social purpose (Wry, 2008); and as an enterprise, organization or venture that advances its social mission through earned income strategies (Amy, 2009). Cynthia Massarsky (2006) described social enterprise as, “business ventures initiated by nonprofit organizations to generate net income to support its missions and programs, often incorporating job training and employment” (p. 72). More recently Elson and Hall (2010), conceptualized social enterprise as, “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” (p. 10).

While a plethora of definitions have been proposed, a number of common themes emerge, which combined have informed the definition developed for this research study. The first of these themes reflects the notion that an overarching goal, mission or purpose must be supported by the venture, whatever it happens to be. The second concerns the use of a business approach, strategy, or set of tactics in the delivery of the product(s) or service(s) to market. The third theme reflects a perspective that the primary objective of the venture, program, or activity



is multifaceted, aimed at achieving a blended return as it generates income in support of an organization's mission. Combined, these three themes have contributed to the definition developed for this study: *social enterprise is an enterprise, organization, venture, or program initiated by a non-profit organization to generate net income through the sale of goods or services to support its mission and programs.*

This definition was constructed following an in depth review of the literature in addition to considerable testing and discussion with participants in phases one and two of this research study, (expert interviews and a pilot study). It reflects the three themes and underlying structure this researcher believes are intrinsic to what a social enterprise is and what it is not, namely, the recognition of a *social mission*, the incorporation of a *business approach* together aimed at *income generation*.

## **1.2 Social Work and Social Enterprise**

Burton Weisbrod (2000) observed the massive change that has taken place as growing numbers of nonprofit organizations participate in what he described as, “the commercial transformation of the nonprofit sector” (p.1). Defourny (2001) also notes the shift occurring as voluntary sector organizations adopt, “socio-economic initiatives which belong neither to the traditional for profit sector nor the public sector” (p.1). Concurrently, the external environment in which *for profit* and *not for profit* organizations are situated has changed significantly over the past two decades and dramatically, over the past five years due to the global economic downturn (Cooney, 2009; Struthers, 2012).

As this phenomenon has taken root, research to date has largely focused on case studies of organizations engaged in some form of enterprise (Ruebottom, 2011). And, as Dees and Battle Anderson (2006) observe, there is a very real need for, “universities and individual researchers

[to] invest significant resources and energy to explore in depth a new field that involves solutions to social problems that cut across the old boundaries between business and the social sector” (p. 60). Nicholls (2008) describes the paucity of empirically based research of this phenomenon to date internationally, also observed in Canada. More recently, however, Canadian research has been initiated to map social enterprise provincially (Elson & Hall, 2010) in addition to studying segments of this population (Dart, Armstrong & Clow, 2008). In fact, it is because of this recognized research gap that this study was initiated.

While the relationship to social work practice may not be immediately evident, it is noteworthy for a number of reasons. First, recognizing that the majority of Alberta’s social workers are employed in nonprofit organizations generally, and registered charities specifically (A. McDonald, personal communication, November 22, 2012) changes within the sector affect social work practice. Moreover, the ongoing volatility of the external environment in which social services are delivered has situated practitioners at the locus of an enormous transformation (Chappell, 2006; Gray, Healy, & Crofts, 2003). As demand for services increase, funding priorities shift and public attitudes and expectations change, practitioners have increasingly been asked to explore capacity-building opportunities for both clients and their agencies (Cooney, 2006; Ferguson, 2007; Gray, Healy, & Crofts, 2003). Indeed, it is this aspect of the social enterprise phenomenon, which is of particular import to this research study.

While there are many examples of the integration of enterprise and social work practice, Italy’s San Patrignano Centre, is a case in point. A world leader in drug rehabilitation, the centre developed an enterprise model integrating economic sustainability, while harmonizing on the job training with addiction counselling and support. Recognized as the largest drug rehabilitation centre in the world, San Patrignano operates 160 cooperative ventures and programs whose

profits fund the treatment of 1800 clients annually (Woolley-Fisher, 2003). The San Patrignano model is client-centred and driven in that residents are required to participate in one of fifty-five training programs. Clients are provided a plethora of options from which to choose where they would like to contribute and at the same time be trained. From furniture building, frame making, web design, wine and cheese making, and animal care, to building bicycles, throwing pottery, or working in retail, the client determines the direction to be followed. The aim is to empower clients as they determine where they will work and how they wish to contribute.

Similarly, Homeboy Industries, established in 1992 in East Los Angeles, integrates job training, income generation and support systems aimed at building esteem and empowering individuals. Focusing on *jobs not jails*, the ‘homies’ (former gang members) operate five commercial enterprises, a bakery, a silkscreen company, a graffiti removal and maintenance service company, a café, and a catering company in addition to selling Homeboy merchandise. Described as an “incubator of hope and business”, Homeboy Industries generates income, trains and employs youth while providing comprehensive support ranging in addiction counselling, tattoo removal, legal aid, and educational support (Choi & Kiesner, 2007, p. 772). It is based on a model of empowerment in which clients are provided access to programs and services enabling them to take control, build esteem, and at the same time become contributing members in their community.

The work of social work is client-centred. And, as the environment in which we work shifts and changes so too must our practice. Social enterprise engagement and social work are inextricably linked and it is this linkage that has provided impetus and focus for the study that follows.

### **1.3 The Research Questions**

As the nonprofit sector has continued to evolve government, donors, and boards of directors have exerted continued pressure upon organizations to identify alternate sources of revenue. For some, these alternate revenue sources are initiated to address long-term viability, while for others these new revenue streams represent a form of resilience (Salamon, 2003) aimed at sustaining programs and services. However, there is a third aspect this research seeks to understand - the role social enterprise plays as a vehicle to build esteem and empower clients. Therefore, this study explores the broad concept of social enterprise and aims to answer the following two questions:

- What is the extent, type, and impact of social enterprise income generating activities in Alberta's social service agencies?
- How do Alberta's social service agencies understand the role of social enterprise within their agencies?

Because of the growing interest in social enterprise, the aforementioned questions will enable the researcher to understand its role and scope in Alberta's nonprofit sector. As well, it will assist in building knowledge regarding the extent and mechanisms by which such engagement is used as both an empowerment tool and a revenue-generating vehicle.

### **1.4 The Research Approach**

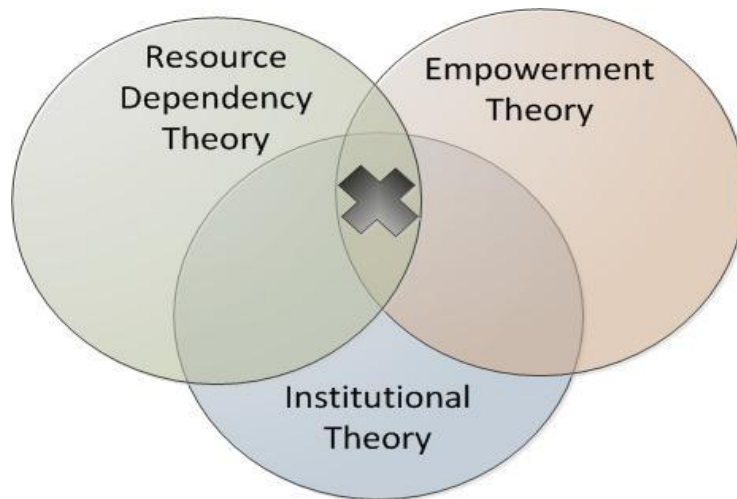
The purpose of this study is to explore the extent, type and potential impact of social enterprise activities in Alberta based social service agencies. To the best knowledge of this researcher, research investigating social enterprise in a sub sector of the social economy has not been undertaken. Moreover, because this study utilizes a cross-sectional approach to data collection, the 'single' time dimension provides a snapshot of the extent to which social

enterprise engagement exists in Alberta’s social service agencies. As well this study provides leaders of participating organizations an opportunity to share their perspectives regarding their experience with social enterprise, along with its impact upon their organizations. Due to the emerging nature of this phenomenon and the limited research undertaken to-date, a cross sectional population survey of Alberta’s social service agencies was deemed the most appropriate research approach to use.

### 1.5 Theoretical Framework

In formulating the framework for this study, three theoretical perspectives provided useful models: resource dependence, institutional and empowerment theories. An overview of the three perspectives and their relevance to this study is presented below, while a more in-depth discussion of each will be presented in chapter three.

*Figure 1.2* presents a schematic of the theoretical framework that has informed this research study.



*Figure 1.2* Theoretical Framework

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The first perspective, resource dependency theory (RDT), maintains that organizations do not exist independent of their environment and, “the key to organizational survival is the ability to acquire and maintain resources” (Pfeffer & Salancik, 1978, p. 2). RDT proposes that organizations are intricately embedded in their environment along with other organizations. Recognizing that organizations require resources to survive, RDT posits that interaction with external actors controlling the required resources is essential. Given the nature of the voluntary sector and government as a dominant funder (Statistics Canada, 2006), RDT has been used to study funding patterns and revenue generation in the sector (Massarsky & Beinhacker, 2002; Scott, 2003); to predict nonprofit engagement in entrepreneurial activity (Warm, 2004), and to study revenue diversification strategies in women’s voluntary organizations (Foster & Meinhard, 2005). In this study, RDT is used to explore the relationship between social enterprise engagement and the diversity of revenue sources in Alberta based social service agencies.

The second perspective, institutional theory (IT), has also been used to study organizational behaviour and legitimacy. IT proposes that organizational environments, “... are characterized by the elaboration of rules and requirements to which individual organizations must conform if they are to receive support and legitimacy” (Scott & Meyer, 1991, p. 131). How organizations are structured and how these structures influence and are influenced by the environment are key components to achieving legitimacy and credibility (Calhoun et al., 2005; Johnson, 2004). Deephouse and Carter (2005) use IT to examine the difference between organizational reputation and organizational legitimacy in commercial banks whereas Chen, Patten, and Roberts (2008) consider IT in their exploration of the use of charitable donations as a legitimizing tool by US corporations. Moreover, in Mason, Kirkbride, and Bryde’s (2007) study

of social enterprise governance, they observe how governance systems perceived as effective and ethical, enhance *organizational legitimacy*.

The final perspective, empowerment theory (ET) is used in this study to explore client capacity building in the context of strengths-based social work practice. ET has been used to explore the role of women, minority groups, the poor, the homeless, and other disadvantaged people. It connects social and economic injustice and capacity building to the experience of individuals or groups of individuals (Lee & Hudson, 2011). Malcolm Payne (2005) proposes that *capacity building*, “seeks to build understanding and skills to enable excluded individuals, groups, and communities to participate more effectively in their communities” (p. 209). In fact, Cooney (2009) observes the growing trend of client capacity building enterprise initiatives in American nonprofits, while Kristen Ferguson’s (2007) study of street dwelling youth identifies a need to develop *tripartite social enterprise interventions* to support the ‘whole’ person. Aimed at empowering youth, Ferguson observes how the introduction of enterprise initiatives helped to build esteem and increase employability. In this study, ET is used to explore social enterprise engagement as an empowerment tool to build client capacity, skill, and self-esteem.

## **1.6 Significance of the Study**

A study of social service organizations and their experience with social enterprise engagement is important for several reasons. First, this study represents a first step toward building greater understanding regarding the extent to which social enterprise engagement exists, how it is perceived, and how it is used in a population of social service agencies. As funding platforms shift, some organizations have utilized social enterprise as a tool to address viability and long-term sustainability, while others have looked to such engagement as a vehicle with which to empower and build client capacity. This study explores the reasons for and potential

impacts of such engagement. Moreover, it provides leaders of participating organizations an opportunity to voice their views regarding what social enterprise has meant to their agencies and how it impacts their practice.

This study is also focused on building knowledge regarding Canada's voluntary sector generally and Alberta's social services sector specifically. It represents a first attempt to empirically study a sub sector of the voluntary sector in terms of its engagement in social enterprise. In fact, this is particularly important given the critical role social services plays in the delivery of government-sponsored programs. As government continues to evaluate its direction in terms of social service delivery, charitable status, and innovative methods to build organizational capacity, this study may help provide a framework for policy discussion around loosening current restrictions on voluntary sector actors engaging in revenue generating ventures (McRae, 2012; Mulholland, Mendelsohn, & Shamshiri, 2011).

### **1.7 Presentation of the Dissertation**

Because the theories and concepts incorporate complex terms and ideas, the key terms used in this study are presented in Appendix A, while a list of the study's variables and definitions are included in Appendix B.

The next two chapters present a review of the literature as it pertains to the size and scope of Canada's voluntary sector, its historical roots, and the role government has played in the delivery of services throughout the charitable sector. As well an in-depth discussion of the theoretical framework is presented along with an exploration of the definitional debate that has evolved regarding what social enterprise is and what it is not.

Following chapters two and three, chapter four describes the methodology followed, including the construction of the population frame, development of the survey instrument and



procedures used to conduct an online survey of social service agencies across the province of Alberta. It details the steps undertaken to construct the population frame, the development of inclusion criteria, the impact of response rates and ethical considerations regarding all stages of data collection.

Chapter five outlines the steps undertaken regarding data management and analysis along with the presentation of the study's results. Research findings are discussed regarding the extent, type, and impact of social enterprise engagement in Alberta's social service agencies, along with observations regarding how leaders of these agencies understand this phenomenon.

The final chapter, chapter six presents a discussion of the results and conclusions drawn from this study regarding implications to social work practice, education, and government policy. It also includes an overview of opportunities for future research.

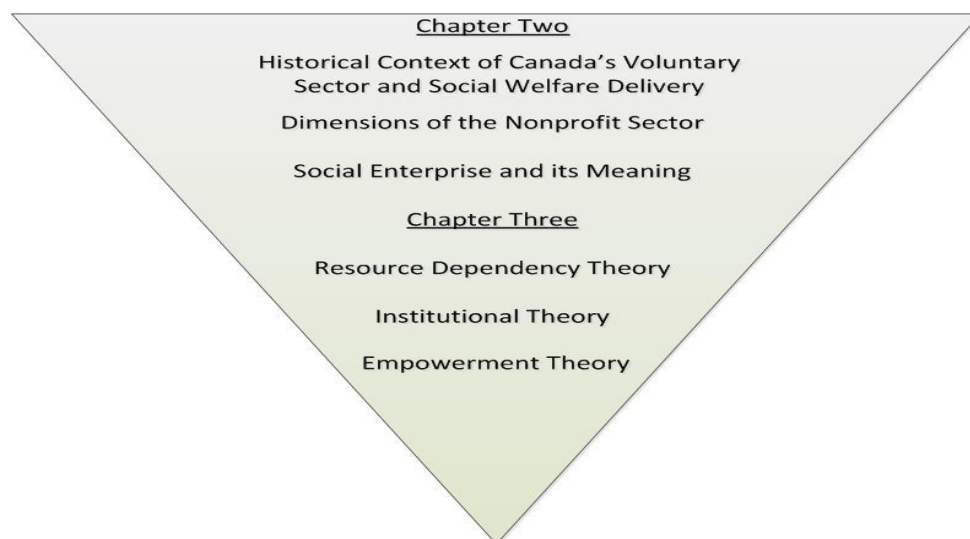
## CHAPTER 2

### **Review of the Literature: Canada's Nonprofit Sector**

As government funding continues to erode and donors become more opportunistic, interest has been growing concerning voluntary sector initiatives aimed at finding alternate revenue sources to enhance organizational sustainability (Darby & Jenkins, 2006; Mulholland, Mendelsohn, Shamshiri, 2011; Murray, 2006). As a result, social enterprise is emerging (for some), as the panacea for a plethora of funding challenges that many nonprofit organizations currently face (Kerlin, 2006; Massarsky, 2006; Weisbrod, 2000; Williams, 2005). The risk of course is clear; as agencies embrace entrepreneurial strategies with minimal knowledge and expertise, substantial risk may be assumed by organizations ill prepared to undertake such strategies (Weisbrod, 2004). The potential for mission drift, increased liability and potential muddying of governance and oversight duties of staff and board are enormous considerations (Cooney, 2006; Eikenberry & Kluver 2004; Low, 2006; Tekula, 2010)

This research study is timely because the sector's reliance on external resources combined with the erosion of government funding relative to social sector support has been dramatic over the past ten years (Chappell, 2006; Eakin, 2009; Foster & Meinhard, 2005; Hall, 2006). Moreover, the provision of a safety net and the devolvement of social care programs for marginalized populations have together contributed to serious deficits in program and service delivery in many parts of Canada (Chappell, 2006). Accordingly, numerous boards of trustees have taken up the challenge by encouraging executive directors of human service organizations, 'to find an enterprising solution and make it work'. It is clearly not that simple and more importantly, it is certainly not without risk.

In an effort to address the observations noted, this review of the literature has been divided into two chapters. The first chapter frames the current reality of Canada's voluntary sector by presenting a brief history of the charitable sector; the legislation that has governed it in the past along with the pivotal role government has played and continues to play today. The review also explores the definitional debate surrounding social enterprise, along with a discussion regarding how this debate has shaped practice in the United States, the United Kingdom, and Canada. The second chapter of this review examines the three theoretical perspectives that ground this study along with relevant literature and research; resource dependency, institutional and empowerment theories. Creswell (2009) recommends a literature map as a useful tool to chart and summarize relevant literature, whereas Heppner and Heppner (2004) propose a research funnel to depict the evolutionary nature of a literature review. While both methods have been useful in constructing this chapter, *Figure 2.1* presents a Conceptual Inverted Pyramid to depict the literature review that will be discussed.



*Figure 2.1* Conceptual Inverted Pyramid

## **2.1 Historical Context of Canada's Voluntary Sector and Social Welfare Delivery**

To understand Canada's voluntary sector, it is essential that the evolution and history of charity and its linkage to government policy and social welfare be explored. Canada's nonprofit sector reflects a rich history in providing support to Canadians since historically the charitable sector (as it was known), was engaged in helping the homeless, the destitute, and the infirm (Chappell, 2006; Robinson, 1999). The discussion that follows provides an overview of how Canada's charitable sector evolved, along with how it is inextricably linked to social welfare provision. It also sets out the pivotal role the French and British played as they influenced and shaped the Canadian landscape that has become the voluntary sector today (Anheier, 2005).

Beginning with the influx of immigrants from England, France, and Europe, for the early settlers of Canada public relief was virtually nonexistent. Upon arrival, new settlers received minimal support in the form of food and clothing from Roman Catholic and Protestant churches and charities, along with farm implements and land grants from local government sources (Robinson, 1999). Unfortunately, while many immigrants arrived impoverished, thousands more arrived sick and dying. Although they brought with them great expectations and much hope, they also brought several deadly epidemics, including cholera and typhus. Combined, the pressure placed on charitable and hospital support systems, which were minimal at best, was enormous. Because social welfare was virtually nonexistent, life as a newly orphaned child or widowed mother was extremely difficult (Chappell, 2006).

Since Canada as a country did not exist, the approach to social welfare largely followed one of two traditions; the French tradition adopted in New France; and the British tradition introduced to Upper Canada. New French-speaking immigrants tended to settle in Quebec wherein the influence of the Catholic Church was considerable and a clear delineation was made

between the *deserving* and the *undeserving* poor. While the Catholic Church dominated *charity work*, it further “consolidated its hold on society” (Elson, 2007, p. 38) given its power and scope was aimed at *congregation-building* activities among Aboriginal, French Canadian and new immigrant communities.

As the French continued to settle the Quebec region, a royal decree was passed providing for the punishment of anyone helping to support *pauperism*. This decree provided impetus for the establishment of church sponsored private charities in Montreal and Quebec City. The private and secular charities emerging in New France during the mid to late 1600s included soup kitchens and clothing depots aimed at helping the destitute, the infirm, and the elderly. One such charity founded in 1688, *Bureau des Pauvres*, was established to assist families left homeless and destitute due to a major fire in Quebec City. Managed through a volunteer board of directors, run by volunteers and supported by community donations, it is purported to be one of Canada’s first voluntary agencies (Lautenschlager, 1992).

Because of the enormous influence of the British during this period, the types of institutions emerging in Upper Canada mirrored those in Britain. Poorhouses were established for the *deserving* poor, who included orphaned children, the infirm, and the disabled. Workhouses on the other hand, were instituted for the *undeserving* poor, comprised of the able-bodied, who were consigned to work and required to pay for their room and board (Anheier, 2005; Chappell, 2006; Guest, 1997). While Upper Canada adopted much of the British tradition and the principles of *English Poor Law*, in the Maritimes only Nova Scotia and New Brunswick enacted *Poor Law* legislation, in 1763 and 1786 respectively. Prince Edward Island and Newfoundland on the other hand, promoted a less formal approach to social welfare, encouraging local families and friends to help recently - arrived impoverished immigrants

locating in their communities (Chappell, 2006; Elson, 2007). Although the Poor Laws were not formally adopted in Ontario, legislation was passed in 1792 that closely paralleled English civil law. This legislation was particularly significant in that the Ontario government recognized in law, its responsibility to provide some measure of relief to the disadvantaged (Chappell, 2006). Dennis Guest (1997) describes this evolution as, “a gradual, if reluctant, assumption of public responsibility for certain categories of need and a sharing of responsibility with voluntary charity organizations for others” (p. 14).

The latter part of the nineteenth century marked the proliferation of private charitable organizations. Many of these organizations were initially organized around religious or ethnic beliefs including, Montreal’s Young Men’s Christian Association in 1851, Toronto’s Salvation Army in 1882 and Victoria’s Chinese Consolidated Benevolent Association in 1884 (Guest, 1997; Lautenschlager, 1992). In the final years of the century however, the focus was shifting as growing numbers of charities were established to support health care, such as St. John Ambulance Association in 1877, Canadian Red Cross Society in 1896, and the Victorian Order of Nurses in 1897 (Lautenschlager, 1992).

The First World War and the Great Depression provided impetus to the federal government to recognize charities to enable the establishment of programs designed to assist war veterans, the elderly and fatherless families (Elson, 2008; Robinson, 1999). Enacted in 1917, the *Income War Tax Act* proved to be pivotal to the charitable sector since it granted certain types of charities tax-exempt status. Keith Seel (2006) describes, “The connection with the *Income Tax Act* goes back to 1917 when the term “charitable institutions” was introduced as a temporary measure in the *Income War Tax Act*” (p.13). It is noteworthy that the Act was amended later, in

1930 when taxpayers were provided the ability to take an income tax deduction, to a maximum of ten percent of personal income for gifts directed to charitable organizations (Elson, 2008).

With the industrialization of the Canadian economy, populations shifted from rural farming communities in favor of higher paying jobs in urban centers. Moreover, following the war, family roles were changing as men reassumed their position as the primary wage earner and women and children once again became their *dependents*. The resultant pressure on cities was immense particularly in circumstances in which the primary wage earner became ill, injured, unemployed, or died (Chappell, 2006). As urban poverty grew, crime increased, and the Great Depression took hold, the stability of Canada's growing cities was threatened. While the Canadian welfare system was virtually nonexistent throughout the Great Depression, the United States and Britain provided templates of social security programming later introduced to Canada. In fact, it was at this juncture amid growing unrest that the federal government began to share the cost of relief with their provincial counterparts on a "temporary basis" (Chappell, 2006; Delaney, 2005; Guest, 1997).

As federal government participation in service delivery expanded, so too did the number of nonprofit organizations. Coincident with the proliferation of voluntary organizations, a growing debate was emerging regarding how *charitable organizations* should be defined along with the precise delineation of expectations and responsibilities (Elson, 2008). At the same time with the replacement of the *Income War Tax Act* by the *Income Tax Act* in 1948, a new language was introduced specifically referring to the expectation that charities operate exclusively for charitable purposes (Drache, 1998).

Strong economic growth, high employment, and burgeoning government revenues throughout the 1950s and 1960s enabled Canadian jurisdictions to engage more directly in social

welfare program delivery (Chappell, 2006; Delaney, 2005). In fact, growth across Canada's social welfare system defined as a, "complex network of legislation, policies, programs, institutions, professions, and services" (Turner, 2005, p. 2), continued until the mid-1970s when, economic instability and changing public attitudes ended this expansionary period (Chappell, 2006). As government revenues dropped fuelled by the oil crisis, inflation, and stagnating economic growth, Canadian governments faced an inability to generate enough revenue to cover the mounting debt.

As a result, by the 1980s the Canadian populace had begun to shift to the right, increasingly blaming the social welfare system for the growing debt. As disenchantment increased, the electorate shifted and a more fiscally conservative government was elected. During this period, provincial and federal governments terminated programs, reduced public spending, followed by, "drastic reductions in social welfare programs [which] continued through the 1990s, creating a crisis of the welfare state" (Chappell, 2006, p.78).

The period marked a time during which Canada and many of its industrialized counterparts experienced inflation, slow economic growth and the curtailment of salary and wage increases (Defourny & Nyssens, 2006; Eikenberry & Kluver, 2004; Elson; 2008; Froehlich, 1999; Kerlin, 2006). Taken together, these factors contributed in large measure to the substantial decrease in government revenue(s) throughout much of the industrialized world. This new economic reality and tighter operating environment resulted in the deterioration of public policy initiatives and as a result growing numbers of nonprofit organizations faced significant erosion of government funding (Foster & Meinhard, 2005; McRae, 2012; Weisbrod, 2000).

In response to what has become known as the 'dismantling of the welfare state' many governments looked to the voluntary sector to fill the gap in service delivery and



experimentation with social service delivery via contract bid began in earnest. As Peter Elson (2007) stated,

this neo-conservative view was designed to promote volunteerism and the value of competitive contracting out of government services. The consequence of cutbacks to the voluntary sector was a double whammy. On the supply side, governments changed or eliminated funding to programs. On the demand side, demands for services in the community increased in number and complexity. (p. 52)

Because government funding platforms reflected assumptions that services could be delivered more efficiently by smaller and less bureaucratic agencies; pressure continued to build amongst voluntary sector actors to leverage assets and explore innovative funding options (Foster & Meinhard, 2005; Jaskyte, 2004). Moreover, it was during this period that Defourny and Nyssens's (2008, p.6) notion of, "nonconventional entrepreneurial dynamics" within the voluntary sector began to emerge and become recognized as social enterprise.

Concomitantly, the role of Canada Revenue Agency (then Revenue Canada) continued to evolve and by 1967, charitable organizations were required by law to register with the federal government. Elson (2008) observes, "the explicit desire by the federal government to balance support to charities and limit foregone revenue has been consistently maintained through both the registration and taxation processes" (p. 80).

To summarize, the history of Canada's voluntary sector illustrates considerable linkage between government, social service program delivery, and the law. It is this latter aspect, *the law* which will now be explored as it pertains to the Canada Revenue Agency and its role in the oversight of the voluntary sector today.

## **2.2 Dimensions of Canada's Nonprofit Sector**

Canada's nonprofit sector has many names. It has been described as the *third, social, voluntary, or charitable* sector and increasingly is recognized as a key constituent and economic

force within Canada's *public benefit* or *social economy* (Anheier, 2005; Struthers, 2012). Quarter, Mook and Armstrong (2009) define *social economy* as, "... a bridging concept for organizations that have social objectives central to their mission and their practice, and either have explicit economic objectives or generate some economic value through the services they provide and purchases they undertake" (p. 135). Canada's social economy is as broad as it is diverse, and comprises different institutional forms and structures ranging from traditional nonprofit organizations, cooperatives, credit unions and mutual aid societies, to social economy businesses, community economic development corporations and public sector nonprofits such as universities and hospitals.

Recognizing that Canada's voluntary sector resides within the broader social economy, increasingly it is perceived as a growing economic and social force within the country (Hall, Barr, Easwaramoorthy, Sokolowski & Salamon, 2005). In 2007, the sector's value added or gross domestic product (GDP) represented 7.0% of the Canadian economy. Further, from 1997 to 2007 the sector's economic activity outpaced the Canadian economy six out of the eleven years (Statistics Canada, 2009, p. 9). Moreover, as Mulholland, Mendelsohn and Shamshiri (2011) point out, besides its contribution to Canada's GDP and its absorption of labour, Canada's voluntary sector has become "the partner of choice for federal, provincial-territorial, and municipal governments" (p. 3).

Canada's inaugural survey of the voluntary sector, the *2003 National Survey of Nonprofit and Voluntary Organizations* (NSNVO), indicated that Canada's 161,227 nonprofit agencies employed more than 2 million people, engaged more than 6.5 million volunteers, and generated almost \$112 billion dollars total revenue annually. Interestingly, of the \$112 billion generated,

almost \$40 billion (35%) was identified as “earned income from nongovernmental sources, generated by memberships and sales of goods and services” (Statistics Canada, 2004, p. 19, 22).

To ensure comparability internationally, the NSNVO utilized the *Johns Hopkins University International Classification System* to classify and document Canada’s voluntary sector. The NSNVO defined nonprofit and voluntary organizations using five criterion first, *nongovernmental* (organizationally separate from government), second, *nonprofit non-distributing* (any profits generated are not distributed to directors/staff), third, *self-governing* (independent and self-regulating), fourth, *voluntary* (benefit from voluntary contribution of time or money) and fifth, *incorporated* or *registered* under provincial, territorial or federal legislation (Roach, 2006). The *NSNVO* was a landmark in Canadian sectoral research in that it delineated for the first time the size, scope, and scale of Canada’s voluntary sector (McRae, 2012). A statistical portrait, the *NSNVO* revealed a sector both diverse and complex in that it comprises hospitals, universities, foundations, and religious institutions along with community associations, soccer teams, social service agencies and arts and culture organizations. In addition to classifying organizations by size and type, the *NSNVO* identified issues confronting nonprofit organizations, including - the threat of diminishing revenues, the implications of declining volunteer engagement, and the mounting challenges faced by many of these mission driven organizations (Scott, 2006). Moreover, through this ground-breaking research, Canada’s voluntary sector became recognized as the second largest in the world (Struthers, 2012).

Recognizing the nature and range of services delivered through the voluntary sector, it is noteworthy that half of Canadian nonprofit organizations are registered charities (Mook, Quarter & Ryan, 2010; Spiker, 2011; Statistics Canada, 2004). While all registered charities are nonprofit organizations, the reverse is not true (Carter & Cooper, 2006; Markey, Corriveau, Cody &

Bonfield, 2011). The primary difference between a registered charity and a nonprofit organization centres on a registered charity's ability to issue tax receipts for donations received (refer to Appendix C). Furthermore, in Canada registered charities may be exempt from paying income tax, property tax, and eligible for partial rebate of some federal and provincial taxes (Carter & Cooper, 2006).

Since the NSNVO, the voluntary sector has continued to expand, along with the number of registered charities, the focus of this study. Table 2.1 summarizes the distribution of charities by registration status for Canada and Alberta as of February 21, 2013. Of the 119,410 Canadian organizations with charitable registration status, 72.2% (n=86,252) were categorized *in good standing* of which 10.8% (n=9,323) were located in Alberta. It is interesting that almost 75 per cent of Canadian and Alberta registrants were deemed in *good standing*, defined as charities in compliance with all charitable registration requirements (Canada Revenue Agency, 2013).

Table 2.1 *Distribution of Charities by Registered Status*

	CANADA	ALBERTA
Status	Frequency	Frequency
<b>Charities in good standing</b>	<b>86,252</b>	<b>9,323</b>
Charities - annulled	53	7
Charities - penalized	4	-
Charities - suspended	1	-
Charities - revoked	<b>33,100</b>	<b>3,228</b>
- with cause	385	26
- voluntary	13,977	1,328
- failure to file	18,738	1,874
<b>Total Charities</b>	<b>119,410</b>	<b>12,558</b>

As the voluntary sector's size, scope and complexity has intensified, greater interest has been directed toward the development of a research agenda specific to exploring the nature of the sector along with its issues and opportunities. In fact as Helmut Anheier (2005) observed, until the 1980s a "two sector world-view dominated" in that little research had been undertaken that did not focus on the *private* or *public* sectors. Anheier concluded that the growing interest in the voluntary sector could be attributed to a number of factors, including;

The increase in its economic importance in social services, health care, education and culture ... and the emergence of nonprofit organizations that increasingly operated beyond local levels, even across national borders ... combined with a withdrawal of the state in providing welfare and related services, many of which operating at a national level and the withdrawal of the state in the delivery of welfare. (p. 14)

Warren Dow's (2002), *Content and Gap Analysis of Recent (Post – 2000) Cross-Cutting Canadian Voluntary Sector Research* reported 355 voluntary sector reports and research documents had been produced over a three year period (2000-2002), triple the number identified over the previous two decades combined. Moreover, in 2005 the Social Sciences and Humanities Research Council of Canada (SSHRC) sponsored a series of research undertakings examining Canada's social economy (Mook, Quarter & Ryan, 2010). Unfortunately as the research agenda has expanded, the Canadian environment within which voluntary organizations operate, has continued to be plagued by ongoing funding challenges, greater government scrutiny relative to accountability and increased pressure to do *substantially more* with *substantially less* (Chappell, 2006; Hall, 2006; Larson, 2002; Phillips & Teplova, 2006; Struthers, 2012). In fact, Foster & Meinhard (2005) observed this issue in their study of revenue diversification amongst Canadian voluntary organizations in which, "both federal and provincial governments have been withdrawing from direct service provision in several areas of social welfare, with the expectation that the voluntary sector will fill any resulting gaps" (p. 1).

Recognizing the pressure that has been building to identify creative methods to address funding shortfalls through fundraising, gaming revenues and the adoption, by some, of a service fee approach to charity; a more entrepreneurial culture has been emerging (Nicholls, 2008; Paton, 2007). Moreover, the drive to remain viable and sustainable in an environment recognized as unstable has also triggered the exploration of alternate funding options by sector actors (Lasby, 2013; Mulholland, Mendelsohn & Shamshiri, 2011). Rosalie Chappell (2006) states, “in response to government cutbacks, some voluntary agencies have begun engaging in social entrepreneurship - that is money making schemes” (p. 111).

### **2.3 Defining Charity - Canada Revenue Agency**

In Canada, a nonprofit organization’s charitable designation is pivotal inasmuch as a registered charity is able to attract substantial revenue in the form of grants and donations due to its ability to issue tax receipts. Because of these tax implications, application for charitable status is rigorous. Moreover, the federal government, through the Canada Revenue Agency (CRA) and the Charities Directorate administer the Income Tax Act as it relates to Canadian charities. It is also noteworthy that prior to application for charitable status, an organization must first obtain nonprofit status in Canada. As a result, considerable resources are expended providing guidance, direction, and oversight to voluntary sector organizations generally and registered charities specifically.

Because a specific definition of *charity* is not included in Canada's *Income Tax Act*, the Canada Revenue Agency (CRA) relies on the common law to determine its meaning. In fact, the legal basis for Canada's common law definition of charity dates back to 1601, in the preamble to the Elizabethan *Statute of Charitable Uses, 1601*.

Relief of the aged, impotent and poor people; the maintenance of sick and maimed soldiers and mariners; schools of learning, free schools and scholars in universities; the repair of bridges, ports, havens, causeways, churches, sea banks, and highways; the education and preferment of orphans; the relief, stock or maintenance of houses of correction; the marriages of poor maids; the supportation, aid and help of young tradesman, handicraftsmen, and persons decayed; the relief or redemption of prisoners or captives; and the aid or ease of any poor inhabitants concerning payment of fifteens, setting out of soldiers and other taxes.

(Canada Revenue Agency, 2006, p. 12)

Enactment of this Statute recognized the list of charitable purposes was not exhaustive and as a result, the courts of the day were required to examine whether the *spirit* and *intent* of the Statute was met by applicants. Since 1601 and throughout the next two centuries, the courts continued to develop a body of findings, which helped to refine the four categories or *heads*, used to clarify the meaning of *charity*. In the seminal 1891 court case *Commissioners for Special Purposes of the Income Tax Act v. Pemsel*, Lord Macnaghten's judgement is considered a milestone. Macnaghten's decision embedded in law the categories of charitable purposes under four heads:

Charity in its legal sense comprises four principal divisions; trusts for the relief of poverty; trusts for the advancement of education; trusts for the advancement of religion; and trusts other purposes beneficial to the community not falling under any of the preceding heads.

(Canada Revenue Agency, 2006, p.13)

Macnaghten's ruling holds today in Canada, in that according to law, for an organization to be considered *charitable*, its activities must support its charitable purpose. Therefore, once an organization obtains registered charitable status it is constituted in one of the following organizational forms: a *charitable organization*, a *public foundation*, or a *private foundation*.

Public and private foundations are usually established as corporations or trusts, in that their charitable activities are aimed at funding other qualified charitable organizations. *Charitable organizations* on the other hand, differ substantially under the Income Tax Act, since they are expected to devote their resources (human, financial, and volunteer) in support of their articulated charitable purpose (Carter and Cooper, 2006). Consequently, the choice of charitable structure is important since it determines the section of the Income Tax Act under which the organization will be governed and held accountable.

In spite of the substantial change that has occurred within Canada's nonprofit sector, amendments to the legal frameworks required to administer the sector have not kept pace. As Carter and Cooper (2006) have observed, CRA administration of the sector is, "relying heavily upon concepts developed in the seventeenth and nineteenth centuries, thereby leaving the distinction between various types of charities and nonprofit organizations in a somewhat confused state" (p. 127). This observation is particularly important because many organizations have identified the need for a streamlined system of oversight and support rather than the monolith that has become the Canada Revenue Agency.

#### **2.4 Income Tax Act - Commercial Activities**

The *Income Tax Act* (ITA) designates an organization as charitable if it devotes its resources (financial as well as human) to the advancement of its charitable purpose. As well it requires that more than fifty percent of its directors are arm's length; that it receives funding from a variety of arms' length donors; and that its income is not used for the personal benefit of any members, shareholders or governing officials. As well, charities must expend a portion of their annual assets, called a *disbursement quota* to retain charitable status. The intent of the quota



is to ensure that the majority of a charity's funds are directed toward the advancement of its charitable purpose and mission (Carter and Cooper, 2006; Canada Revenue Agency, 2006).

Administratively, the ITA requires nonprofit organizations reporting assets in excess of \$200,000 and revenue greater than \$10,000, to submit a T 1044 (2011), *Nonprofit Organization Information Return*, (Appendix D). On the other hand, registered charities must submit a T 3010 (2013), *Registered Charity Information Return* (Appendix E), annually regardless of the revenue or asset base (McRae, 2012).

One issue raised increasingly concerns whether voluntary sector organizations can operate businesses. The answer is clear and the answer is yes (Carter & Cooper, 2006). Unfortunately, what is not as clear, particularly for charitable organizations, is whether a business is *related* (a business activity deemed acceptable by the CRA) or *unrelated* (a business activity deemed unacceptable by the CRA). Furthermore, it is noteworthy that the Canada Revenue Agency recognizes two kinds of related business; first, businesses run substantially by volunteers, and second, businesses linked to a charity's purpose and subordinate to that purpose (Canada Revenue Agency, 2003). The determination of whether a business activity is *related* or *unrelated* is important in that such determination governs how revenue earned will be treated relative to the Income Tax Act. Moreover, an activity deemed *unrelated* by the CRA places a registered charity at enormous risk because an organization's charitable status may be suspended or revoked should it be found to be operating an *unrelated business*. (Canada Revenue Agency, 2012; Carter & Cooper, 2006; Scott, 2006).

As a result, articulating an organization's charitable objects is particularly important, recognizing that the CRA relies on an 1891 interpretation of the law and deems business activities *linked* to a charity's objects or *subordinate* to those objects are acceptable under the

Income Tax Act. The Charities Directorate (2003) recognizes four types of business activities as acceptable *links* to a registered charity's charitable objects, including:

- a business activity that is necessary to the effective operation of the charitable programs
- an offshoot of a core charitable program, such as an asset that can be leveraged and operated as a business
- utilization of excess capacity
- the sale of item(s) that promote the charity or its objects

Further, the Directorate (2003) recognizes *subordinate* activities that:

- receive a small portion of the charity's attention and resources
- are integrated into the charity's operations, rather than a separate self-contained unit
- adopt decision-making that is driven by the charity's charitable motives and goals
- operate for an exclusively charitable purpose, not permitting private financial benefit

For example, Bethany Care's use of excess land as a parking lot, the Salvation Army's volunteers running thrift stores and SAGE's (Seniors Association of Greater Edmonton) Sunshine Café, which operates a cafe, and a catering, frozen food preparation and distribution operation, are deemed charities operating related businesses. Similarly, Vancouver's Potluck Café operating a café and catering company serving corporate and nonprofit clientele in Vancouver's Eastside is recognized as a registered charity operating a related business. Potluck provides employment, life skills, and food preparation training along with nutrition counselling

to inner city residents many of whom are homeless, suffering from addiction, or simply require a free meal. It is also a *social enterprise*.

While the previous examples may be considered straightforward, this has not always been the case since the legislation governing the sector along with definitions of *related* and *unrelated* business activities is recognized as out of date. Drache (1998) states,

The restrictive definition of the word “charity” by [Canada Revenue Agency] has become a serious problem for many types of organizations in Canada. The fact of the matter is that while the courts pay lip service to the oft-stated judicial view that the term is one which “evolves” over time, presumably based upon changing social and economic circumstances and societal objectives, the definition in Canada has evolved so slowly as to appear almost permanently rooted in the 19<sup>th</sup> century. (p. 10)

As a result, the voluntary sector has operated in a vacuum of sorts due to the reality that regulatory requirements are based on a legal interpretation of concepts dating back to the seventeenth and nineteenth centuries (Carter & Cooper, 2006). This process places the responsibility upon the charitable organization to obtain opinion from the CRA relative to revenue generating proposals to ensure the organization’s charitable objects are not jeopardized. As a result, there are important considerations a registered charity must undertake when looking to innovative or entrepreneurial strategies to augment revenue. It is not a simple process and it is an area of growing concern as charities investigate creative ways to address eroding funding platforms, increased competition, and unstable donor and philanthropic giving.

The upcoming section of this chapter will now explore some of the strategies voluntary sector actors have considered and in many cases implemented and what has increasingly become known as *social enterprise*.

## 2.5 Social Enterprise and its Meaning

Massive change is occurring in the nonprofit sector. Seemingly, isolated events touching the lives of virtually everyone are, in fact, parts of a pattern that is little recognized but has enormous impact; it is a pattern of growing commercialization of nonprofit organizations.

Burton Weisbrod (2000, p. 1)

Social enterprise is not new, moreover nonprofit organizations have long been engaged in revenue generating activities to augment program revenues and enhance agency viability (Alter, 2007; Brinkerhoff, 2000; Boschee, 2006; Defourny & Nyssens, 2012; Ridley-Duff & Bull, 2011). From catering companies providing new Canadians opportunities to share culture and create food reflective of their country of origin, to the preparation and distribution of frozen foods to seniors, the concept of creating a social benefit while earning income is not unheard of. In fact, Jane Addams' Hull House was not only a locus of social gatherings, meetings, education and training; Hull House was also one of the first examples of social works' connection to *enterprise as intervention*. Addams' settlement house provided support to the *poor*, in addition to community access to services and goods required such as the sale of coal, a coffee shop, and a public kitchen (Addams, 1910). As a result, the use of enterprise initiatives as tools to augment welfare to work programs for targeted client populations or as a vehicle to increase organization revenue is not new (Cooney, 2011; Massarsky, 2006).

Massarsky (2006) observed prior to the 1980s nonprofit revenue generating activities were instituted largely aimed at serving constituent needs; such as gift shops at hospitals and museums; program fees at recreation centres, and tuition fees at educational institutions. She notes as these practices continued, throughout the 1990s more innovative initiatives were explored as organizations established cafes, sold greeting cards along with other ventures aimed at serving a broader community. In fact throughout this period, a system of differentiation was

emerging in terms of the source from which income was earned, whether from the sale of goods or merchandise, the sale of services, staff delivered programs, or client delivered initiatives.

The *Canadian Social Enterprise Guide* (2010) also describes the sprawling terrain that has become social enterprise, including but not limited to its application,

- in addressing environmental issues from recycling to car sharing programs
- in stimulating economic revitalization in depressed inner city or rural communities
- as a poverty reduction tool for marginalized client populations through job training and skill development
- in integrating new Canadians through job training and skill development programs
- in providing services and products to underserved communities such as low income seniors, offenders
- as a tool to leverage social and cultural capital (p.7)

Kim Alter's *Social Enterprise Topology* (2007) conceptualizes social enterprise as a paradigm shift in that it illustrates a blurring of boundaries between the for-profit and not-for-profit sectors. Much of the literature supports this perspective inasmuch as this *new* institution, or program or initiative provides a space in which social goals and values coalesce with commercial business practices (Dees & Battle-Anderson, 2006; Defourny, 2001; Kerlin, 2006; Quarter, Mook & Armstrong, 2009).

Because of its breadth of practice and its cross-sectoral market-oriented approach to addressing issues related to target client populations, the environment, fair and ethical trading practices, social enterprise is often described as having reached a tipping point in that it is increasingly described as a *social movement* (Kerlin, 2006; Massarsky, 2006, Ridley- Duff & Bull, 2011). The upcoming section will present an examination of the definitional debate that

exists concerning this ‘movement’, in addition to outlining what social enterprise is and what it is not. It will be followed by an exploration of practices in the two jurisdictions that have had the greatest impact on the Canadian experience; the United Kingdom and the United States.

### **2.5.1 The Definitional Debate**

Manwaring & Valentine (2011), describe the current buzz occurring in Canada’s voluntary sector as centered on the concept of *social enterprise*. What is social enterprise? Is it earned revenue, a social purpose venture, a nonprofit enterprise? Is it a type of business practice or is it a form of social work intervention? Is it a type of organization, is it a hybrid of many forms, or is it a sector onto itself? Many questions have been posed, however consensus remains elusive.

While the practice is not new, the term *social enterprise* is a relatively recent addition to nomenclature in that its usage has grown considerably over the past twenty years (Bull & Compton, 2006; Dart, 2004; Defourny & Nyssens, 2006; Haugh, 2012). Massarsky (2006) describes the evolution of the taxonomy from *earned income* and *revenue generation* to *social enterprise* - a term reflecting the blurring of boundaries between *for profit* and *not for profit* environments. She states,

By the end of the 1990s, many people had adopted the phrase “social enterprise”, demonstrating greater acceptance of the notion of business (enterprise) among not-profit organizations, yet adding the word social to emphasize that the focus is on business with a social purpose. (p.72)

As a result, considerable energy has been expended to understand what might be described as a *loose and baggy monster* (Kendall and Knapp, 1995). Many universities and colleges now incorporate social enterprise into curricula, websites and blogs have been established, newsletters have been published, workshops have been held, and annual conferences, business plan and funding competitions have been staged throughout Europe and North America (Cooney, 2006; Kerlin, 2006; Massarsky, 2006; Dees & Battle Anderson, 2006). Definitions vary greatly and as

a result considerable confusion persists regarding what social enterprise is and what it is not (Dart, 2004; Dees, Emerson & Economy, 2001; Defourny & Nyssens, 2006; Kerlin, 2006). While numerous definitions exist and some researchers suggest a ‘definitive definition’ is not critical, two schools of thought have emerged regarding social enterprise and its relationship to the voluntary sector.

Defourny and Nyssens (2006) reflect, “Social enterprise can be said to be located in an intermediate space at the crossroads of market, public policies, and civil society” (p. 13). This first perspective holds that social enterprise is largely embedded in the third sector at a boundary situated between cooperatives and nonprofit organizations (Ridley-Duff & Bull, 2011). Similarly, Quarter, Mook, and Armstrong (2009) observe that social enterprise may be understood as a form of community economic development in which nonprofit organizations may choose to operate a social enterprise as a separate entity or as a program or initiative embedded within the organization itself. In their view, social enterprise regardless of its form is characterized by its mission to generate a portion of its revenue in the marketplace, while (in most cases) dependent on support from other granting institutions, donors, or funding agencies.

Alternately, the second perspective, has been influenced greatly by the United States which places social enterprise, “at the margins of the third sector rather than embedded in its heart” (Ridley-Duff & Bull, p. 31). The US perspective has evolved to a position in which business methods and social interests have converged to create socially orientated ventures, whether *for profit* or *not for profit* (Alter, 2011). Moreover, Alter states the convergence of these methods and interests has given rise to, “a new hybrid field – part social and part business – *social entrepreneurship*, and with it a new type of institution, *social enterprise*” (p. 4).

Because social enterprise is not situated in a singular space or uniformly understood, the resulting ambiguity has led to ongoing discussions regarding how social enterprise ought to be defined. Adding to the confusion, depending on its geographic base or operating locale, the term is used differently and loosely to describe both corporate and nonprofit enterprise activities, cause related marketing initiatives, as well as fundraising endeavors (Defourny, 2001; Galera & Borzaga, 2009; Wei-Skillern, Austin, Leonard, & Stevenson, 2007).

Researchers, academics, and government agencies throughout Europe, Britain, the United States, and Australia observe that social enterprise has enjoyed a meteoric rise in popularity (Dees & Battle Anderson, 2006; Defourny & Nyssens, 2012; Gray, Healy & Crofts, 2003; Mason, Kirkbride & Bryde, 2007; Paton, 2007). Jacqueline Edwards (2008) notes the emergence of organizations operating in the public sector while at the same time promoting commercial activities, referring to them as *hybrids*. Paton (2007, p. 1) also acknowledges that the term, *social enterprise*, while not perfect, encompasses many of the significant social changes and challenges in civil society today. He states,

The term social enterprise ... reflects some of these developments - the innovation and dynamism, the spread of business perspectives, the emergence of hybrid organizations and inter-sectoral partnerships. It is also broader, encompassing co-operatives and socially orientated business, even if they do not have a nonprofit or charitable legal form.

Williams (2005), in her Canadian publication, *Social Enterprise: The Three P's*, suggests it is essential that the 'intent' of the enterprise be clearly articulated in conjunction with an assessment of an organization's structure in terms of its 'readiness' to accommodate a venture. Brinkerhoff (2000) concurs, positing that social enterprise may be understood as "the art of mission-based venture development" (p. 21). While, Oster, Massarsky and Beinhacker (2004) also reiterate the pivotal relationship between the mission and purpose of an organization and the



venture it undertakes, describing social enterprise in terms of its, “contribution to the parent organization’s ability to serve its social mission” (p.17). Similarly, Paton (2007) notes that one of the greatest challenges facing social enterprise(s) is the, “broad array of stakeholders whose often conflicting concerns have to be combined and balanced in governance and in operations” (p. 6). Therefore, as discussions and practices have evolved, so too have debates regarding, “mission, money and merit” (Krug & Weinberg, 2004, p. 325), and as growing numbers of voluntary sector actors explore social enterprise, the tension between money at the expense of mission continues to mount (Rangan, 2004; Tekula, 2010; Weisbrod, 2000). In fact, recognizing the challenges that social enterprise seeks to address, social enterprise aims to create value by generating social impact given the environment within which it functions.

Dees and Battle Anderson (2006) describe the tension that exists as organizations try to blend business, philanthropy, and sustainability to enhance and extend an organization’s social mission. Combined with innovation, they view *social enterprise* as a vehicle through which barriers between the for-profit and nonprofit sectors may be challenged. Gregory Dees (2001) identifies two primary characteristics of social enterprise: first, the enterprise has at its core a social objective or mission, and second, a social enterprise usually blends social and commercial methods in its creation of value.

As early as 1996, The Roberts Enterprise Development Fund (REDF) defined nonprofit or social enterprise as, “a revenue generating venture founded to create economic opportunities for very low income individuals, while simultaneously operating with reference to the financial bottom line” (Emerson & Twersky, 1996, np). It is noteworthy that this definition focused not only on revenue generation, but linked the venture to the organization’s mission along with the creation of economic opportunities for disadvantaged individuals. Cynthia Massarsky (2006)

also proposed a definition that expands upon these characteristics and in doing so, reflects the reality that many social service agencies in particular utilize social enterprise as an intervention tool. That is, as strategies to educate, to empower and assist clients to build skills and secure employment (Chappell, 2006; Ferguson, 2007; Hahn & McCabe, 2006; Krogsrod Miley, O'Melia & DuBois, 2001). As a result, for individuals interested in exploring social enterprise within the confines of the voluntary sector, Massarsky's (2006) definition proposes a reasonable starting point in that it is inclusive, and provides the latitude which current practice requires. She describes *social enterprise* as, "business ventures initiated by nonprofit organizations for the purpose of generating net income to support their missions and programs, and often incorporating job training and employment, as well as other potential benefits, for their constituents" (p. 72).

Paton (2007) describes a "sprawling terrain" that has become known as social enterprise; whereas the Canadian Social Enterprise Guide (2010) refers to *social enterprise* broadly as, "business ventures operated by non-profits, whether they are societies, charities or cooperatives" (p. 7). Alter (2007) suggests social enterprise may be understood as, "any business venture created for a social purpose – mitigating or reducing a social problem or a market failure to generate social value while operating with the financial discipline, innovation and determination of a private sector business" (p.12). And, more recently, in Elson and Hall's (2010) survey of Alberta and British Columbia based social enterprises defined the term as, "a business venture, owned or operated by a nonprofit 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" (p.10).

Given the range of definitions that have and continue to be proposed, it is noteworthy that a number of over-arching themes emerge. First, the notion of revenue generation; and, second the view that a type of market exchange occurs, (whether in the form of goods or services). The third perspective is framed in terms of the expected outcome which is aimed at supporting a social mission or at realizing a blended return. Additionally, for social service agencies working with marginalized client groups, the role of enterprise as an *intervention* tool has also become extremely important (Cooney, 2009; Evans, 2007; Ferguson, 2010; Hahn & McCabe, 2006). Therefore, considering the definitional debate that has occurred a coalescing of sorts is becoming apparent regarding the key features that characterize social enterprise, namely, *the use of market mechanisms to achieve a social mission*.

Recognizing the broad range of social enterprise practice and experience emerging worldwide, along with its expansion across Africa, Asia, and its historical roots in Europe and the United Kingdom, the chapter will now explore the two dominant forces that have shaped the Canadian experience: the United Kingdom (due to our history) and the United States, (due to our proximity).

### **2.5.2 Social Enterprise and the British Invasion**

Kim Alter (2007) describes social enterprise as having “a lengthy private history, but a short public one” (p 1). This view is also held in the United Kingdom (UK) wherein social enterprise has existed in many different forms for many years, dating back centuries (Aiken, 2007). In fact, in 1844 in Rochdale, England, 28 men employed as factory workers decided to pool their money and open their first store, in response to their personal experience of exploitation by factory owners and town merchants. This initiative has been widely accepted as heralding the modern cooperative movement (Social Enterprise Coalition, 2003). Since this time,

the emergence of cooperatives, charities, nonprofits, and other organizational forms within the UK's third sector has gained momentum.

“Social enterprise”, is not a recognized legal term in the UK, rather it is considered an approach, and increasingly, as a social movement. Considered one of the most progressive and vibrant in the world; the UK experience is bounded by principles centered on *trading* and *doing business* aimed at tackling social problems, improving communities, protecting the environment or helping the disadvantaged. Within the UK's social enterprise umbrella, a complex mix of organizational forms may be found including; the traditional trading voluntary sector organization, the cooperative, the social firm in addition to mutual aid societies (Spear, 2004). Because an overarching universally accepted definition has not yet emerged, frequently the general characteristics of social enterprise in the UK are used to delineate what it looks like.

Social Enterprise UK (2012a) summarizes the features below:

- articulates a clear social and/or environmental mission in their governing documents
- generates the majority of income (more than 50% within 2 years) through trading or business activities
- reinvests the majority (more than 50%) of profits to further its mission
- autonomous and independent of the state, or operates at arm's length for a fixed period of time
- establishes ownership and control is in favour of the organization and its social or environmental mission
- is accountable and transparent (p. 1)

While not absolute, these aforementioned features represent the general direction and shape which social enterprise has taken in the UK. The British experience is instructive in that it is marked by considerable involvement and nurturing by Parliament, commencing in 2002 with the Department for Trade and Industry's establishment of the country's first Social Enterprise Unit (Social Enterprise UK, 2013). Since that time, the government has been active in this domain, emanating from the perspective that social enterprise is integral to meeting service provision gaps that have been largely ignored by both the private and public sectors.

In the 2006 Cabinet Office Report, *Social Enterprise Action Plan: Scaling to New Heights*, the role of government was described as that of *enabler* inasmuch as social enterprise was viewed as having a key role to play in overcoming social injustice and exclusion. Included within this report was an operational definition of *social enterprise* as follows,

A social enterprise is 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  
(Office of the Third Sector, 2006, p.10)

While British Parliament has recognized cooperatives, mutual aid societies, small community owned shops and small social businesses as social enterprises, legislation was passed in 2005 which created a new hybrid corporate form, the *community interest company* (CIC). The creation of CICs was strategic in that it enabled charitable organizations, as well as for profit social businesses, access to the social enterprise business model by registering as a company with limited liability generating revenue for the benefit of the community. Along with the establishment of a Charity Tribunal to hear appeals from decisions of the Charity Commission, this legislation was significant, in that it provided UK charities a vehicle through which to earn revenue without jeopardizing charitable status.

Recognizing the range of initiatives identified as social enterprise is broad, the Cabinet Office has been instrumental in establishing infrastructure and processes through which enterprisers share learnings, input into policy, access technical expertise, and more recently secure financing. While the Office for Civil Society (formerly the Office for Third Sector), has been established for several years, in May 2010 it was amalgamated with the Social Exclusion Task Force, signalling a shift in focus and direction. Concomitantly, the Conservative government's flagship policy initiative *Big Society* was established to address the changing role of government, supporting volunteerism, encouraging philanthropy, increasing transparency as well as nurturing cooperatives, mutual aid societies, charities and social enterprises. *Big Society* aims to create a climate that supports collective action in local communities to identify solutions to local problems.

Described by some as a *quiet revolution*, social enterprise is gaining momentum, and is no longer viewed as peripheral. In 2009, the first *State of Social Enterprise Survey* was published shedding light on the sector's size, scope, composition and motivations driving it. Followed up with, *Fightback Britain* (Social Enterprise UK, 2011), the survey highlights include:

- the social enterprise sector has continued to grow reflecting its concentration in some of the UK's most deprived communities
- the sector's diminishing reliance on charitable giving as more revenue is generated through trading
- leadership demographics reflective of a younger population
- the overarching goals aimed at improving a particular community, creating employment opportunities in that community in addition to supporting vulnerable populations

Moreover, since the 2005 inaugural survey of social enterprises in the United Kingdom which estimated 15,000 organizations, the UK government estimated 68,000 social enterprises operated in 2012, contributing almost \$50 billion annually to the economy (Department of Trade and Industry, 2005; Social Enterprise UK, 2012b), issues persist for which support is required. Two areas are of particular interest to Parliament and the sector; first, the outsourcing of public services and second, access to financing (Kingston & Bolton, 2004). As successive governments have continued to outsource public sector services including hospitals, day cares and prisons, increasingly voluntary sector organizations, including social enterprises, are finding it challenging to compete. Concern has been raised regarding the dominance of private sector oligopolies operating in the public sector, returning profits to shareholders, both domestic and offshore, rather than to local communities (Social Enterprise UK, 2012b). This *shadow state* as it has been described has emerged as larger and more complex organizations perform service provider roles on behalf of government. While proponents suggest it is an effective vehicle to reduce public sector costs and inefficiencies, detractors propose it does little to create or enhance *social value*, particularly in the context of social enterprise. However, it is noteworthy that in partial response to this issue, in January 2013, Parliament enacted the *Public Services (Social Value) Act*, which enables administrators of public sector contracts, to consider “the wider social or economic benefit to their community when awarding a contract” (p. 16). As a result, while the metrics and delivery costs of contracts are recognized as important, this legislation also encourages administrators to consider the soft benefits of supporting local social enterprises.

The second issue that has defined the voluntary sector and social enterprises more recently concerns access to financing as organizations seek to scale operations. While this matter has been percolating for some time, 2012 heralded the launch of *Big Society Capital*, the world’s

first social investment bank, with more than \$950 million in capital aimed at generating social as well as financial returns (Social Enterprise UK, 2013). *Big Society Capital* will support the social enterprise sector by providing capital for expansion as well as tools and training to build organizational capacity.

It is apparent that change has been rapid throughout the United Kingdom since the days of the Rochdale factory workers, when considering the evolution of the voluntary sector and the emergence of social enterprise. Today, social enterprise initiatives have become creative examples of innovation aimed at helping the disadvantaged, the marginalized, and the environment.

Servicing the office furniture recycling niche market, based in London, Green Works works with organizations interested in replacing office furniture and equipment. Redundant items are picked up by Green Works, which resells and redistributes items to interested groups and businesses. Empowering London's street people, Unseen Tours trains, educates and employs homeless individuals as potential tour guides. Similarly, Lydia's House provides support to vulnerable women by providing clients with counseling and support in addition to training and skill building workshops in interior design, sewing, small furniture and antique restoration, custom framing and so on.

A wide range of services and goods are being marketed and distributed through the UK's voluntary sector generally and social enterprise specifically. The landscape has changed considerably since the 1990s and may be expected to continue as social media's reach extends, spreading the message that has become social enterprise. As the *social enterprise brand* and *buy social enterprise* programs become entrenched and preferred supplier programs emerge, this loose and baggy monster can be expected to become more mainstream.



The United Kingdom has been on the forefront of the evolution of *social enterprise* globally, it is now time to turn attention to what has transpired in the United States, another dominant player in this field.

### **2.5.3 The American Approach to Social Enterprise**

Similar to the United Kingdom, the roots of commercial undertakings by voluntary sector actors in the United States (US) may be traced to the origins of the country (Anheier, 2005; Kerlin, 2006). The US concept of social enterprise and entrepreneurship was grounded first, in philanthropy aimed at supporting the public interest (Dees, 1998) and revenue generation to support capacity building (Kerlin, 2006; Kerlin & Pollak, 2011).

US sectoral experimentation with market-based mission-related approaches to create opportunities for disadvantaged populations began in the early 1960s (Alter, 2007; Kerlin, 2006). As the federal government invested billions of dollars in poverty reduction programs, education, health care, community development initiatives, and the arts - rather than creating bureaucracy to administer funds - monies were distributed through nonprofits operating in these fields. And, as a result of this financial support, this period marked a time of significant expansion in the voluntary sector, largely shaping it into what it has become today (Salamon, 2003).

Due to the economic downturn in the 1970s, 1981-1989 was a period of welfare retrenchment due in part to the federal government's decision to strip more than \$30 billion from social welfare budgets across the country (Kerlin, 2006; Salamon, 2003). While some nonprofits closed or merged, others adapted and began to explore alternate ways to bridge the funding gap. Lester Salamon (2003) observed a 35% growth in *unrelated income* amongst US charities during the 1990 – 1997 period. As well, Rebecca Tekula (2010) noted the rapid growth of the US voluntary sector, registering approximately 12,000 charities in 1940 and more than 1.5 million in

2008. With combined revenues of \$700 billion and an estimated book value of assets over \$4 trillion, (8.9% of GDP), the sector's presence and impact was becoming apparent (Tekula, 2010).

Throughout the sector's expansionary period, social enterprise as a concept was broadening and according to Janelle Kerlin (2006) came to include, "almost any kind of commercial activity undertaken in support of social goals" (p. 109). Kerlin observed during the period 1999 – 2001, sector commercial revenues increased 20% to \$48.8 billion, while the number of organizations only grew by 8% (Kerlin & Pollak, 2011). This enormous increase in earned income is reflective of the sector's mounting interest in bridging funding shortfalls through commercial activities.

At the same time, it should be noted that the voluntary sector's commercialization efforts were not universally embraced in that such endeavours were not without risk. Burton Weisbrod (2000), described the conundrum faced by many nonprofits during this period as organizations worked to balance the erosion of funding platforms and unstable charitable giving through unrelated business activities. Issues of mission drift, skill set recruitment, increased governance oversight, and board liability should ventures fail, presented very real hurdles for organizations exploring revenue generating activities.

Because US federal government involvement has largely been limited, strategic development and support of social enterprise was for the most part, spearheaded by a small number of American foundations, philanthropists and social entrepreneurs (Kerlin, 2013). In response to social sector cutbacks throughout the 1970s and 1980s American foundations have been active in carving out preferred funding niches. Aimed at undertaking research, providing start-up funding and seed money, as well as encouraging educational programming at colleges and universities on social enterprise and entrepreneurship, American foundations have been

integral to supporting this phenomenon at its early stages of development (Eikenberry & Kluver, 2004; Kerlin, 2006; Tekula, 2010). In fact, with the backing of a number of these foundations, *social innovation incubators and accelerators* emerged to support and build capacity in voluntary sector actors deemed ready. Kerlin (2006) described one of these accelerators, *The Pittsburgh Social Enterprise Accelerator* as follows:

It was started and initially funded by two large foundations to support the development of emerging nonprofit ventures in the Pittsburgh area at no cost to the nonprofit. For a small portfolio of nonprofits, it provides one-on-one consulting, seed funding, business tools, and connections with key stakeholders in the community such as service providers, funding sources, corporations, public agencies, and university programs. (p. 115)

The American model of social enterprise is one that flows from a market-based economic framework, influencing directly how social enterprise operates and how it is understood. As Alter (2011) describes, at its heart, social enterprise aims to use business practices as tools to solve social problems or bridge gaps that have emerged due to market failures. At the same time, it is noteworthy, that the creation of an enterprise culture and a fee-for-service mindset at social service agencies in particular, has lead critics to suggest government must step in to ensure already marginalized people are not further isolated (Eikenberry & Kluver, 2004; Kerlin, 2006; Salamon, 2003).

In terms of the legal environment, American jurisdictions have been slow to respond, especially when compared to the United Kingdom. Since the 1950s the US government has relied on the *Unrelated Business Tax Income Tax* (UBIT) to tax nonprofit revenues deemed unrelated to their charitable purpose (Kerlin, 2006). However, as Cordes and Weisbrod (2000) observe “it has proved administratively difficult for federal, state, and local taxing authorities to differentiate taxable and non-taxable commercial activities ... income earned from commercial undertakings is effectively tax exempt” (p. 85). As a result, it is not surprising that American

nonprofits have been embracing revenue-earning activities to augment funding shortfalls in response to economic instability.

It is noteworthy that structural change has taken place in recognition of the transformation that has been occurring. In fact, using endowment funds and their grant-making capacity, American foundations are able to invest in social enterprises, which are able to earn income without jeopardizing a supporting foundation's charitable status. Called, *Program Related Investments*, or PRIs, foundation investment in social enterprise is permitted as long as the primary goal of the investment is a social return (Martin, 2007). Moreover, the federal government's introduction in 2000 of the *New Markets Tax Credit Program* provides taxpayers the opportunity to make qualified equity investments in designated community development entities, designed to invest in low income communities. As a result, the tax credit is used increasingly by social enterprises as a tool to leverage investments in their organizations (Mulholland, Mendelsohn & Shamshiri, 2011).

The emergence of social enterprise as a complex ecosystem of structures and forms has created impetus to develop alternate operating instruments. Although not a new legal form, the *Low-Profit Limited Liability Company* (L3C) is a new for-profit business form, a variation of the already established *Limited Liability Company* (LLC) (Lane, 2011). The L3C is a business structure recognized by state statute, which operates like a business in that it generates profit, however it differs from a business, because its primary aim is to create a social benefit. Importantly, the L3C can also attract various types of investors since it can accept foundation funds, loans, and guarantees, has no asset lock, nor dividend cap (Gowdy et al., 2009; Markey et al., 2011).

While the legislation is under review in many states, it has been signed into law in 11 jurisdictions, and as Robert Lang (2013) observes, “an L3C from any of these states, like a Delaware corporation, can be used anywhere” (p. 5). Therefore, under the auspices of the L3C, it appears the legal infrastructure is falling into place to enable nonprofits and for-profits to register and operate their social enterprise within the law and within the American tax system. Moreover as Lang (2013) notes, since its first enactment in Vermont in 2008, an estimated 1000 L3Cs have been formed.

As the legislative and taxation apparatus of the American government evolves, the Obama administration has also moved on this front, most recently establishing an *Office of Social Innovation and Civic Participation* (SICP). Aimed at encouraging collaboration amongst the voluntary, private, and public sectors, in April 2010 the SICP launched the *Social Innovation Fund* (SIF). A \$50 million federal government fund to promote community-based solutions, the SIF supports nonprofit organizations through training and organizational capacity building in addition to providing financial assistance (Office of Social Innovation and Civic Participation, 2012).

In their assessment of the American voluntary sector, Gowdy, Hildebrand, La Piana, and Mendes Campos (2009) identified five trends expected to reshape the social sector and the manner in which nonprofit organizations in particular will operate into the future. While their analysis identified demographic shifts, technological advancements, networking as collaboration and advocacy tools, increased civic engagement and volunteerism, it is their final observation that is germane to this research study; the blurring of boundaries between *for profit* and *not for profit* sectors. They hold the US voluntary sector must remain mindful of its collective mission while at the same time proactively leveraging relationships and cross-sectoral partnerships.

In view of these emerging trends along with their collective impact on the voluntary sector generally and social enterprise engagement specifically, it is apparent much work remains. While the American social enterprise landscape remains fragmented, particularly in view of the UK experience; considerable action is underway in spite of a particularly challenging period in the US economy. In fact, what is most instructive in this regard is the view held by its supporters, that social enterprise may have been an important participant in the country's economic recovery and local community development initiatives (Anheier, 2005). Interestingly, in May 2013 the Social Enterprise Ecosystem and Economic Development (SEED) Commission Act (H.R. 2043) was referred to the House Committee on Oversight and Government Reform. If approved, the SEED Act would establish a *Commission on the Advancement of Social Enterprise*. The Commission would be responsible to examine, explore and make recommendations regarding how the federal government can best support and utilize social enterprise(s).

Rework Jobs, a search firm and an LLC helps passionate and talented professionals find meaningful work that inspires, challenges, and pays the bills in the state of Florida. Housing Works, based in Brooklyn, New York has pioneered the concept of social enterprise for people living with and affected by HIV/AIDS. Utilizing a self-sustaining enterprise model employment opportunities are provided to local community members through their network of thrift stores; online auctions of clothing, furniture, and artwork; a Bookstore café and Catering Company. Combined these activities account for almost 25% of Housing Works' annual \$43 million operating budget. Established in 2005, Cleanslate, a Chicago-based neighbourhood beautification business provides transitional jobs and training to individuals with significant obstacles to employment, such as recent incarceration. From snow removal to graffiti clean-up, landscaping

services and waste removal, individuals are provided training and support to assist with reintegration into the community.

Rework Jobs, Housing Works, and Cleanslate are but three examples of the range of social enterprise initiatives underway in the United States. While an actual registry of US social enterprise(s) including their composition and number is unavailable at this time, a number of projects are underway to define the metrics of this *loose and baggy monster*. One such project is the *Great Social Enterprise Census*, currently underway to quantify the scope and range of social enterprise across the United States. As well, through the work of Rolfe Larson, one of a handful of social enterprise pioneers, an online application using GPS technology has also been developed to locate social enterprises and social purpose businesses in communities across the United States.

Attention will now be turned to the Canadian landscape and how social enterprise has emerged.

#### **2.5.4 A ‘Made in Canada’ Approach to Social Enterprise**

As discussed previously, Canada’s voluntary sector spans a huge geography and a diverse mix of an estimated 173,000 (CRA, 2013) nonprofit organizations today. The sector is bounded by its network of volunteers and its passionate commitment to its mission that, ‘to do good is to do better’. It is however fragmented (Phillips & Teplova, 2006; Seel, 2006) and it is under stress due to ongoing funding challenges including the most recent economic downturn (Foster & Meinhard, 2005; Hall 2006; Lasby & Barr, 2012; Murray, 2006; Struthers, 2012).

At the same time, Canada’s nonprofit scene has been heavily influenced by its history, specifically its relationship with Britain and France, along with its close proximity to the United States. While the Quebec experience largely reflects its French and European roots, elsewhere

the sector has assumed many of the characteristics defining the British and American experience in particular. On the one hand, Canadian legislation models the British tradition, whereas the more common ‘hands off’ approach of the American legislature also characterizes the Canadian landscape. However, unlike the UK, possibly the most progressive country in the world in terms of government’s relationship with the charitable sector, Canadian legislators have been conspicuously absent for some time. Therefore, the discussion that follows aims to discuss the Canadian environment by highlighting key events that have informed Canada’s charitable experience and the emergence of social enterprise within it.

Lynn Eakin’s 2007 report, *We Can’t Afford to do Business This Way*, describes a nonprofit sector under considerable stress due to growing administrative and financial burdens. In response to her 2007 report, Eakin initiated a subsequent study, *Canada’s nonprofit maze* in which she and colleague Heather Graham (2009) reviewed the legislative and regulatory environment influencing revenue generation activities throughout the sector. The researchers describe a sector experiencing significant challenge with legislative and regulatory policies, essentially creating a ‘stranglehold’ on operations due to accountability, administrative, and procedural requirements. Their study revealed that Canadian nonprofits typically source revenue from three primary streams: *government funding*, *charitable donations* and *earned income*. They observe, “Sector regulation was never designed for organizations obtaining revenue from all three sources ... the stranglehold of regulation that has emerged in recent years is reducing the operating efficiency of non-profit groups” (p. 2). Because of the complex set of regulations relative to managing, reporting, and accounting for these diverse revenue streams, over-burdened organizations are increasingly required to navigate a complex maze of regulations, accountability policies and procedures (Jurbala, 2012; Mulholland, Mendelsohn, & Shamshiri, 2011).



Figure 2.2 presents Eakin and Graham's (2009) observations regarding overall revenue trends in the Canadian nonprofit sector during a ten year period from 1994 to 2004. Recognizing the sector's three primary funding streams, two observations may be made. First, the funding profile illustrates the dominant role government has played along with its decreasing share of the total funding envelop from 1994 - 2004. Second, the profile depicts the growing contribution of earned income as a primary revenue source along with its growing share of overall funding over the same period.

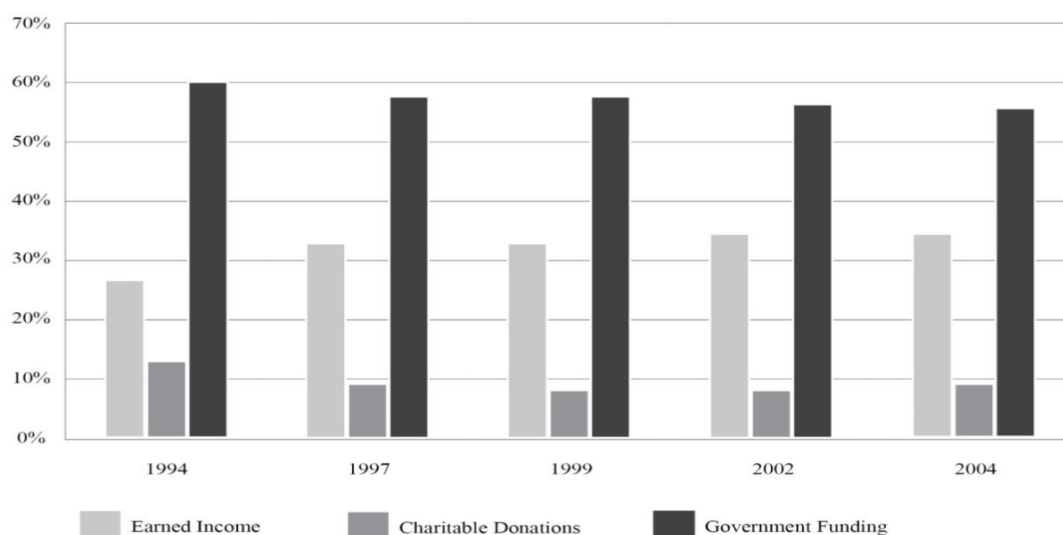
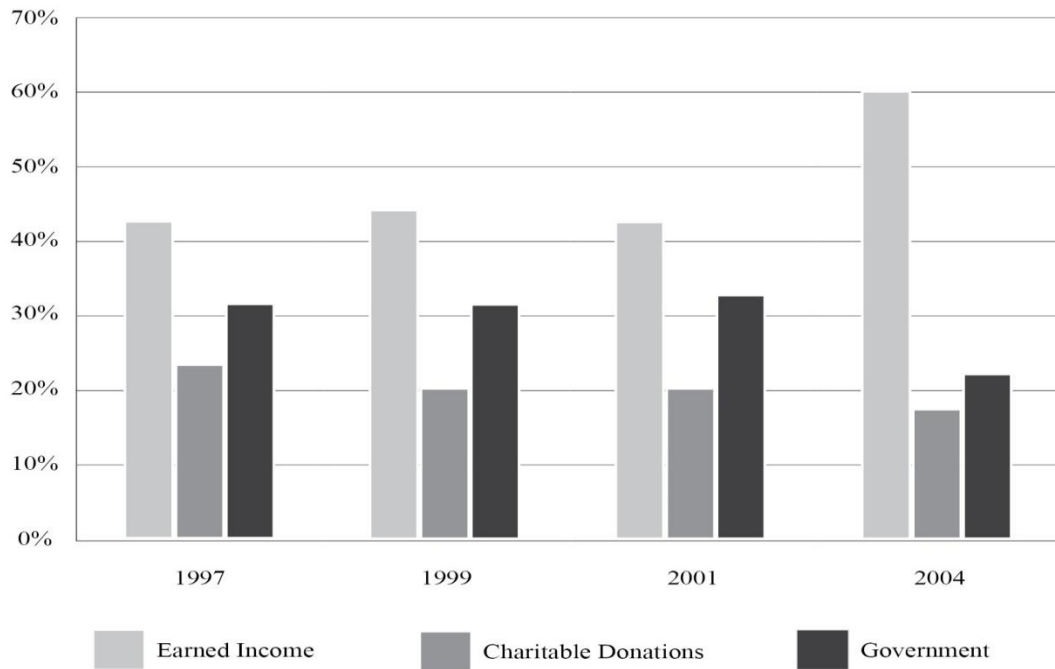


Figure 2.2 Canadian Nonprofit Sector Revenue Trends

Source: Adapted from Eakin & Graham, 2009, *Canada's nonprofit maze*. p. 9.

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Defined as all charitable and nonprofit organizations other than hospitals, universities and colleges, Canada's *core nonprofit sector* also reflects the dramatic shift in the funding profile over the 1997 – 2004 period. Figure 2.3 presents a synopsis of *Revenue Trends for the Core Nonprofit Sector*, again illustrating a similar pattern regarding the growing share of earned income revenue streams as a primary funding source of Canada's core nonprofit sector.



*Figure 2.3* Revenue Trends for the Canadian Core Nonprofit Sector

Source: Adapted from Eakin & Graham, 2009, *Canada's nonprofit maze*. p.10.

Michael Hall (2010) also observes this trend suggesting the time has come for government to address the economic realities of Canada's voluntary sector given, "revenue from the sales of goods and services is outpacing growth from government transfers and donations" (p. 91). Moreover, Mulholland, Mendelsohn, and Shamshiri (2011) also note the challenges confronting charities and nonprofits trying to fulfill their missions on a sustainable basis when faced with unstable government and donor support, along with soaring demand for programs and services. Recognizing the implications of shifting funding sources and the sector's effort to adapt, Canada's legislative and regulatory infrastructure has been slow to change. However, there are telltale signs that change may indeed be taking place.

#### **2.5.4.1 Telltale signs of social enterprise emergence.**

Throughout the 1990s, disenchantment with Canada's regulatory system was prevalent throughout the voluntary sector (Mulholland, Mendelsohn & Shamshiri, 2011). Moreover, in partial response to the growing unrest in 1995, the Voluntary Sector Roundtable was held. While the roundtable opened up dialogue between government and voluntary sector leaders, it also led to two reports which laid the groundwork for sector and government next steps. The two reports, *The Panel on Accountability and Governance for the Voluntary Sector* and the *Government of Canada/Voluntary Sector Joint Initiative*, together provided the framework for the launch of Canada's Voluntary Sector Initiative (VSI) in 1999 (Brock, 2006; Elson, 2010; Struthers, 2012). A five-year \$94.6 million initiative, the VSI focused on engaging government and sector leaders, aimed at building capacity, increasing awareness, articulating sector codes of practice, and investigating regulatory and tax reform (Brock, 2006; Elson, 2010). Additionally, the VSI looked to define information and technology requirements for research that explored the role of the charitable sector, its composition, in addition to mapping trends aimed at informing public policy discussion. In fact, under the auspices of the VSI, two key research endeavours were initiated that explored the voluntary sector; the *National Survey of Nonprofit and Voluntary Organizations* (NSNVO), in 2003, and the *Canadian Survey on Giving, Volunteering, and Participating* in 2004. Both research undertakings represented the first concrete portrait of Canada's voluntary landscape including its metrics, its challenges, and areas for improvement (McRae, 2012). This period was marked by considerable dialogue and public consultation, culminating in the signing of an *Accord* between the Government of Canada and the Voluntary Sector in 2001, followed by the development and circulation of two codes of practice: *A Code of Good Practice on Policy Dialogue* and a *Code of Good Practice on Funding* (Elson, 2010).

However as Elson (2010) observed, while these two codes were important developments, they did little to address the two issues of greatest concern to the sector; the definition of charity along with a delineation of acceptable funding practices.

While the federal government has been stalled since the VSI, considerable activity was taking place in pockets across the country. Elson, Gouldsborough, and Jones (2009) note that one of the turning points in the province of Quebec's evolution of l'économie sociale generally, and social enterprise specifically was the 1995 "*Bread and Roses Women's March Against Poverty*" in which hundreds of women marched 200 kilometres over a ten day period arriving at the National Assembly in Quebec City. Due to their actions, the government instituted a \$225 million investment in social infrastructure along with a commitment to initiate dialogue regarding the social economy, its definition, and the role of government. It is noteworthy that following the province's first *Summit on the Economy and Employment* in 1996, the *Task Force on the Social Economy* was integrated into the Office of the Premier, later instituted as the *Chantier de l'économie sociale* (Elson, Gouldsborough, and Jones, 2009). The Quebec government's role as enabler and supporter of the voluntary sector became evident once again in 1997 when Quebec's loan guarantee program for cooperatives and small and medium businesses was amended to include non-profits along with the creation of a \$10 million fund that provided non-guaranteed loans to social economy enterprises. Followed up in 2006, the *Chantier de l'économie sociale Trust* was instituted in which a \$53.8 million quasi-equity fund was established to provide long term capital to qualifying social economy enterprises (Elson, et al., 2009; Mendell, 2009).

Unlike the Quebec environment, Ontario's interaction with the voluntary sector generally and social enterprise specifically has been less dramatic. While the 1950s-1970s saw the rise of

the welfare state, the Harris government's *common sense revolution* during the mid-1990s had a tremendous impact on relations between sector actors and the provincial government. The voluntary sector's operating environment was marked by major cutbacks in government contracts, a shift to program and project based funding envelopes in addition to short-term contracting of services (Eakin, 2007; Scott, 2003). Moreover, as Elson (2009) observed, Ontario's relations with the voluntary sector was managed *in silos* in which relationships were largely a function of specific interests on the part of particular ministries rather than as part of an *integrated systemic approach* to working with the sector (Mendell, 2009). However, in spite of what Elson (2009) describes as government and voluntary sector actors *dancing in the dark* initiatives in support of social enterprise began to emerge as we entered the final decade of the millennium. In 2000, the *Toronto Enterprise Fund* and *Ottawa Community Loan Fund* were established, followed by the ACCESS Community Loan Fund in 2005.

A subsequent watershed moment for the sector generally and the potential role that social enterprise could play in the future, occurred November 8, 2007 in Toronto, Ontario at the Munk School of Global Affairs. In a speech entitled, *Unleashing the Power of Social Enterprise*, the Right Honourable Paul Martin, the former Prime Minister of Canada, described the contribution made by Canada's voluntary sector in the delivery of many of the country's social programs (Martin, 2007). He discussed the innovation and nimbleness reflective of the sector as it attempted to navigate "out of date" legislation and traditional limits governing access to investment capital. Referring to issues concerning *scaling up* operations Martin observed, "Clearly the rigid line of demarcation between charitable giving and social enterprise operates to the detriment of Canada's social goals, because it severely narrows the pool of capital from which entrepreneurs can raise financing" (p. 7). While Martin highlighted the evolution of

practices throughout the United Kingdom and the United States, he challenged Canadian legislators to embrace a new form of ‘philanthropy’ as a tool to achieve social goals.

Since Martin’s speech, there has been action on this front. The federal government has in fact introduced legislation in the form of the new, *Not for Profit Corporations Act* in 2009. However, while some provinces have enacted their own form of it, neither the federal nor the provincial acts explicitly tackle the new structures required to accommodate social enterprise, such as the *CIC* in the United Kingdom or the *L3C* in the United States (Struthers, 2012).

While discussions have been held at all levels of government regarding legislation specific to *social enterprise*, the primary hurdle that remains concerns changes to the *Income Tax Act* which would enable “a special status corporation for the pursuit of social enterprise” (Manwaring & Valentine, 2011, p. 4). As a result of these legislative roadblocks, one of the greatest challenges facing voluntary sector actors today is access to capital funding. Although in their infancy, a number of organizations have emerged which act as brokers for nonprofit investors and borrowers, two of which include the Community Forward Fund (CFF) and the Social Venture Exchange (SVX). (Struthers, 2012).

#### **2.5.4.2 Social enterprise reaches a tipping point.**

Established in 1997 as a collaborative pilot project of the VanCity Community Foundation, the Vancouver Foundation and the United Way - *Enterprising Non-Profits, British Columbia*, has evolved as a unique organization promoting and supporting social enterprise development across Canada. Aimed at building capacity in the voluntary sector by providing technical expertise in addition to access to financial capital, *Enterprising Non-Profits Toronto* was launched in 2008 followed by *Enterprising Non-Profits Ottawa* in 2009. The establishment of these two satellites pointed to the emergence of social enterprise as a very real option for

voluntary sector actors interested in scaling operations, diversifying revenue streams, and building client capacity. It is however noteworthy while community initiatives were underway in many parts of Canada, Alberta lagged behind until 2008 when the *Edmonton Community Foundation*, under the leadership of Martin Garber-Conrad, collaborated with the City of Edmonton and the United Way to establish a \$10 million social enterprise fund combining technical training with flexible financing. Calgary followed several years later, in 2011 with funding from Calgary-based Trico Foundation, which was instrumental in launching *Enterprising Non-Profits Alberta*.

Moreover, with affiliates in Vancouver, Calgary, Winnipeg, Toronto, Ottawa, Halifax along with consortiums from Quebec, (*Chantier de L'Economie Sociale*) and the Maritimes (*Atlantic Council for Community and Social Enterprise*) on February 14, 2013 The Honourable Diane Finley, Minister of Human Resources and Skills Development, announced over \$1.5 million in federal funding to establish, *Enterprising Non-Profits Canada/enp-Canada*. Part of the federal government's Economic Action Plan 2012, the funds were earmarked to encourage social enterprise as well as develop "partnerships that cross traditional boundaries between the public, for profit and not-for-profit sectors" (Enterprising Non-Profits Alberta, 2013). Expectations are high in terms of addressing complex social issues in a different way, and as Minister Finley put it, "we are all realizing that governments can't and indeed shouldn't try to do everything". The newly established *Enterprising Non-Profits Canada* is expected to provide a vehicle through which learnings can be synthesized and shared and programs developed to build capacity throughout the voluntary sector in support of social enterprise. In fact, with the creation of this Canada-wide learning organization, one can anticipate growing interest in this phenomenon regarding, increased pressure to address legislative issues hampering investment in the sector;

more in-depth research; and, increased demand for better data and metrics associated with this segment of Canada's social economy.

Recognizing the complex web of structures within which social enterprise co-exists, issues persist due to the range of legal structures under which social enterprise(s) operate. In their effort to survey social purpose businesses in Southern Ontario, Ray Dart, Erin Clow and Ann Armstrong (2010) discussed the challenges encountered in constructing a population profile. While their survey of 82 social purpose businesses achieved a 27% response rate, they describe considerable difficulty in gathering and interpreting results due, in part, to the disparity of organizational types operating within the social enterprise continuum. At the same time however, mapping studies have been completed in Alberta, British Columbia, and Manitoba and is underway in Ontario. Elson and Hall's (2010) study determined that British Columbia was home to 231 social enterprise organizations while 64 were identified in Alberta. Combined revenue for the two provinces was \$ 113 million, based upon 35 Alberta respondents accounting for \$67 million and 105 British Columbia respondents who generated an estimated \$46 million in 2009. Interestingly, the distribution of the 35 Alberta based participants by organizational type revealed 54% were *registered charities* and 3% self-identified as a *for-profit entity* owned by a *nonprofit organization*. British Columbia data is also interesting in that 51% of the 105 respondents self-identified as registered charities whereas 6% self-identified as a *for-profit entity* owned by a *nonprofit organization*. More recently, O'Connor, Elson, Hall, and Reamer's (2012) Manitoba study of 266 social enterprises, results revealed that the 118 participants generated approximately \$55.4 million in cumulative revenue of which close to 75% or \$41.5 million was earned through the sales of goods and services. Again, the distribution of social enterprises by



organizational type reflected that 54% of participants self-identified as *registered charity* whereas 4% self-identified as a *for-profit entity* owned by a *nonprofit organization*.

Because of the diversity of structures within which social enterprise operates in Canada, two recently produced reports highlight some of the issues arising from this diversity. In their report, *The State of Social Enterprise in Canada*, Manwaring and Valentine (2011) observe how organizations have adapted organizational structures by integrating social enterprise within current structures or establishing new arm's length entities, the three most common being: *social purpose businesses*, *nonprofit corporations*, and *registered charities*. Markey, Corriveau, Cody and Bonfield's (2011) report on *Social Enterprise Legal Structure: Options and Prospects for a Made in Canada Solution*, also discusses the options along with the pitfalls of charities operating social enterprises; the pros and cons of social enterprise within the co-operative structure; nonprofits as 'containers' for social enterprise, and social enterprises operating as business corporations.

Combined, these reports illustrate the complex mix of organizational configurations in which *related* and *unrelated* commercial activities exist within Canada's social economy generally and the charitable sector specifically. While this study aims to explore social enterprise under the auspices of registered charities only - it is clear this *loose and baggy monster* is gaining momentum and pressure is building to contain it in terms of structures, legislation and practice.

What is most instructive in Canada's story of social enterprise is the tremendous influence both the United Kingdom and the United States have had. The impact of UK legislation relative to charity law combined with the lack government involvement in its early stage, similar to the United States, have combined to create a Canadian landscape that is complex in addition to challenging to navigate. However, in spite of these obstacles, increasingly, examples are

emerging across the country that suggest this phenomenon is becoming more visible within Canada's voluntary sector.

## **2.6 Chapter Summary**

This review of the literature followed a sequential process and framework with which to understand social enterprise, its emergence along with its relationship to the voluntary sector. Commencing with a discussion of the historical roots of Canada's nonprofit sector, the review examined its placement, composition, and contribution. Because this study focuses on a segment of the voluntary sector, that is, social services, an examination of the evolution of the sector in the context of social welfare delivery was also undertaken. Further, since the study population includes registered charities exclusively, a brief overview of charitable status registration was provided, its linkage to the Canada's Income Tax Act along with the role of the Canada Revenue Agency was presented as well.

To summarize, in reviewing the relationship between the evolution of the Canadian voluntary sector and the remarkable growth in social enterprise in Canada and elsewhere, a number of observations may be made. First, the tremendous influence of history as well as geography on the evolution of Canada's nonprofit sector and second, the enormous scope of the sector in terms of its breadth, depth, and diversity. It is clear that the Canadian voluntary sector does not operate in a vacuum, but rather it plays an integral role in the country's landscape, both social and economic.

What is also clear is the ever-present issue concerning organizational viability and capacity, because of changing funding platforms, donor instability, and the growing pressure on sector actors to do more with less. As a result, it is not surprising that growing numbers of voluntary organizations are exploring commercial activities aimed at revenue generation to help

defray some or all of the costs associated with program and service delivery. While it is recognized that the operation of commercial activities is not new to the sector, as a phenomenon, it is gaining momentum and as the literature has illustrated, it has emerged from a *concept* and *activity* to increasingly being described as a *movement* and a *quiet revolution* (Massarsky, 2006).

At the same time, the social enterprise research agenda is also changing. Janelle Kerlin's (2012) five country case study examined how regional differences and institutional processes shape how social enterprise is understood and structured. In their bibliometric study of research papers on social enterprise and social entrepreneurship published from 1991 to 2010, Granados, Hlupic, Coakes and Mohamed (2012) determined that half of the 286 papers were attributed to social enterprise specifically. While their analysis identified a significant increase in scholarly research internationally since 2005, including a significant spike in 2010, what is most striking is the fact that 82% of the research papers included in their study utilized a qualitative approach to data collection. This finding is revealing in that it points to the specific knowledge and research gap this study seeks to address. The current study aims to explore empirically a specific segment of Canada's nonprofit sector in terms of its perception of social enterprise, the extent to which it is engaged in social enterprise along with the perceived impact of such engagement.

The upcoming chapter will now present a review of the literature as it pertains to the three theoretical constructs that have informed this research study: *resource dependency theory*, *institutional theory* and *empowerment theory*.

## CHAPTER 3

### Social Enterprise: A Convergence of Theory

As stated previously, research of social enterprise is on a development trajectory. As Granados, Hlupic, Coakes and Mohamed (2011) observed, interest in this research topic has grown substantially since 2010. Helen Haugh (2012) also observed that as a field, social enterprise is emerging as a dynamic and legitimate area of study due to, “the high visibility of social enterprise in academic, practice and policy circles” (p. 7). Because the majority of research undertaken to date has largely incorporated qualitative approaches, academic circles as well as practitioners have expressed a growing need for empirically sound research to support the theoretical and case study analyses undertaken to date (Granados, Hlupic, Coakes & Mohamed, 2011; Haugh, 2012). This evolution in research methodology is not surprising because of the placement of this topic on the “knowledge-level continuum” in which emerging areas of interest tend to be initially explored utilizing qualitative methodologies (Grinnell, Williams & Unrau, 2010, p. 29). As this field has continued to be explored, theoretical papers and exploratory research studies have provided the foundation upon which this research study is based.

As discussed previously, the phrase a *blurring of boundaries* has been used to describe a confluence that has seen voluntary sector engagement in commercially focused activities and for profit attention to fields traditionally considered the domain of the voluntary sector. For the voluntary sector, this blurring or fuzziness relates to the mix of approaches used by sector actors relative to how the structure, practice, and procedures reflect a market orientation. As a result, the dichotomy that emerges creates a tension within the sector, as organizations in pursuit of their social mission; find it increasingly challenging to realize their social mission because of the financial requirements that must be met. The examination that follows describes this tension

along with its relationship to social enterprise engagement in the voluntary sector, relying on three theoretical lenses to explore and understand social enterprise: resource dependency theory, institutional theory, and empowerment theory.

### **3.1 Resource Dependency Theory – An Overview**

In their seminal work, *The External Control of Organizations: A Resource Dependence Perspective*, Jeffrey Pfeffer and Gerald Salancik (1978) proposed a theory that considered the organizational impact of the external environment and the availability of resources required to operate in that environment. Described as *resource dependency theory* (RDT), Pfeffer and Salancik (1978) maintained that organizations do not exist independently of their environment rather; they are intricately embedded within it, along with other organizations. Their theory posits that organizations require resources to survive and the interaction with external actors who control those resources is essential to survival. When resources are plentiful and certain, dependency is not problematic. However, as the degree and nature of dependency and access to resources become threatened organizations necessarily adapt, most often initiating strategies to cope aimed at ensuring their ongoing survival.

Pfeffer and Salancik describe the *criticality* of a resource along with its *availability* and *scarcity* as primary determinants of resource dependency. As a result, the power relationship that emerges in environments or industries in which resources are scarce can result in considerable instability within organizations, the industry or both.

*Resource interdependence* is described as an outcome that is dependent on one or more causal agents (Pfeffer & Salancik, 1978). In the context of resource dependency theory, it reflects the *importance* of a resource along with the degree to which an organization is *vulnerable* without that resource. Interdependence arises in environments in which organizations

must engage with external actors to obtain the resources necessary to function. Due to the transactional nature of the *engagement process* between the supplier and the recipient of a resource, the exchange process most often includes materials, supplies, knowledge, information and human or financial resources. The important point is that an organization is dependent on certain resource(s) and is most often unable to function effectively without the engagement process occurring. Therefore, the nature of the *interdependence* relationship is important because of its potential impact on the recipient's ability to achieve its desired goals.

Certainly, Canada's 2003 *National Survey of Nonprofit and Voluntary Organizations* highlighted the precarious nature of the relationship between government and the voluntary sector in that more than half of all nonprofit and voluntary sector revenue originates from government (Hall et al., 2005, p. 15). Consequently, the role of government as a primary supplier of financial resources to Canada's voluntary sector as a whole reflects the interdependence that exists between the Canadian nonprofit sector and government.

While an organization's internal environment reflects its preferred structures and processes, it does not control its external environment. Organizations must interact with the external environment, and the quality of such interaction is uncertain. The *social control of organizational choice* recognizes that organizations do not and cannot respond to all changes in the external environment. Rather, organizations must make decisions about how they will respond to environmental change, whether to comply, avoid or influence those changes that affect their organizations. Pfeffer & Salancik, (1978) state a *constraint* arises when a response to a stimulus is not random, or more simply, *constraint* occurs when an action or behaviour is curtailed due to the presence of an external influence. In fact, the theorists posit that the nature of an organization's response to environmental changes most often depends on the *influence* or

*control* one organization or social unit has upon another organization or social unit. They note that *discretion over resource allocation and resource use* is also a strong determinant of resource dependency. Combined with the *concentration* and *control* of a given resource, they are powerful dimensions of resource dependence.

Any system that regulates resources and their exchanges, in effect, concentrates influence over those resources. If an organization wanted to influence a class of organizations when there are many such organizations to be influenced, it would be in a better position to exert influence if the multitude of organizations were regulated by a single agency or governed by a single law. Instead of having many targets for influence, there would be only one. Concentration of resource control means that influence attempts can be concentrated similarly, with the possessor of the resource control as the target. (Pfeffer & Salancik, 1978, p. 51)

Considering the oversight role the Canada Revenue Agency (CRA) plays in its administration of Canada's Income Tax Act as it pertains to registered charities, the notion of influence and control is apparent. Registered charities that do not comply with the conditions upon which their charitable status has been granted, place themselves at considerable risk. As Carter and Cooper (2006) note, the CRA administration of the charitable sector increasingly relies on accountability measures aimed at managing the 'loose and baggy monster' that has emerged.

*Organizational adaptation* encompasses not only how an organizational unit responds to changes in the external environment, it looks to the internal adaptations undertaken to address those changes. Pfeffer and Salancik (1978) state organizations typically have two options, "The organization can adapt and change to fit environmental requirements, or the organization can attempt to alter the environment so that it fits the organization's capabilities" (p. 106). This aspect of resource dependency is instructive when discussing Canada's voluntary sector, recognizing the role of government, the dramatic changes to the funding environment and the

growing demand for social services - organizational adaptation on the part of social service agencies has been required.

### **3.1.1 Resource Dependency Theory and the Voluntary Sector**

McMurtry, Netting and Kettner's (1991) early study of 198 (N=440) Arizona based human service agencies investigated how organizations adapt to a stringent environment. The authors examined the implications of a changing environment characterized by the erosion of government support, increased competition and growing demand for services from non-paying clients. The study revealed that government funding represented an average of 45% of total revenue for participating agencies. They also noted the growing dominance of this revenue source when compared to the previous ten years along with the associated risk, "this budgetary dependence means that the public sector can exert enormous influence over decision making in the private sector and it calls into question some long-held assumptions about the presumed autonomy of nonprofit providers" (p. 249). While the researchers did not describe RDT specifically, their study addressed the primary tenets of resource dependence in that the nature of the relationship between the agencies and government along with the criticality of funding to those agencies required organizational adaptation.

Heimovics, Herman and Jurkiewicz Coughlin's (1993) study of resource dependency theory and chief executive leadership, held that the resource dependence model provided a useful framework to understand how nonprofits operate. Although their study of 52 nonprofit executives is somewhat dated, their examination revealed that especially effective nonprofit leaders adapted to changing funding environments by learning, "to think and act politically" (p. 426). Certainly, the multi-faceted role of nonprofit leaders highlights the need to manage the expectations of multiple stakeholders and at the same time respond to changes in the external



environment. Recognizing there is more to operating a nonprofit organization than learning to think and act politically, the study does highlight the importance of building and leveraging relationships with all stakeholders, including the dominant one, government.

Hodge and Piccolo's (2005) study of 42 (N=75) Florida based social service agencies examined resource dependence in the context of the interrelationship between funding sources, board involvement techniques and financial vulnerability. The study explored how CEOs adapt strategic choices to best utilize assets when considering existing or anticipated resource dependencies. They observed that the, "funding source in nonprofits appears to be an important and consistent predictor of strategy and performance" (p. 184). The study revealed that organizations with diverse funding portfolios including private and public donations and foundation grants, were less financially vulnerable than organizations reliant on government funding or those dependent on revenue generated by fee for service, dues or membership fees. As well, the study revealed that organizations with broad funding bases had a greater opportunity to diversify funding streams and were more inclined to involve board members in agency activities. Although only 42 organizations participated, the study did point to the important role boards play in supporting the strategic direction of nonprofit organizations.

Foster and Meinhard's (2005) Canadian study of women's voluntary organizations relied on resource dependency theory to explore revenue diversification as an adaptive response to changes in government policy. Their survey of 433 (N=645) organizations revealed that larger agencies reflected a diversified funding base, employed a business orientation, collaborated with other organizations and reported greater competitive pressure. On the other hand, smaller organizations reported significantly fewer revenue streams and held a more pessimistic outlook

of the external environment. Certainly Pfeffer and Salancik's (1978) discussion relative to *organizational adaptation* to external forces appears to be supported by Foster and Meinhard.

Macedo and Pinho's (2006) study of 392 (N=1500) Portuguese nonprofits described the adoption of marketing practices by nonprofits as an adaptive strategy initiated in response to increased competition for funding. Similarly, Golensky and Mulder's (2006) study of 112 (N=375) human service organizations explored the internal and external strategies adopted by organizations coping with unstable political and economic climates. Their examination revealed that leaders used multiple strategies to cope with changes in the external environment and mission integrity was a driving force in strategic decision-making.

As discussed previously, RDT has been used to understand how organizations adapt when resources are scarce, resources are critical and supply of those resources is controlled or limited. Froehlich (1999) linked RDT to initiatives undertaken by nonprofits to diversify revenue sources as well as alter dependency relationships, while Esther Iecovich's (2005) study of 161 Israeli based nonprofits, explored how the external environment and organizational structure influenced nonprofit board behaviour. Her study revealed that the more dependent an organization was on external resources, the greater was its tendency to collaborate with other organizations. In turn, as organizations collaborated with other organizations, greater time commitment on the part of board members was required to support those collaborative relationships. This is interesting in view of the Hodge and Piccolo (2005) study cited earlier, that described the role that nonprofit boards can play in supporting the work of voluntary sector organizations.

To summarize, resource dependency theory provides a useful framework with which to explore social enterprise engagement as growing numbers of nonprofit organizations struggle to

address the significant shifts occurring in the external environment. This discussion provided an overview of RDT, outlining how organizations are vulnerable when dominant funding relationships occur and conditions of resource criticality and scarcity arise. While voluntary sector literature has increasingly incorporated resource dependency theory into research, little has emerged which relates resource dependence to social enterprise engagement. Moreover, as government-funding relationships change along with corporate and individual community investment practices, nonprofits are adapting to these shifts. For some organizations, adaptation is a work in progress; while for others it is marked by acquisitions, mergers, closures, or the realignment of programs or services. However, increasingly there are signs within the voluntary sector of adaptive behaviours aimed at exploring alternate revenue sources, including social enterprise (Boschee, 2006; Chappell, 2006; Paton, 2003; Ridley-Duff & Bull, 2011).

Building upon the above examination, the upcoming section provides an overview of institutional theory (IT) and how it contributes to understanding social enterprise engagement in the context of this research study.

### **3.2 Institutional Theory: An Overview**

The second theoretical framework which informs this study is *institutional theory* (IT) and its relationship to the charitable sector and social enterprise engagement. Institutional theory has been used to study social, economic and political phenomena (Campbell, 2004; Meyer & Rowan, 1977; Powell & DiMaggio, 1991). Because of its wide berth, many theorists suggest it is sometimes easier to describe the theory in terms of *what it is not*, rather than *what it is* (Campbell, 2004; Powell & DiMaggio, 1991, Scott, 2008b). As a result, the discussion that follows presents an overview of the institutional theory along with its two central tenets,

*legitimacy* and *isomorphism* and their relationship to the voluntary sector generally and social enterprise specifically.

Rooted largely in sociology, the evolution of institutional theory has propagated three distinct schools of thought; *rational choice*, *historical* and *organizational institutionalism* (Campbell, 2004; Greenwood, Oliver, Sahlin & Suddaby, 2008). Because this study aims to explore the organizational aspects of IT, the discussion that follows is centered on *organizational institutionalism*.

*Organizational institutionalism* gained considerable attention throughout the 1970s as a theoretical construct that helped to understand organizational behaviour (Powell & DiMaggio, 1991; Scott, 2001). Its roots originate in the early nineteenth century as economists, political scientists and sociologists sought to understand their world and related structures (Katz & Hahn, 1966). Scott (2001) traces its origins to the work of three social scientists in particular; German sociologist Max Weber's [1864-1920] exploration of the nature of *organizational bureaucracy* and *legitimacy*; American sociologist, Talcott Parsons [1902-1979] and his study of *cultural institutional theory* and voluntarism; and social scientist Herbert Simon [1916- 2001], whose inter-disciplinary approach focused on *organizational decision-making*.

When examining institutional theory, it is important that the terminology be clarified. Calhoun, Gerteis, Moody, Pfaff & Virk (2005) describe *institutions* as collective entities, while Powell & DiMaggio (1991) state that *institutions* are the result of human activity. On the other hand, Coleman, (1990) describes *institutions* as characterized by a set of regulatory norms that give rise to their structure; along with Zucker (1987) who suggested normative pressures exerted by external and internal forces influence the practices and structure of institutions. While each of the above observations reflect the overall dimensions of the term, Scott's (2008b) definition sets

out its scope and breadth, “institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life” (p. 48). It is noteworthy that Scott’s description evolved from his earlier proposition (2001) which considered *institutions* as, “multifaceted, durable social structures made up of symbolic elements, social activities and material resources” (p. 49). Included within those structures or elements are the norms, beliefs and core values shaping the direction to be taken, the strategies and tactics to be adopted and the decision-making processes required to ensure value is created. Institutions operate in a manner dedicated to creating stability and order, and it is through the development of organizational processes and systems, that order is achieved.

Scott (2008a) describes three perspectives of ‘the institution’ that have been used to explain how institutional order is achieved and maintained; *regulative*, *normative* and *cultural-cognitive*. The first perspective, *regulative* considers institutions as restrictive, constraining and focused on providing structures and processes that enable, “rule setting, monitoring and sanctioning activities” (p. 428). The regulative view of the institutional environment considers the formal legal systems, informal written codes of conduct in addition to systems of inducements used to ensure compliance within organizations and their environments (Scott, 2008b). Accordingly, Scott (2001) sets out that, “Force, fear, and expedience are central ingredients of the regulatory pillar, but they are often tempered by the existence of rules, whether in the guise of informal mores or formal rules and laws” (p. 53).

The *normative* perspective on the other hand, reflects the processes and systems through which norms, values and roles are set out, internalized and transmitted throughout organizations (Calhoun, et al., 2005). Under the auspices of the normative approach, compliance is achieved through social obligation. *Values* specify the expected standards of behavior; *norms* stipulate

what is appropriate along with how things ought to be done; while *roles* assign duties to responsible individuals or units within the institution (Scott, 2008b).

Scott's (2001) final perspective, *cultural-cognitive* considers that, "internal interpretative processes are shaped by external cultural frameworks" (p. 57). The cultural-cognitive perspective posits that culture assumes an embedded role within an organization. Moreover the basis for legitimacy is culturally-supported in that there is a shared understanding or a 'taken-for-grantedness' regarding how things are to be done in a given organization.

Regardless of the framework used to study the voluntary sector, nonprofit organizations as a whole, comprise a separate institutional sector (Anheier, 2005; DiMaggio & Anheier, 1990; Statistics Canada, 2004). National and international data is collected relative to its composition, size, and scope; government bodies monitor operations and activities; and the organizations themselves operate in response to, "powerful societal rules, norms and expectations for organizational success" (Dolnicar, Irvine, & Lazarevski., 2008, p. 107). Additionally, nonprofit organizations also share many of the same characteristics of both the private and public sectors. Similar to business, nonprofits must maintain their accounts, balance their books, manage inventories, and plan for the future. Like government, nonprofit work is aimed at realizing a *mission* and *vision* in support of the public interest rather than private benefit (Anheier, 2005). As a result, it is not surprising that institutional theory has been used to understand and explore the voluntary sector.

In their analysis of US charity revenue streams over a 20 year period, Kerlin and Pollack (2011) relied on institutional theory to explain the dramatic increase in commercial revenue observing that, "the very steady rise in commercial activity without revenue losses elsewhere can be explained by broader outside pressures and environmental influence on nonprofits over time"

(p.700). Eikenberry & Kluver's (2004) discussion of voluntary sector marketization trends also used institutional theory to understand how sector commercialization emerged. Their review points to the impact of donor pressure on nonprofits to become more business-like, along with public policy shifts and institutional pressure from government with the introduction of performance based contracting and competitive bidding processes. Furthermore, Guo and Acar's (2005) study of 95 urban-based charities also utilised institutional and resource dependency theories to examine the factors that contribute to nonprofit collaboration. Although data originated from a larger study, their examination revealed formal collaborative activities occurred in organizations that were recipients of government funding, more established in terms of age, size of operating budget and the number of linkages of board members with other nonprofit organizations.

### **3.2.1 Legitimacy and the Voluntary Sector**

A central tenet of institutional theory - *organizational legitimacy* - assumes that organizations seek legitimacy by gaining social acceptability and enhancing credibility (Deephouse, 1996; Greenwood et al., 2008; Scott, 2001). Extended further, legitimacy may be understood as reflective of the range or degree of cultural support accorded a specific organization (Meyer & Scott, 1983; Suchman, 1995). As Rutherford, Buller and Stebbins (2009) observe, legitimacy is generalized, 'it cannot be taken', rather 'it must be earned'. For new organizations in particular, in the early stage of their development - securing *legitimacy* is of paramount importance - more important than financial performance. Consequently, as organizations pursue legitimacy, they necessarily conform to isomorphic pressures in their environment (DiMaggio & Powell, 1983). By adopting institutionalized practices that not only

increase legitimacy, these organizations are able to enhance their likelihood of survival (Meyer & Rowan, 1977).

Suchman (1995) defines *legitimacy* as, “a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions” (p. 574). One way in which legitimacy is established is by instituting processes, procedures, rules and regulations that outline what is expected and the actions required to ensure external stakeholders view the organization as acceptable and credible (Scott, 2008b; Suchman, 1995). Likewise, while legitimacy is “possessed objectively, yet created subjectively” (Suchman, 1995, p. 574), it is most often the ‘collective’ rather than the ‘individual observer’ that confers legitimacy (Meyer, Buber, & Aghamanoukjan, 2012).

Suchman’s conceptualization of legitimacy, proposes that it is a multidimensional concept that can be identified through three primary dimensions of *legitimacy*: pragmatic, moral, and cognitive. The first, *pragmatic legitimacy* is reflective of ‘audience self-interest’, in that it is legitimacy accorded to organizations perceived as being responsive to the interests of an organization’s key constituents or stakeholders. He observes, “Pragmatic legitimacy boils down to a sort of exchange legitimacy – support for an organizational policy based on that policy’s expected value to a particular set of constituents” (Suchman, 1995, p. 578). An alignment of sorts emerges between the legitimacy-seeking organization and stakeholder or constituent self-interest, in which a type of reciprocity-based legitimacy arises, characterized by “exchange, influence, interest and character” (Deephouse & Suchman, 2008, p. 52).

The second form, *moral legitimacy*, is achieved when stakeholders view organizational activities as consistent with the promotion of social wellbeing along with stakeholder’s values and beliefs. Suchman maintains there is an evaluation or assessment component to this



dimension, in that judgements are made regarding whether organizational activities reflect what is deemed as ‘the right thing to do’. In Dart’s (2004) review of social enterprise as an emerging institutional form, he notes that, “the moral legitimacy perspective frames social enterprise not merely as something that earns revenues or achieves outcomes but as something that is a preferred model of organization” (p. 419).

The third dimension, *cognitive legitimacy* is considered a definition of appropriateness portrayed by, “predictability, plausibility, inevitability, and permanence” (Deephouse & Suchman 2008, p. 52). On one hand, cognitive legitimacy considers *comprehensibility* or sense-making of actions within larger belief systems; while on the other hand, *taken for grantedness* reflects the perspective that expectations exist regarding how things are normally done. Certainly as voluntary sector actors continue to explore social enterprise engagement, it could be expected that legitimation may in fact be achieved as engagement is increasingly taken for granted.

Because of its breadth and depth, it is not surprising that considerable research has been undertaken, which explores *legitimacy*. Chen, Patten and Roberts’ (2008), examination of *corporate donation practices*, suggested organizations used charitable contributions as performance indicators of corporate social responsibility, aimed at enhancing organizational legitimacy. Deephouse and Carter (2005) distinguish between *legitimacy* and *reputation* observing that *legitimacy* reflects social acceptance due to conformance to social norms, while *reputation* suggests comparison to other organizations. Using data from a population of American commercial banks from 1985-1992, they noted that improved financial performance increased *reputation*, but did not appear to increase *legitimacy*. Interestingly, they observed while both legitimacy and reputation were important, “being less well regarded than another organization does not threaten the organization’s continued existence as long as the

organization's legitimacy remains unchallenged" (p. 351). It must however be acknowledged that, while their conclusions are insightful, their data was not only secondary in nature; it was almost ten years old.

Tornikoski's (2008) study of business firm start-ups, also relied on institutional theory to study the determinants of 'firm emergence'. Using data gathered from 65 nascent entrepreneurs, (N=188), results revealed that new firms responded to institutional pressures by adopting legitimizing characteristics to ensure resource suppliers viewed the firms as competent, effective and worthy of support. Considering the voluntary sector, Singh, Tucker, and House's (1986) early study of 389 Toronto-based social service agencies also examined organizational legitimacy. Their research considered the role of legitimacy in conjunction with new firm emergence and organization mortality. Their results were telling in that they established that, "the acquisition of external legitimacy corresponds to a significant reduction in the hazard of death" (p. 189). In their view, organizations unable to secure external legitimacy were at considerable risk of organizational mortality. Finally, Chris Mason's (2010) study of governance issues in 37 UK based social firms (N=118) examined how social firm creation of social benefit was perceived as a source of legitimacy. Mason's study revealed that, "legitimacy is conferred principally following the production of a form of social benefit" (p. 15), with the social audit perceived as a significant legitimating function.

Legitimacy is an important determinant of organizational stability, sustainability, and success (Meyer & Rowan, 1977; Singh, Tucker, & House, 1986). Hasenfeld (2010) notes how human service organizations are dependent on their institutional environments for legitimacy, a key tool with which to garner required resources. Deephouse and Suchman (2008) trace the term legitimacy to its Latin etymological roots, *lex* or *legis*, translated to, law. They suggest its 'root'

is noteworthy in that, “state certification is arguably the core archetype of legitimation, to which most other legitimation mechanisms are linked” (p. 61). Related to Canada’s voluntary sector generally and registered charity stewardship specifically the role of the Canadian government as both ‘licensor and enforcer’ is certainly consistent with Deephouse and Suchman’s thesis. Therefore, as social enterprise practice continues its expansion, government and voluntary sector actors may be expected to become focused on processes and practices that increase legitimacy, whether at the sectoral level, the organization level, or the enterprise level. This study explores this evolution in addition to the perspective that social enterprise engagement may be perceived as a legitimating activity.

### **3.2.2 Isomorphism and the Voluntary Sector**

Within the confines of institutional theory, two questions are frequently posed regarding organizational behaviour. Why do organizations appear to be structured the same and why do they behave similarly? For some, the answer resides in what has become known as *isomorphism*. DiMaggio and Powell (1983) define isomorphism as, “a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions” (p. 143). Meyer and Rowan (1977) state that organizations assume isomorphic status by adopting and incorporating commonly held institutional practices. DiMaggio & Powell’s seminal paper, *The Iron Cage Revisited* (1983) observed, “Once disparate organizations in the same line of business are structured into an actual field (as we shall argue, by competition, the state, or the professions), powerful forces emerge that lead them to become more similar to each other” (p. 169). Isomorphism may be viewed as the emergence of a dominant organizational model that is subsequently adopted by a majority of actors in a given industry or sector. Consequently, as growing numbers of actors adopt a new ‘form’, over time the form becomes ‘legitimated’. David

Deephouse's (1996) study of commercial banks, also observed this phenomenon and the role that bank regulators and the media played in conferring *legitimacy*. Similarly, Reid and Griffith (2006) noted this tendency as "social enterprises experience pressure to conform to certain organizational standards and structures, whether by choice or by force, in order to be successful and sustainable" (p. 13). As a result, it appears that isomorphism is marked by a tendency towards institutional homogeneity in an effort to conform to external institutional pressures (Anheier, 2005).

Meyer & Rowan (1977) and DiMaggio and Powell (1983) delineate three mechanisms of institutional isomorphism: coercive, mimetic, and normative. *Coercive isomorphism* stems from societal expectations relative to expected behaviour along with the formal and informal pressures exerted upon organizations by organizations on which they were dependent, such as government (Meenaghan, Kilty & McNutt, 2004). Mason, et al., (2007) in their analysis of social enterprise governance structures examined the procedural changes made to governance processes as examples of *coercive* isomorphism. Moreover, in Hasenfeld and Evans Powell's (2004) review of nonprofit agencies under government contract to provide employment and support mechanisms to welfare recipients, they describe the contractual pressure exerted on agencies that together "converge to limit the capability of these agencies to fully exercise their distinct set of values, organizational capabilities, and service practices" (p.108). In fact, within Canada's charitable sector, a case may be made regarding the requirement of registered charities to file an Information Return (T3010) annually, as a form of coercive pressure given the penalty for noncompliance is potential revocation of charitable registration (Canada Revenue Agency, 2013).

*Mimetic isomorphism* arises in environments considered unstable or uncertain. It is characterized by organizations mimicking or modeling themselves after other organizations deemed successful. Certainly, a case could be made to support the view that the unstable environment in voluntary sectors across the UK, the US and Canada over the past twenty years, have contributed to the dramatic increase in nonprofit engagement in commercial activities in these countries (Kerlin & Pollak, 2011, Eakin & Graham, 2009). Moreover, in view of the frenetic increase in the number of social enterprises in the United Kingdom in particular, mimetic tendencies may also be at play as increasing numbers of organizations adopt this organizational structure (Social Enterprise UK, 2013).

*Normative isomorphism* originates from “professional norms and standards that guide the work of professionals in organizations and thus shape organizational behaviour” (Anheier, 2005, p. 147). The establishment of training programs, accreditation practices and professionalization processes of professions such as social workers, doctors, nurses, teachers, accountants, are examples of normative isomorphism. A case in point is Petrella & Richez-Battesti’s (2009) examination of the adoption of quality certification procedures in France’s home care services. Their analysis suggested that the introduction of quality certification procedures, (borrowed from industry), contributed to a reduction in the organizational distance between for profit and nonprofit care providers. An example of normative isomorphism, they held that a reduction in organizational proximity was, “leading to a homogeneity in the practices between the two sectors” (p. 12). A more recent example of normative isomorphism in the social enterprise environ is the development of the social enterprise brand, known as the *social enterprise mark* in the United Kingdom. Organizations apply for certification and accreditation as a registered social enterprise, and upon approval are permitted use of the logo and mark in the promotion of their

organization, its products or services (R. Larson, personal communication, April 3, 2013; Social Enterprise UK, 2013).

Kingston and Bolton (2004) point to the role the UK government has played to support social enterprise as tools to tackle unemployment and rejuvenate disadvantaged neighborhoods. Although not perfect, they hold that government efforts to support shared learnings and formalize institutional structures, systems, and processes have contributed to social enterprise expansion. At the same time Reid and Griffith (2006), cautioned that risk exists concerning how social enterprise evolves past its legitimised form given “as an institution, social enterprise experiences pressures to conform to certain organizational standards and structures, whether by choice or force, in order to be successful and sustainable” (p. 3). They maintain it is important that social enterprise be supported to evolve organically rather than coerced into isomorphic structures. Institutional theory has been used to study social enterprise governance structures (Mason, Kirkbride & Bryde, 2007), to explain firm emergence (Tornikoski, 2008) and to review relationships between government and nonprofit agencies under contract to provide employment and support to welfare recipients (Hasenfeld & Evans Powell, 2004). Moreover, it has been used to study organizational mortality in a group of Ontario based human service organizations and their adoption of practices deemed more successful (Singh, House and Tucker, 1986).

Recognizing the scope of institutional theory is vast; this brief overview presented the theory and provided evidence regarding its applicability and relevance to voluntary sector research generally and social enterprise research specifically. This study considers how social enterprise may be viewed as an example of isomorphism as organizations mimic the behaviour of similar organizations that are deemed successful.

We now turn to the third theory that has guided this study, *empowerment theory*.

### 3.3 Empowerment Theory: An Overview

“Revolutions begin when people who are defined as problems achieve the power to redefine the problem” (McKnight, 1995, p. 16).

The final component of the conceptual framework developed for this study considers the role of empowerment theory and capacity building in the context of strengths-based social work practice. Lester M. Salamon (2003), an expert in nonprofit research and study, describes the voluntary sector as the *‘resilient sector’* due to its ability to manage challenges and stressors related to fiscal management and funding pressures, increased competition, limited resources and issues around legitimacy, accountability and transparency. It is the resilience of the sector, which characterizes its strength, its persistence, and its determination to support human dignity.

The *Oxford Dictionary’s* original definition of the term *to empower* was “to bestow power upon, make powerful” or “to gain or assume power over” (as cited in Lincoln, Travers, Ackers and Wilkinson, 2002 p. 272). Since its first conceptualization, the term has expanded beyond its original focus on *power*. Today, the *Oxford Dictionary* (2013, np) defines the verb, *to empower* as “to give (someone) the authority or power to do something; to make (someone) stronger and more confident, especially in controlling their life and claiming their rights”. While the notion of power endures, what is most illustrative is the nuanced evolution of the secondary definition from, *gaining or assuming power over* to *giving strength and confidence*. It is this secondary perspective that is of particular interest inasmuch as the exploration of empowerment along with client capacity building through social enterprise engagement is a focus of this research study.

The ‘definitive’ definition of empowerment remains elusive (Payne, 2005). However, Robert Adams (2008) proposed a definition that is reflective of the term’s breadth and depth,

“Empowerment is holistic and non-hierarchical. Empowerment is about taking control, achieving self-direction, seeking inclusiveness rooted in connectedness with the experiences of other people. It concerns individual achievement and social action. One aspect feeds the other.” (p.18)

Empowerment theory (ET) has been used to explore the role of women, minority groups, the poor, the homeless, and other disadvantaged people in society (Adams, 2003). ET connects social and economic injustice to the life experience of an individual or group of individuals, and has been used across disciplines to explore and build knowledge (Lee & Hudson, 2011). From Freire’s (1993) study of pedagogy in education, it has been employed in human resource practice and management; patient care in nursing and medicine, individual and group client work in social work practice, politics and so on (Boehm & Staples, 2004; Lincoln et al., 2002). Consequently, because of its interdisciplinary breadth and usage, the term has come to mean different things to different people (Melkote & Steeves, 2001).

As a theoretical approach, its origins have largely been attributed to the revolutionary work of Paulo Freire, a Brazilian educator and humanitarian, who observed how education could be used to liberate the oppressed (Hur, 2006). In his seminal work, *Pedagogy of the Oppressed* (1993), Paulo Freire [1921-1997] presents his observations from living, working and educating the poor and disadvantaged in Brazil. He posits that the greatest task for the oppressed and marginalized is to free themselves; and the only way to free oneself is by freeing one’s oppressor. Freire held that the process of achieving *freedom*, thereby overcoming oppression, required that the individual become *critically aware* of the causes of the oppression itself. He maintained it was through awareness that transformative action can begin and new realities can be created. *Critical consciousness* or *conscientization* requires that the oppressed recognize that their oppressed state is not a closed system; but rather it is a limiting situation, of which they



have the capacity to change. It was Freire's view that this level of awareness can only be achieved when marginalized and excluded people become *critically conscious* of their situation. That is, the point at which awareness of one's condition is reached, becomes the point at which empowerment may begin and transformation can commence.

Solomon (1976) explored empowerment and its relationship to oppression in black communities, in her decisive work, *Black Empowerment: Social Work in Oppressed Communities*. She held that the source of oppression most often arose from a misuse of power, or *power blocks*, which she describes as "any act, event or condition which disrupts the process whereby individuals develop effective personal and social skills" (Solomon, 1987, p. 80). According to Solomon, such blocks were either *direct* or *indirect*. Direct power blocks arise when an *oppressor* (often an agent of the broader society) restricts access to required resources; whereas an indirect block occurs most often due to an individual's developmental experience within the family unit or with significant others. Solomon held that an empowerment approach to social work practice helps clients to perceive themselves as capable and competent, allowing them to assume control over their lives, thereby increasing self-esteem, self-worth, and personal dignity. Certainly, the emergence of WISEs (work integration social enterprises) throughout Europe and the United Kingdom, may be seen as vehicles through which individuals excluded from the labour market, have been trained and reintegrated into the labour market. WISES are interesting examples of social enterprise, not only as a tool to diversify revenue streams, but as a tool to empower and build skill.

### **3.3.1 Capacity-building and the Capabilities Approach**

Amartya Sen and Martha Nussbaum are recognized pioneers in the development of the *capabilities perspective* (Morris, 2002). Sen's approach viewed capacity building as, "the fair

distribution of capabilities – the resources and power to exercise self-determination – to achieve well-being” (p. 366). Therefore, at its root, the capability approach represents an *ability* to achieve; it answers the questions, what is each person able to do and what is each person able to be? (Nussbaum, 2011).

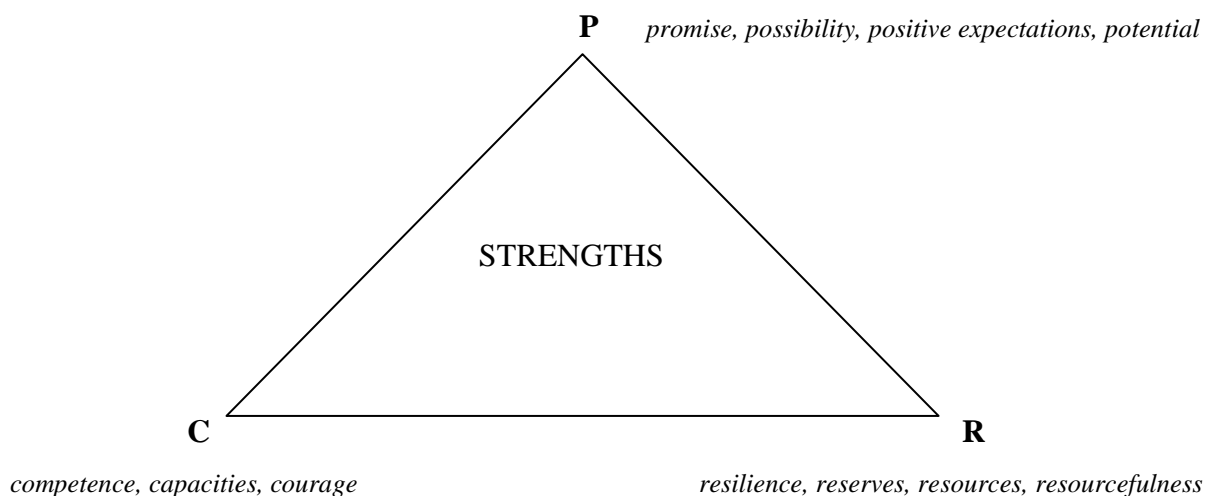
Building upon Sen’s (1993) work and the centrality of self-determination, Nussbaum maintained that human dignity was foundational to the capabilities perspective. She posited that every person has the right to *self-determination*, *well-being* and access to *opportunity*. She also proposed that everyone is entitled to social justice, characterized by ten basic capabilities. She states; all human beings are entitled to experiencing a long life; to adequate nourishment; to body integrity in terms of movement and access; to using our senses, our imagination and exploring our thoughts. We are entitled to experiencing our feelings and emotions, using practical reason and we are entitled to affiliation, commuting with nature and other creatures. Finally, we are entitled to play, to laughter and have the right to control our own environment, whether political or material. Nussbaum (2011) holds while each person reflects a range of internal capacities, at a minimum, “Delivering these ten capabilities to all citizens is a necessary condition of social justice” (p. 40).

The asset-based or strengths-perspective of social work views practice with clients in terms of strengths or assets rather than as a pathology to be diagnosed, or a disease to be treated (Blundo, 2009; Krogsrud Miley, O’Melia & DuBois, 2001). Blundo (2009) notes the central proposition of strengths-based practice requires a reframing of emphasis on problems and shortcomings, “to possibilities and strengths identified in egalitarian, collaborative relationships with clients” (p. 39). Moreover, as clients assume the central role in strengths-based practice, *uncertainty* results, stemming from the unknown path to be followed. As the practitioner

relinquishes control, a collaborative and reciprocal relationship with clients is developed. Benard (2006) refers to strengths-based social work as practice that applies a *resilience* lens that focuses on assets and the creation of collaborative partnerships “with” clients, rather than concentrating on client deficits or shortcomings. In her research with families and children, she observed that resilience appears as a ‘self-righting’ capacity in the healthy development of people, in spite of great challenge and adversity. Moreover, she posits that ‘protective factors’ together help fortify individuals trying to navigate difficult periods in their lives. Her recipe (as she calls it) of protective factors include, “*caring relationships, high expectation messages, and opportunities for participation and contribution*” (p. 199).

Strengths based practice is not a theory, but as Dennis Saleebey (2009) observes, it is an approach requiring a different lens to look at an individual as a whole, his family, and her community. With this in mind, Saleebey developed a lexicon, which characterizes the essentials of the strengths-based approach.

*Figure 3.1* presents the core values of strengths-based social work practice.



*Figure 3.1* Essentials of the Strengths Perspective

Source: Adapted from Saleebey, D. (2009). *The Strengths Perspective in Social Work Practice*. 5<sup>th</sup> edition, p.10.

According to Saleebey (2009), the key elements of the strengths perspective are clustered in three distinct areas; first is **P**, the promise of possibilities. It is within this domain that clients and practitioners, together, can begin to imagine as well as identify client potential and opportunities to explore. Second, is **C**, representing the capacity, capability, and assets of clients seeking to affect some form of change. Third, is **R**, the inner resilience and outward resourcefulness of clients when empowered and able to tap their internal reserves and external resources in their community. As Saleebey (2009) explains, *plasticity* represents the ability of clients to reshape and re-imagine what might be possible. In fact, it is the notion of plasticity that enables one to hope and believe that a better future is possible. *Empowerment*, aims to assist clients in their discovery of competencies and available resources required to achieve their goals; whereas similar to Benard (2006), *resilience* is centered on client insight regarding how challenges are overcome and adversity is addressed. *Membership* and meaning recognize that everyone has the right to belong and ‘become’ a part of a community. In fact, it is the notion of community which Kretzmann & McKnight (1993), describe as, “the common life that is lived in such a way that the unique creativity of each person is a contribution of the other” (p.123), which holds much promise for clients, for human service organizations and for social enterprise.

Malcolm Payne (2005) defines *capacity building*, “as a process of building skills and understandings that provide meaningful opportunities for excluded individuals, groups, or communities to participate” (p. 206). On one hand, the term is used in the context of communities and neighborhoods, while on the other hand it describes what can happen when individuals are empowered, able to access resources and individual talents are enabled. Kretzmann & McKnight (1993) looked to capacity building as a tool to rebuild *troubled communities*. Using their *asset based community development model* they described the

devastation that has taken place, in cities throughout America. Due to economic shifts and enormous change in employment opportunities and resultant job loss, they proposed a model focused less on community deficiencies and more on capacity-focused development. Their process of building community is first asset based, second internally focused and third relationship driven.

### **3.3.2 Social Exclusion**

Henderson & Thomas (2002) discuss capacity building in conjunction with training as key components to addressing *social exclusion* and achieving sustainability in communities and neighborhoods. John Pierson (2002) describes five forces which characterize social exclusion including; poverty and low-income levels, inferior access to employment opportunities, limited access to social supports and networks, unstable built environments with fragmented social participation, and exclusion from services. These corrosive disadvantages when accompanied by health inequalities and mediocre education access and attainment, provide fertile ground for *social exclusion*. Pierson (2002, p. 7) describes the process of social exclusion as one which,

... deprives individuals and families, groups and neighborhoods of the resources required for participation in the social, economic, and political activity of society as a whole. This process is primarily a consequence of poverty and low income, but other factors such as discrimination, low educational attainment and depleted living environments also underpin it. Through this process people are cut off for a significant period in their lives from institutions and services, social networks and developmental opportunities that the great majority of a society enjoys.

Juxtaposed with economic conditions that constrain active participation, capacity building and empowerment practices have been catalysts for the exploration of social enterprise in social work practice and community and social development initiatives (Ferguson, 2010; Gray, Healy & Crofts, 2003; Levander, 2009; Warner & Mandiberg, 2006). Krupa, Lagarde and Carmichael's (2003) evaluation of the transformation of two sheltered workshops in Kingston, Ontario, into an

affirmative business is a case in point. Their evaluation considered the steps taken along with the impact of creating employment opportunities for mental health clients. Through counselling and job-training clients prepared for entry into the newly formed affirmative business. While the evaluation pointed to increased organizational legitimacy, most noteworthy was the view held by clients who noted they felt more legitimated.

Midgley (1995) considered social development as a dynamic approach, one that integrates economic and social objectives by harmonizing intervention and economic development to create opportunities for real people to realize their potential. As a result, there is a growing body of literature linking social enterprise to social welfare provision, individual empowerment and capacity building (Aiken, 2007; Borgaza et. al, 2008; Teasdale, 2010a; Warner & Mandiberg, 2006). Gray, Healy, and Crofts (2003) explored social enterprise and its relationship to social work practice in Australia. Describing its connection as direct, the authors maintained that community development initiatives linked to empowerment were in fact foundational to social work practice. Kristen Ferguson's (2010, p. 155) study of Los Angeles street-dwelling youth proposed social enterprise as an alternative to, "the remedial or maintenance - consumption approach" of social work. She observed the need for "social investment strategies" to move youth away from high-risk and often lucrative survival tactics toward programs and training aimed at skill acquisition, mentorship, clinical treatment and support. By linking programs to community resources, transitioning youth build self-esteem and develop a *positive self-identity* while learning new skills. While Ersing (2009) looked at community-arts based programs as a tool to empower and build capacity among marginalized youth in Florida; Nakagawa (2009) considered how social enterprise promoted community participation in Japanese communities.

In addition to the aforementioned research, there are of course numerous examples of social enterprise as vehicles to build skill and esteem in addition to providing income-earning opportunities for disadvantaged people. Established in 1991, the UK's Big Issue sells an entertainment and current events weekly magazine through a network of street dwelling vendors (Hibbert, Hogg, & Quinn, 2002) while Italy's San Patrignano Centre, a world leader in drug rehabilitation, has developed an enterprise model which integrates economic sustainability, while harmonizing job training, addiction counselling and support for 1800 clients annually (Woolley-Fisher, 2003). In 1992, Homeboy Industries based in East Los Angeles, launched programming aimed at providing employment opportunities to former gang members. While "homies" are trained and earn income, the organization also generates revenue in support of its mission, "to assist at-risk and former gang involved youth to become contributing members of our community" (Choi & Kiesner, 2007, p. 777).

Certainly, there are examples in which social enterprise engagement has not achieved positive of results. Simon Teasdale's (2010b) UK study of social enterprise in the homeless field identifies the risks facing organizations trying to balance social and economic expectations, while working with complex and acute clients. Moreover McMurtry, Netting and Kettner (1991), identified the risk of marketization should agencies choose to shed business and clients considered unprofitable. Certainly there is a tremendous need for additional research and this study proposes to consider the role of social enterprise as a capacity building tool to empower, train and build skill.

### **3.4 Chapter Summary**

This portion of the literature review presented overviews of the three theoretical frameworks which informed this study along with their relationship to the voluntary sector

generally and social enterprise engagement specifically. The literature and research cited illustrated the inter-relationship of the three theories to voluntary sector research. Moreover, while there are examples of research studies initiated which consider *institutional* and *resource dependency* theory; few have incorporated empowerment theory at the same time. Therefore, the research and knowledge gap this study addresses explores social enterprise engagement as a tool to empower, to build legitimacy as well as organizational capacity.

The upcoming chapter discusses the research methodology developed for this study along with the steps taken and the procedures followed to examine the extent, type and impact of social enterprise in Alberta based social service agencies.



## **CHAPTER 4**

### **Methodology**

Limited research has been undertaken which explores social enterprise engagement in Canada's voluntary sector. Books and journals have documented its emergence internationally and entire chapters have been dedicated to exploring the phenomenon (Amin, 2009; Borzaga & Defourny, 2001; Boschee, 2006; Mosher-Williams, 2006; Oster, Massarsky & Beinhacker, 2004; Paton, 2007; Quarter, Mook, & Armstrong, 2009). Its different forms and contexts have been documented (Alter, 2007; Durieux & Stebbins, 2010; Edwards, 2008) and 'how to' guides have emerged in response to a growing industry (Black & Nicholls, 2004; Larson, 2002; Williams, 2005). However, in terms of Canada's social enterprise research agenda, for the most part it has focused on individual case study and design characteristics of 'enterprising organizations' (Amy, 2008; Enterprising Nonprofits, 2010).

However, the agenda is evolving as efforts are made to quantify the sector (Striker, 2011), to map social enterprise provincially (Elson & Hall, 2010; O'Connor, Elson, Hall & Reimer, 2012) and investigate access to capital in Ontario and Quebec (Elson, Gouldsbrough & Jones, 2009). An examination of Ontario based social purpose businesses was undertaken (Dart, Armstrong & Clow, 2008) and more recently a study of business perspectives of social enterprise engagement was initiated (Lai, Dewald, Hayes, & Pearl, 2011). Certainly Canada's research agenda is shifting as this 'loose and baggy monster' gains momentum across the country.

This chapter outlines the research approach, design, and protocols developed to answer the research questions posed. It highlights the steps taken to develop, test, and distribute a population survey to social service agencies located in the province of Alberta.

#### **4.1 Research Objective**

This descriptive study aims to answer two important research questions:

- What is the extent, type, and impact of social enterprise income generating activities in Alberta's social service agencies?
- How do Alberta's social service agencies understand the role of social enterprise within their agencies?

To answer these questions a cross-sectional population survey was developed and distributed to executive directors and chief executive officers of nonprofit organizations across Alberta, Canada.

#### **4.2 Method Appropriateness**

Method appropriateness stems from the philosophical underpinning upon which a study is based and the research questions posed (Creswell, 2009; Streubert Speziale & Rinaldi Carpenter, 2007). Given the post positivist lens within which this study has been framed, a quantitative approach was deemed most appropriate. Trochim & Donnelly (2008) observe that descriptive studies aim to describe what exists at a point in time, while Engel and Schutt (2013) note that descriptive research is appropriate to study an emerging phenomenon of interest. Grinnell, Williams, & Unrau (2010, p. 29) utilize a "knowledge-level continuum" to characterize research studies in terms of their purpose. They propose that descriptive studies are most suitable for research aimed at describing or profiling a phenomenon or process. Because of the emerging nature of social enterprise and the paucity of research investigating Alberta's voluntary sector generally and this subject area specifically, a descriptive approach was determined as most appropriate. Specific to the nonprofit management research agenda, international scholar

Wolfgang Bielefeld (2006) noted the contribution the quantitative approach can make in supporting decision making, risk management and knowledge dissemination.

### **4.3 Research Design**

Recognizing the philosophical worldview held by this researcher and the research questions posed, a quantitative strategy of inquiry was formulated. Research design options were evaluated and a population census of Alberta's social service agencies using an online survey instrument was deemed most appropriate. Czaja & Blair (2005) describe the practice of survey research as multidisciplinary in nature given it requires persuasive writing and communication skills to enhance response rates, administrative expertise to manage the delivery and receipt process, technological skill to develop and distribute online surveys, and knowledge of statistics and probability theory to analyse data collected (Dillman, 2007; Groves, et. al., 2009).

Creswell (2009) notes as well that survey research is undertaken to “generalize from a sample to a population so that inferences can be made about some characteristic, attitude, or behaviour” (p. 146). In this study however, it was determined that due to the potential size of the population and its geographic dispersion, an online survey of Alberta's social service agencies was reasonable.

Because this study aimed to explore the existence of a relatively new phenomenon in a specific population at a specific point in time, a census was deemed both feasible and appropriate. The literature in addition to expert opinion (T. Kline, personal communication, February 12, 2009) supported this methodological decision in that studies in which population size is considered small and it is feasible to contact all population frame members, are appropriate candidates for a census design approach (Engel & Schutt, 2013; Neuman, 2003; Vogt, 2007).

### 4.3.1 The Population Frame

Groves, Fowler, Couper, Lepkowski, Singer, and Tourangeau (2009) state one of the most time consuming and important components of survey methodology is population frame construction. As a result, considerable time and care was taken to create the population frame used in this study. Because registered charities are highly regulated by the Government of Canada through the Canada Revenue Agency (CRA) and charitable returns (T3010) are submitted annually, this research study focused on Alberta based social service agencies with charitable status, in good standing. Agencies identified as *social service* were based upon categories used in the National Survey of Nonprofit and Voluntary Organizations (Statistics Canada, 2004, p. 60, 61), and the Johns Hopkins University International Classification of Nonprofit Organizations (*ICNPO*). Moreover, because a comprehensive list of Alberta based social service agencies was unavailable at the time this study was initiated, the researcher constructed the population frame used.

The researcher contacted Statistics Canada and the Canada Revenue Agency who supported the research study and forwarded an electronic copy of T3010 data for registered charities in good standing as of May 2009. Because CRA registration and coding of charity ‘type’ or ‘category’ is not always accurate nor current, the researcher also requested T3010 data for organizations categorized as welfare (01,02,03,05,09), health (11,13,15,19), education (20,21), benefits to community (55,59), and other (99). Specific T3010 line data was provided to the researcher on disk and each file was evaluated for population frame inclusion.

Due to the breadth and diversity of Canada’s voluntary sector, it was deemed important that the population frame be clearly defined to enable high quality analysis. Therefore, inclusion criteria were developed as follows:

- Population member must be a registered charity
- Population member total annual revenue must be >\$249,999
- Population member full time equivalent staff count must be > 1

The inclusion criteria were developed for two reasons. First, recognizing that 54% of Canada's nonprofit organizations operate without staff and are largely volunteer driven (Statistics Canada, 2006), criterion was established requiring that all participants employ two or more full time staff. Second, a minimum total annual revenue threshold was established in an effort to focus the study, given the proliferation of organizations reporting revenues less than \$250,000 (Statistics Canada, 2006). It is noteworthy that in 2003, 42% of Canada's voluntary sector, (excluding hospitals, universities and colleges), reported revenues less than \$30,000, while an additional 37% of organizations reported revenue between \$30,000 and \$249,999 (Statistics Canada, 2006). Similarly, in 2003, 83% of Alberta based nonprofits reported total annual revenues less than \$250,000 (Roach, 2006).

In an effort to ensure the population frame was as accurate as possible, the researcher verified, crosschecked, and reviewed the disk provided by the Canada Revenue Agency. While the CRA data included the mailing address and postal code information for each agency, it excluded the name and email address of the executive director. As a result, the researcher collected individual contact information for each organization included in the population frame. As well, a number of Alberta based umbrella organizations provided assistance in identifying potential additions and/or deletions to the population frame. Supporting organizations included:

- six United Way affiliates across Alberta
- Family and Community Support Services (FCSS)
- Edmonton Chamber of Voluntary Organizations (ECVO)

- Calgary Chamber of Voluntary Organizations (CCVO)
- Volunteer Alberta
- Service Alberta

Support from these organizations and numerous Alberta based foundations ranged from staff review of the population listing in order to identify omissions, access to organizational websites and where appropriate, provision of executive director contact information. Agencies that did not have website or email access were noted and the mailing address was used to distribute a hard copy of the questionnaire. In these instances, the organization was contacted to verify the mailing address and name of the executive director. The population frame comprised 590 organizations (N = 590), of which 18 agencies were purposively selected to participate in a pilot test and six selected for expert interviews.

It is noteworthy while the initial population frame included 590 organizations, from which 24 agencies were drawn to participate in expert interviews (6) and the pilot study (18), upon analysis of respondent submissions, 25 organizations were identified as ineligible for study inclusion. Three participants self-identified as non-charitable, five agencies reported staff counts less than two people and 17 participants reported total annual revenue less than \$250,000. As a result, the population frame was amended from 590 organizations to 541 organizations and response rate calculations are based on the adjusted population frame (N=541).

#### **4.3.2 Instrument Design**

Numerous information sources were utilized in the development of the survey instrument. The literature review not only helped identify constructs to be explored, it also enabled identification of additional research related to this field of inquiry. Because social enterprise is at its nascent stage in research, contact was made with researchers who had previously utilized a

survey methodology to investigate this subject or related subject areas. Nine related studies were identified and individual researchers were asked to provide copies of survey instruments used in their research. The instruments were reviewed in terms of format, questions and language used in conjunction with the overall purpose of each study. Response rates were investigated along with the usage of incentives and the format and distribution of invitation letters. The following list includes the researchers and organizations contacted and their reports:

- Cynthia Massarsky and Samantha Beinhacker, *Venturing Survey* (2002)
- Katherine Scott, *Funding and the Voluntary Sector* (2003)
- Statistics Canada, *National Survey of Nonprofit and Voluntary Organizations* (2004)
- Julie Warm, *From Good to Gold: Predicting Nonprofit Management in Entrepreneurial Activity* (2004)
- Department of Trade, Britain, *Survey of Social Enterprise Across the UK* (2005)
- Ray Dart, Ann Armstrong and Erin Clow, *Survey of Social Purpose Businesses in Ontario* (2008)
- BALTA's *Mapping of the Social Economy in Alberta and British Columbia* (2008)
- The Calgary Foundation and The United's Way's *Social Enterprise Survey* (2009)
- Peter Elson and Peter Hall, *Survey of Alberta and British Columbia Social Enterprises* (2010)

The aforementioned documents were reviewed and observations noted regarding fit and applicability to this research study. Julie Warm, University of Missouri, and Peter Elson, Mount Royal University provided feedback in terms of potential strategies to adopt to secure the desired response rate. Dart, Armstrong and Clow's (2008) instrument helped identify potential client and revenue source groupings, while components of Scott's (2003) invitation letter and response

options to questions regarding organizational status and financial resources are reflected in this study. The UK study (2005) isolated client involvement in social enterprise, which was also incorporated into this research. Elements of BALTA's (2008) invitation letter were used while the Calgary Foundation's (2009) enterprise survey was helpful in the construction of matrix scale questions for this survey. As well, Massarsky and Beinhacker's (2002) venturing survey was useful in the development of matrix statements related to the potential impact of social enterprise engagement.

In addition to the incorporation of relevant insights from the nine studies, the instrument also reflects the integration of constructs identified from the literature review related to the examination of social enterprise engagement in terms of resource dependence, organizational legitimacy, and client capacity building. Furthermore, specific questions were developed to identify sources of revenue, the extent of social enterprise engagement, in addition to the nature and potential impact of such engagement.

The final instrument comprised 24 questions. Upon clicking the link, the survey opened to an overview of the study including a statement relative to informed consent. The instrument included five sections. The first section examined agency demographics in terms of organization age, number of full time staff, charitable status, the primary client served along with the primary service or program area provided at participating agencies. The second series of questions explored the organization's mix of funding sources, total annual revenue for the most recent fiscal period, along with the respondent's assessment of their organization's experience with social enterprise engagement. Participants indicating their organizations had not been engaged in social enterprise, skipped to the final section of the survey. On the other hand, participants indicating their agencies had *some* or *considerable* experience moved to a series of matrix format



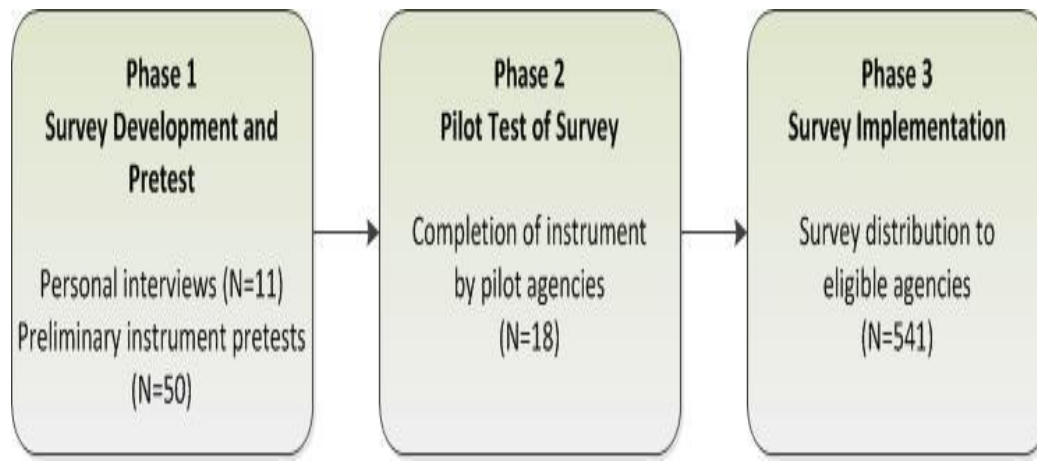
questions. Using a five point Likert scale, these questions explored the reasons for, along with the perceptions and impact of social enterprise engagement. The last two sections of the survey explored respondent perspectives of their organizations' external environment, followed by three questions relative to respondent demographics. Appendix F includes a copy of the survey.

#### **4.4 Data Collection**

Data collection options were evaluated and the online survey option was determined to be the most feasible in terms of cost, time, administration, and data management. Although a mail out questionnaire was considered because of the availability of participant mailing addresses, feedback from an expert panel and the pilot study indicated an online approach was preferred. The most frequently cited reason concerned participant time constraints and the perception it was more efficient to "click and send". Administratively, the online approach was deemed most suitable due to economies of design, the ability to reach large numbers of participants, geographic coverage, and rapid data collection turnaround.

Recognizing that multiple web-based survey products were available for constructing and hosting the online survey, Survey Monkey© was chosen for a number of reasons. First, phase one participants identified it as the online product with which they were most familiar. Second, it was selected given the ease with which surveys can be created, updated, and administered. Moreover, Survey Monkey© had also developed an enhanced service in which data could be uploaded into IBM's Statistical Package for the Social Sciences (SPSS) © format, thereby expediting data management and data analysis. This was a significant consideration inasmuch as SPSS© was the statistical analytical package used throughout this study.

A three-phase design for data collection was employed and is presented in *Figure 4.1* below.



*Figure 4.1* Data Collection Design

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Phase One included 11 in-depth interviews with executive directors (EDs) of social service agencies located throughout the province. Participants were purposively recruited, based upon their experience in the voluntary sector in addition to their knowledge and experience with social enterprise and income generating activities. A semi-structured interview format was developed to ascertain how participant organizations were structured, sources of revenue, as well as their awareness of social enterprise and/or income generating activities (Appendix G).

An early draft of the instrument was developed based upon the literature review and studies identified by the researcher on related topics. Each interviewee was asked to review an early draft of the instrument to assess clarity, readability, format, question types, nomenclature, and definitions. Following completion of the interviews, the instrument was amended to reflect participant observations and recommended improvements around language clarity, formatting, the inclusion of a specific definition of social enterprise at the front end of each matrix question and a suggestion that an opportunity for feedback be provided to potential respondents.

The revised instrument was subsequently tested following an informal pre-test protocol (Buckingham & Saunders, 2004), incorporating online testing of Survey Monkey© procedures. Fifty colleagues were invited to test procedures and provide feedback. Pre-test participants included executive directors, voluntary sector consultants, members of the researcher's doctoral committee, and research associates working in or consulting to Alberta's voluntary sector. Pre-test participants were recruited outside the population frame, and included eight executive directors with previous work experience in social services. Of the fifty individuals invited to participate, 33 tested the instrument, representing a 66% response rate. The informal pre-test was aimed at testing online procedures, instrument format, readability, question construction and flow (Groves et al., 2009; Trochim & Donnelly, 2008).

Phase Two, the pilot test, was conducted with 18 executive directors of social service agencies, drawn from the population frame. The researcher purposively recruited participants relative to geographic location, primary client served, services provided, and organization size. This phase focused on testing the online instrument and all related procedures, including an 'in-depth' review of all proposed correspondence in terms of content, clarity, and protocol. Seventeen of the 18 pilot organizations completed this phase and all participants were invited to participate in a follow-up telephone interview. Appendix H presents a map depicting the geographic location of pilot participants.

Phase Three, the final phase, included the rollout of the revised instrument to 541 eligible human service organizations located throughout the province. Online surveys were distributed to potential participants via email (n= 503), with an embedded link to the survey, while organizations indicating a preference for a hard copy received their questionnaire via Canada Post (n = 38). Prospective participants were contacted three times as follows:

- Contact 1: an introductory hard copy letter mailed via Canada Post, Appendix I
- Contact 2: an email or hard copy letter sent with the survey attached, Appendix J
- Contact 3: final request for participation with survey attached, Appendix K

#### **4.4.1 Participants**

Targeted participants for this research study were executive directors or chief executive officers of Alberta based social service agencies. The literature is clear regarding the role of executive leaders in organizational decision-making along with their role in setting organizational direction (DiMaggio, 1986). Therefore, the research design called for the participation of social service agency executive directors/chief executive officers (or their designate) given these individuals are ultimately responsible for overall agency performance. Recognizing that executive directors were completing the survey on behalf of their respective agencies, the *unit of analysis* for this study was the organization, whereas the *unit of observation* was the executive director (Engel & Schutt, 2013). Given the data required for analysis was organizational, it was determined that the best source of this information was the leader of the agency, the executive director.

#### **4.5 Influencing Response Rates**

One of the most serious challenges in conducting survey is the impact of response rates (Dillman, Smyth, & Christian, 2009; Groves et al., 2009; Saris & Gallhofer, 2007). While the literature reflects a significant decrease in survey response rates over the past two decades (Neuman, 2003; Vogt, 2007), Dillman, Smyth and Christian (2009) along with Groves et al. (2009) propose a series of design features that positively influence response rates. One of the design features suggested sending a pre-notification letter to population members introducing potential participants to the study, thereby establishing study credibility. Testing survey

questions and procedures multiple times to ensure clarity, and providing for multiple participation requests also improved participation rates. Establishing a longer data collection period, leveraging relationships and possible connections with potential participants were also important considerations. Moreover, utilizing incentives, including cash incentives paid in advance were identified as key influencers, along with researching a topic that is of interest to the target audience.

An introductory letter was mailed to all eligible population members (N=541) via Canada Post on January 21, 2011. The letter outlined the purpose of the study, introduced the research topic, the researcher's background and the fact she had operated a registered charity, as well as the names of the members of her doctoral committee. While the letter was printed on University of Calgary stationery to establish legitimacy, it is noteworthy that the researcher's committee is comprised of individuals well recognized in Alberta's social services sector. The decision to include doctoral committee names was deliberate given more than 50% of Alberta's social workers are employed in the voluntary sector according to the Alberta College of Social Workers (A. McDonald, personal communication, May 12, 2012). The introductory letter indicated that an online survey would be sent to the attention of the executive director, within a week, unless a hard copy version was preferred. The pre-notification letter was personally addressed to the executive director, signed by the researcher, included a hand written personal message and was marked personal and confidential.

Prospective respondents were contacted utilizing different communication modes (Dillman, 2007; Dillman, Smyth, & Christian, 2009), and multiple options for survey completion were provided (Dillman, et al., 2008; Groves et al., 2009; Saris & Gallhofer, 2007; Trochim & Donnelly, 2008). Although the literature indicates multiple participation requests enhance

responses rates (Buckingham & Saunders, 2004; Dillman, 2007), the University of Calgary's Ethics Review Board (CFREB) advised that potential participants were to be contacted a maximum of three times.

The literature review included other research studies that had used a survey approach. Survey based studies were assessed by the researcher in terms of response rates, survey construction, types of questions used and their placement. The format and wording of engagement letters was reviewed and optimal days of the week to send online surveys was noted (Babbie & Benaquisto, 2002; Buckingham & Saunders, 2004; Dillman, 2007; Groves et al., 2009; Neuman, 2003; Saris & Gallhofer, 2007; Sue & Ritter, 2007; Trochim & Donnelly, 2008).

While the steps taken to engage potential respondents were multifaceted, they were essential to achieving the target response rate of 40%. Dillman, Phelps, Tortora, Swift, Kohrell, Berck & Messer (2009) describe the challenging times faced by survey researchers as technology has evolved and access to populations has become more difficult. Kim Sheehan's (2001) study of email survey response rates from 1986 - 2000 observed that while email survey usage may have increased, the average response rates over the study period had declined. Her study revealed an average response rate of 46% in the 1995/1996 period versus 31% in the 1998/1999 period. Julie Warm's (2004) study of nonprofit entrepreneurial engagement in Kansas City achieved a 41% response rate, for which she attributed her strong relationship with the voluntary sector in Kansas City. Based on the above and the adoption of a multifaceted 'personal' approach to engage potential participants, the researcher set a response rate target of 40%. The distribution of surveys and their timing was as follows:

- Introduction letter- January 21, 2011

- Initial request - January 31 - February 2, 2011
- Final request - February 22 - February 24, 2011

Table 4.1 presents survey response patterns based upon the date the surveys were received. It is noteworthy that pattern spikes reflect the timing of the two follow up invitations to participate in the study, sent on January 31, 2011 and February 22, 2011, respectively. The table also depicts response patterns for all valid cases (n=340) in addition to response patterns for all eligible participants (n=304). Almost 40% (n=131) of responses were received following the initial distribution of the survey, followed by another response spike after the February 22<sup>nd</sup> participation request was sent out (20.6%, n= 70). These patterns are supported by the literature that indicates that multiple follow up requests enhance response rates (Dillman, Smyth, & Christian 2007; Neuman, 2003; Sheehan, 2001).

Table 4.1 *Response Patterns*

Time frame	Net valid surveys (n = 340)		Eligible Surveys (n = 304)	
	#	%	#	%
February 1-5	131	38.5	120	39.5
February 6-10	44	12.9	41	13.5
February 11-21	33	9.7	26	8.6
February 22- 25	70	20.6	63	20.7
February 26-28	23	6.8	20	6.6
March 1-18	39	11.5	34	11.1
Total Received	340	100.0	304	100.0

#### 4.5.1 Survey Incentives

Survey methodology literature indicates the introduction of incentives positively influences response rates (Dillman, 2007; Dillman, Smyth, & Christian, 2009; Groves et al., 2009; Sue & Ritter, 2007). In an effort to encourage response rates, and in recognition of the

diversity of executive directors of social service agencies in terms of age, experience, and background, three different forms of incentives were used. First, potential respondents were advised that a draw for four iPod© shuffles would be held for the first 200 surveys received. Second, potential participants were advised they would receive a copy of the research summary report when available, should they participate in the study. Third, the letter of introduction included a business card with the researcher's contact information in addition to a message that read, "**Have a cup of coffee on me!**" The reverse side of the card included a toonie, scotch-taped to the card.

Respondents were asked to complete the survey by March 4, 2011, however the last survey was received March 18, 2011. It is noteworthy that all correspondence, including emails sent with the embedded survey link and hard copy letters (with the survey attached) were personally addressed to the executive director. The decision to adopt a "high touch" approach to survey distribution was deliberate given the objective of this strategy was to enhance response rates.

Response rates by mode are presented in Table 4.2. It is noteworthy that response rates were highest amongst email respondents, consistent with pilot study and pre-test feedback that the online approach was preferred and could be expected to yield satisfactory results. The eight duplicate online surveys were identified by comparing the timing of submission, IP addresses, and survey content. Duplicate submissions occurred when the respondent had not been able to complete the survey in one sitting and had submitted the survey as 'done' in error.



Table 4.2 *Survey Response by Mode*

	Email	Both	Mail	Total
Total Surveys Sent	528/503*	28	10	566/541*
Closed Agencies	4	-	-	4
Surveys Returned	362/337*	9	2	373/348*
%	68.5/67.0*	32.1%	20%	66.0/64.3*
Duplicate Responses	8	-	-	8
Net survey returns*	329	9	2	<b>340</b>
%	65.4%	32.1%	20%	<b>62.8%*</b>

\* response rate reflects 25 ineligible

Dillman, Smyth, and Christian (2009) suggest one of the key theoretical constructs regarding influencing survey response rates concerns *social exchange theory*. This theory posits that potential respondents engage in social exchange when the perceived benefit of engagement is greater than the perceived cost. Moreover, they observe that upfront provision of incentives tend to create feelings of obligation on the part of potential respondents, positively influencing response rates. It is this researcher's view that using a segmentation approach in the development of an incentive strategy was essential to engaging a broad range of participants. For example, if a prospective participant was not interested in an iPod©, they might be interested in a copy of the summary report. Interestingly, following the distribution of the introductory letter, considerable feedback was received via email/telephone from respondents thanking the researcher for the cup of coffee as well as indicating they were looking forward to completing the survey. Based upon the response rate achieved it is believed the range of incentives combined with the 'high touch' engagement strategy and instrument pre-tests contributed to the **62.8 %** response rate.

#### 4.5.2 Application of Inclusion Criteria

Inclusion criteria were developed to focus this study given the size, breadth and diversity of Canada's voluntary sector. Three specific fields were identified requiring that participating organizations self-identify as registered charities, report total annual revenue greater than \$249,999 and full time staff count greater than 1 person. Upon application of the criteria, 25 cases did not meet the inclusion hurdles, resulting in the elimination of these cases from the population frame and from the survey response frequency count. Additionally, 36 cases did not provide agency information regarding annual total revenue, these agencies have been retained in the population frame count, but their submissions were excluded from the analysis because they were incomplete. As a result, the data analysis undertaken and the results presented are based upon an overall net response rate of **56.2%**, (n=304). Table 4.3 summarizes the results of the application of the inclusion criteria.

Table 4.3 *Application of Inclusion Criteria*

Item	Frequency
Total surveys returned	348
Duplicate submissions	8
Total revenue blank	36
Net surveys	304

#### 4.6 Reliability and Validity

*Reliability* and *validity* are essential elements of measurement for all research studies, whether qualitative, quantitative or mixed methods. For quantitative researchers, the goal is to generalize findings from a sample to a population. As a result, assessments of measurement reliability and validity are important to establishing the consistency and accuracy of research results.

*Reliability* differs from validity in that it refers to the consistency of a measure rather than the accuracy of a measure. Trochim & Donnelly (2008) consider a measure reliable when it produces the same result each time it is administered (everything remaining equal). They note that *true reliability* cannot be measured precisely, rather it can be estimated, which in their view is “always an imperfect endeavour” (p. 87). Neuman (2003) describes reliability as a test of a measure’s dependability; is it stable over time? Is it representative across subgroups? Is it equivalent across subgroups? While reliability does not assure accuracy, four general classes of reliability estimates are used to assess measurement consistency; *test retest*, *inter-rater*, *parallel-forms* and *internal consistency* (Engel & Schutt, 2013; Neuman, 2003; Trochim & Donnelly, 2008). For this research study, two of the four methods for estimating reliability were used: *inter-rater and internal consistency*.

Inter-rater or inter-observer reliability is estimated by comparing the extent to which two or more observers, raters, or evaluators produce consistent estimates of the same measure of a phenomenon. Trochim and Donnelly (2008) suggest one method of checking *inter rater reliability* is through pilot study or pre-testing an instrument prior to implementation. On the other hand, internal consistency may be established by assessing how well items that measure the same construct yield similar results. While there are many ways in which to measure internal consistency, one of the most widely reported reliability statistics is the *Cronbach’s alpha* (Vogt, 2007).

*Inter-rater reliability* was estimated through instrument pretesting (n=50) and pilot study (n=18). Neuman (2003) and Czaja and Blair (2005) described the crucial role survey pre-tests and pilots play in establishing instrument reliability. Not only do multiple tests help identify areas for improvement, they facilitate tracking and comparison aimed at leveraging reliability.

Comparison of results between the pilot study and the survey revealed overall consistency across the different stages of data collection. Results were similar in terms of the distribution of responses, questions skipped, and commentary provided. For example, both the pilot and the research study reflected similar results in as much as: a small number of separate enterprise entities were identified among respondents, staff delivered enterprise initiatives were the most common form of engagement, and government funding was identified as the most dominant revenue source across the two studies. In both cases, study results were similar overall given the different participant groups and periods during which the instrument was administered.

Vogt (2007) suggests in situations in which multiple scales are used and large numbers of respondents participate, factor analyses should be undertaken to check reliability. In this study, factor analyses were conducted for the matrix questions using Likert scales that explored the reasons for initiating social enterprise, perceptions of social enterprise, impact of social enterprise and perceptions of the external environment. *Reason* factor *Cronbach's alphas* ranged from  $\alpha = .664$  to  $\alpha = .929$ , whereas *perception* factors were between  $\alpha = .616$  and  $\alpha = .936$  and *impact* factors ranged from  $\alpha = .671$  to  $\alpha = .913$ . *External* environment reliability scores were less stable, ranging between  $\alpha = .547$  and  $\alpha = .834$ . Detailed results for the four factor analyses are presented in Appendices L, M, N, and O.

In contrast to reliability, *validity* refers to the truth or accuracy of a measure in that it represents the degree to which a measure is free from systematic or random error. Babbie and Benaquisto (2002) define validity as, “the extent to which an empirical measure reflects the *real meaning* of the concept under consideration” (p. 128). Neuman (2003) states *validity* is more difficult to achieve than reliability observing while reliability is necessary for a measure to be valid, it does not necessarily guarantee that a measure is valid. While there are many methods to

assess instrument *validity*, the four most commonly used are; *face*, *content*, *criterion* and *construct validity* (Engel & Schutt, 2013; Neuman, 2003; Trochim & Donnelly, 2008; Vogt, 2007).

A community of experts and/or instrument pre-testing are often used to establish *face validity*, the easiest and most basic form of validity. Face validity reflects the judgement of others and answers the question: On the face of it does the indicator measure the construct it is supposed to measure? In this study, *face validity* was undertaken in the first phase in which 11 in-depth interviews were held with experts in social enterprise. These interviews were designed to identify the range, mix, and type of social enterprise engagement in an effort to develop a definition for the construct.

Buckingham & Saunders (2004) and Vogt (2007) describe *content validity* as the assessment of whether a measure reflects the full range of what it is intended to measure. Neuman (2003) considers content validity an extension of face validity in that it assesses whether the full range of a variable or concept's meaning is represented. To establish a concept's range of meaning, researchers may solicit expert opinion and/or undertake in depth literature reviews of the phenomenon under study (Engel & Schutt, 2013). In this study, one of the first steps toward establishing *content validity* was developing a definition for the construct "social enterprise engagement". To this end, an in-depth review of the literature was undertaken in conjunction with engaging experts in this field. *Content validity* was established in the pre-test and pilot stages of this study wherein participants were debriefed following each phase to verify that the language, dimensions, and concepts included in the instrument were understood. Together the literature review and engagement of an expert panel helped to develop a definition for social enterprise engagement that was measureable while at the same time similar to those used in

studies related to this area of study (Dart, Armstrong & Clow, 2008; Elson & Hall, 2010; Massarsky & Beinhacker, 2002; Scott, 2003; Warm, 2004).

The final step employed to test *validity* compared participant responses to questions 12 and 11. Question 12 required that respondents indicate their organization's degree of social enterprise engagement. A list of three options was provided: *none*, *some* or *considerable experience*. Question 12 responses were compared to question 11 responses, which required participants to select (from a list of seven options) any form of enterprise engagement in which their organization had experience. Of the 156 respondents indicating *some experience* in question 12, results were consistent in that all 156 participants indicated engagement in one or more forms of social enterprise in question 11. Similarly, the 59 respondents *considerably* engaged in social enterprise, also identified some form of engagement in question 11. The only area where a slight discrepancy was observed concerned 11 of 89 respondents who indicated *no experience* in question 12, but identified some form of engagement in question 11.

Vogt (2007, p. 122), identified a number of potential threats to research validity, including self-selection effects, volunteer effects and attrition. While attrition did not affect this study, the researcher elected to survey the entire population rather than drawing a sample from the population frame. Although not perfect, the fact that each population member had an equal opportunity to participate, regardless of delivery mode or geographic location, enhanced this study's validity.

Finally, it is important to note that the instrument designed for this study was not intended for clinical usage. Rather it was developed to help describe and explore an area of practice at the organizational level and as a result, it should be noted that its purpose is primarily descriptive.

#### **4.7 Data Management**

Data management and cleaning was undertaken prior to analysis. Data was reviewed for accuracy and completion. Inclusion criteria were applied, variables were verified, and missing information was retrieved where possible. Three hundred and seventy-three surveys were received. Following application of the inclusion criteria, elimination of duplicate submissions, data cleaning, and analysis of missing data, 304 surveys were retained. Sixty-nine submissions were deemed ineligible for inclusion, 53 of which due to the total revenue criterion, 17 of which reported annual revenue less than \$250,000 and 36 because annual revenue had not been included.

#### **4.8 Data Analysis**

There were four sources of data collected for this study. Data from the face-to-face interviews, the pre-tests, and pilot study were documented and reviewed by the researcher. The purpose of the reviews was to ensure the online processes and protocols were seamless, in addition to uncovering potential issues with the survey instrument itself, its terminology and format.

Quantitative data analysis was undertaken on data obtained from surveys received from participants, whether online or hard copy. All survey data was uploaded into *IBM's Statistical Package for the Social Sciences* (SPSS) © releases 19.0 and 20.0 for analysis.

As with all research, the research questions drive the analysis to be undertaken. Using data uploaded from Survey Monkey© into SPSS©, following data cleaning descriptive statistics were calculated, including means, standard deviations, and frequencies to determine the extent and type of social enterprise engagement resident in the population frame. Analysis of variance, t-tests, and multivariate analysis were used to assess group differences and tests of significance

relative to social enterprise engagement and the reasons, perceptions and potential impact of such undertakings. Further, factor analyses were conducted to assess instrument reliability as well as to investigate the reasons, perceptions, and potential impact of social enterprise engagement, while binary logistic regression was used to predict relationships between the dependent and independent variables.

#### **4.9 Ethical Considerations**

Creswell (2009), observed that prior to undertaking any form of research, the researcher must consider potential ethical issues that might arise. This is particularly important in situations in which the researcher is in direct contact with study participants such as an interview or focus group. This research design provided for direct and indirect participant contact and in each instance, the University of Calgary's Informed Consent Forms were customized and used for all interview and pilot study participants (Appendix P, Appendix Q). Pre-test and survey participants indicated consent upon activation of the survey. All potential study participants were informed of the purpose of the study, their right to withdraw at any time and that any information provided up to their withdrawal would be retained for research purposes. Participants were assured that all responses and feedback would be confidential and individual contributions would remain anonymous.

All participants were advised they would not be compensated for their participation; however, they were eligible to receive a copy of the summary report when available, whereas pilot study and survey participants were also eligible for a draw of four iPod© shuffles.

#### **4.10 Limitations**

As with most research studies, this study includes a number of methodological limitations which should be acknowledged prior to drawing any conclusions. The most significant limitation



regarding the methodology concerns the construction of the population frame. When the researcher initiated this study and determined that the Canada Revenue Agency database was incomplete (R. Babbins-Wagner, personal communication, February 4, 2010), a decision was made to construct a population frame that was as accurate and current as possible. Concerted effort was undertaken to create a comprehensive list of social service agencies; however, it is probable that some organizations may have inadvertently been missed. Steps were taken to minimize this potential problem given the researcher utilized CRA data as a starting point in population frame construction. As well, the researcher secured assistance from a number of sector organizations that reviewed the population listing to identify omissions and anomalies.

At the same time, it is also possible, but highly improbable, that non-social service agencies were inadvertently included in the population frame. This limitation exists inasmuch as a screening question had not specifically been included in the survey. Therefore, it is possible that certain opinions or perspectives will not be reflective of social service agencies in the event a potential respondent did not represent a social service agency. It should be noted that the researcher did review all available documentation for any non-CRA identified population member, (i.e., annual reports, mission statements, website information to ascertain whether the potential member was a social service agency), but inclusion errors may have occurred.

A second set of issues concerned the application of inclusion criteria. The survey instrument was adapted to include inclusion criterion questions to ensure thresholds were achieved relative to the number of full time staff, charitable status and reported total annual revenue. While the response rate was acceptable, the application of the thresholds resulted in the elimination of 36 cases, representing 10.3% of all respondents. As a result, the application of the

design criteria may have affected the generalizability of the results of this study to the population.

A subsequent issue concerned the use of technology in this study. Internet availability, computer capacity, and access in rural areas may have impeded participation, potentially creating *response bias*. Again, it is possible that non-respondents did not participate due to limited or nonexistent access to the online or hard copy version of the survey. Preventative steps were taken in this regard and agencies indicating a preference for a hard copy survey or those for which an email address or website was unavailable, were contacted directly by the researcher and options were provided to minimize this issue.

#### **4.11 Chapter Summary**

This chapter presented an overview of the methodology used to investigate the extent, type, and potential impact of social enterprise engagement in Alberta based social service agencies. Because the researcher developed the instrument, the steps involved in designing, testing and implementing the online survey were also discussed. A three stage data collection framework was employed, culminating in the distribution of a questionnaire to 541 social service agencies located throughout the province of Alberta. Strategies adopted to enhance response rates were discussed, including the use of incentives. The final section of this chapter highlighted the ethical considerations and potential limitations of this research study in terms of methodology and how each was addressed.

The upcoming chapter will present a summary of this study's results and findings. It will include in depth analyses along with executive director perspectives concerning the extent, type, and impact of social enterprise engagement in their respective agencies.

## CHAPTER 5

### Data Analysis and Results

*As an organization providing programs and services to individuals with developmental disabilities, and managing a thriving social enterprise, it has provided new and different opportunities to profile the human service side of the organization to businesses with whom we might not ever come into contact and has helped educate these businesses as to the mission and vision of the organization. Created opportunities for new and creative partnerships and kept us focused on manufacturing a good product and being competitive with other like businesses. In addition, it has significantly contributed to the cost of the facility and shared costs with senior management, finance and HR as well as providing support for innovations not generally provided for by the major funder. (Case #38)*

This chapter presents the results from a survey distributed to 541 social service agencies across the province of Alberta, Canada. A number of statistical procedures were employed to study the data collected and answer the questions posed. Data analysis was undertaken using a series of nonparametric as well as parametric statistical procedures and the level of significance for all statistical tests was set at 0.05 unless otherwise stated. Along with the analysis of results, this chapter is interspersed with respondent commentary reflective of the subject area examined.

Six sections comprise this chapter and part one provides an in depth analysis of survey responses, by category, by client, by service area and by geographic location. The response analysis is followed by an examination of the demographic variables as they pertain to the individuals completing the survey, in addition to the organizations they represent. Section three delves into the nature of social enterprise engagement amongst survey respondents, focusing on the extent and the type of such engagement; while section four provides a summary of feedback regarding the reasons, perceptions, and impact of such engagement along with the external environment. A series of matrix questions were developed to explore these areas, using five point Likert scales which are reported as (n, %).

An in depth analysis of the survey data is outlined in section five using factor analyses and multivariate analyses which were conducted to examine the reasons, perceptions and impacts of social enterprise engagement along with perceptions of the external environment. Factor loading procedures and associated statistics are presented as appendices; while factor descriptions and associated reliability coefficients are summarized in tabular form as are the multivariate analysis (MANOVA) and independent samples t-test results. The final section of this chapter presents results from analyses undertaken to predict the dimensions of social enterprise engagement, using binary logistic regression.

## **5.1 Response Analysis**

The first section of this chapter presents a comparative analysis of the population, respondents, and non-respondents. Response analysis is important to determining the extent to which research findings may be generalized to the target population along with assessing the extent to which non-response bias may exist (Dillman, 2007; Vogt, 2007). An analysis of responses was undertaken in four key areas; 1) by response category; 2) by primary client group served, 3) by primary program/service area provided and, 4) by rural versus urban location.

### **5.1.1 Response Analysis - Response Category**

Table 5.1 presents the distribution of the target population by response category. Seven respondents declined participating in the survey, most of whom indicated they were too busy. Four surveys were sent to agencies that had closed, while 46 surveys were returned due to the incorrect email address, all of which were rerouted. Of the 373 original responses received, the application of the *inclusion criteria* revealed that 25 cases did not meet population inclusion criteria because their submissions reflected they did not have registered charitable status, had a staff count less than two, or had reported annual revenue was less than \$250,000. In an effort to

administer the cases consistently as per the inclusion criteria for this study, the researcher adopted a conservative approach and the 25 cases were eliminated from the analysis as well as from the population frame. Moreover, subsequent data cleaning revealed 36 cases had not reported their agency’s total annual revenue. While the 36 cases were eliminated from the analysis, they were retained in the population frame because the researcher considered they qualified for inclusion, but had chosen not to report what may have considered sensitive information. While the overall response rate was 64.3%, after data cleaning and application of inclusion criteria, the net response rate was **56.2%**.

Table 5.1 *Tabulation of Survey Responses*

Category	Frequency	Percentage
Total Sent	541	100.0
No Response	182	33.6
Declined	7	1.3
Closed Agencies	4	0.7
Total Received	348	64.3
Duplicates	-8	-1.5
Incomplete	-36	-6.6
Net Cases	304	56.2

### 5.1.2 Response Analysis - Primary Client

Survey questions four and five aimed to identify the primary client group served by participating organizations. Nine response options were provided from which participants selected the best single response. Response options were: *refugees, seniors, children, youth, families, aboriginal, women, men, and other*. The primary client group served by participating organizations was categorized by the researcher for the population frame and by participants answering question five.

It is noteworthy that pilot and pre-test feedback reflected concern amongst participants regarding the selection of one unique primary client group, in that their agencies did not normally serve one primary client; rather they served a mix of client groups. In spite of this feedback and upon reflection the researcher chose to retain the single response format to enable more precise analysis. Not surprisingly, initial data cleaning revealed a sizeable number of respondents selected *other* as their agency's primary client group served. Further investigation revealed that a number of participants chose *other* due to their inability to select more than one response category (n= 4), while a number of respondents (n =46) indicated they had used *other* to classify their primary client group, which was identified as *disabilities*. As a result, the researcher created an additional primary client group, labelled *disabilities* and agencies indicating this area as their primary client group were recoded into this new category.

*Figure 5.1* presents the distribution of responses by primary client group served and compares this data to the distribution of the population by client group. The data revealed that the two largest primary client groups served were *families* (n=61) and persons with *disabilities* (n=46), consistent with the distribution of the population by client group. The 61 *family* serving organizations, represented 37% of the 163 organizations in the population serving families. Likewise, the 46 organizations self-identifying as *disabilities*, represented 41% of a potential 110 disability organizations included in the population frame. While these two client groups together represented 50% of the entire population, it is noteworthy, that the distribution of respondents by these two client groups was not proportional to the population. Rather their combined effect accounted for 107 agencies or 35.2% of total respondents (n=304), pointing to a more balanced distribution of respondents overall, in spite of the predominance of these two client groups in the population frame. The least represented client group in this study included agencies serving

refugees and new immigrants, (n=7, 47%). It is noteworthy that these seven agencies represented 2.3% of eligible respondents (n=304), closely mirroring the distribution of these agency types in the population, (n=15, 3%).

When investigating response rates by the primary client group served, it is noteworthy that the domination of the two client groups in the population frame was not apparent when examining the distribution of actual participating agencies. This points to a potential issue with the classification of agencies by the researcher in which she may have incorrectly classified agencies as serving *families* or as *disabilities*. Again, this is further supported given pilot study and pretest participants had indicated they were uncomfortable identifying a single primary client group. In fact, this was evident given the distribution of responses by primary client group revealed a total of 51 or 16.8% of survey respondents indicated the primary client group was *other* (n=38, 12.5%) or did not respond to this question (n=13, 4.3%).

Therefore, while the data suggests that the overall the distribution of responses was relatively balanced, it must be acknowledged that 16.8% of respondents were not classified by a specific client group. Additionally, because the researcher was required to create a separate category to accommodate *disabilities*, it is clear that the pretest and pilot study concerns were well founded, and while the overall distribution of responses by client group appears to be balanced, it may not be entirely reflective of the population, as categorized by the researcher.

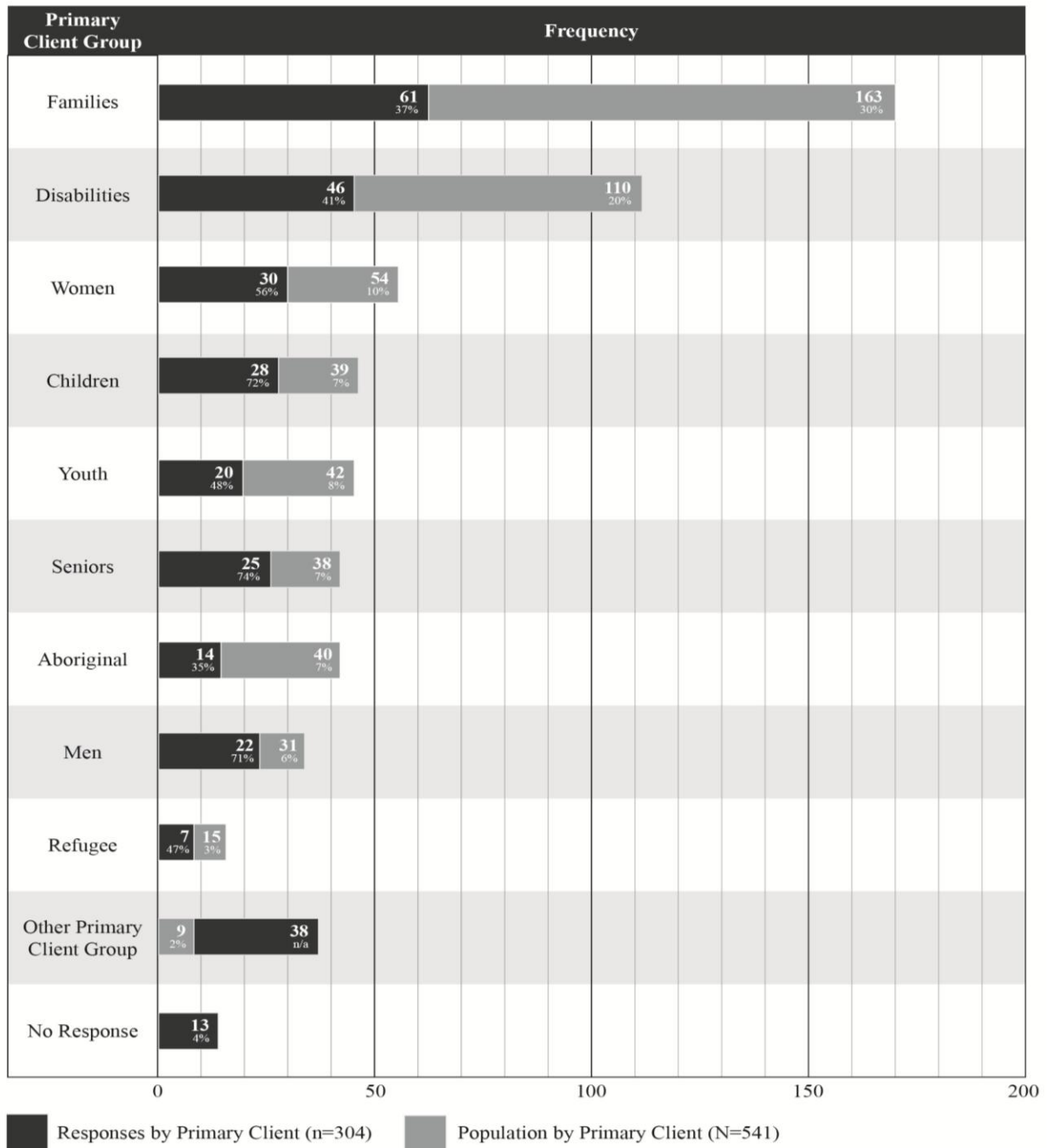


Figure 5.1 Distribution of Organizations by Primary Client



### 5.1.3 Response Analysis - Primary Service

Survey questions six and seven aimed to identify the primary program and service area of participating agencies. Nine response options were provided from which participants selected the best single response. Response options were; *persons living with disabilities, persons living with mental illness, persons experiencing homelessness, persons living on low-incomes, persons experiencing violence, persons living with serious health conditions, persons living with or recovering from addictions, persons with criminal justice experience* and *other*. Primary service area was categorized by the researcher for the population frame and by participants who answered question seven.

*Figure 5.2* presents a comparison of respondents and the population frame by primary service area. The data revealed the two largest service areas represented in this study included people living on *low incomes* (n=77) and *disabilities* (n=75), consistent with the distribution of the population by service area. The 77 agencies providing services to people living on low incomes, represented 25.3% of eligible respondents (n=304), versus 39% of the 195 agencies identified in the population. Moreover, the 75 organizations providing *disabilities* related services represented 25% of eligible respondents (n=304), and accounted for 69% of the *disabilities* related agencies identified as such in the population frame. Forty agencies self-identified as providing services to persons experiencing *violence* versus the population frame which considered 56 agencies in this category. While the 40 agencies represented 13.2% of eligible respondents (n=304), according to the classification system used by the researcher, these respondents represented 71% of agencies identified as such in the population (n=56). Likewise, 82% (n=22) of organizations identified as delivering programs related to *serious health* (n=27) and 71% (n=40) of agencies involved in the delivery of programs and services related to *violence*

participated in this study, when compared to these population segments. Moreover, similar to the previous analysis a number of respondents did not classify their agency's primary service area, selecting *other* (n=29) or not responding (n=14) to the question. As a result 14.1 % (n=43) of the survey participants (n=304) and were not included in a specific primary service or program area.

It is therefore important to point out that 50% (n=152) of the respondents provided services or programs to *disabilities* or *low income* individuals, which closely mirrored the distribution of these organizations across the population (56%, n=303). Moreover, further examination revealed the overall distribution of participants by service/program area, was largely reflective of the distribution of the program/service area segments across the population. This result indicated that a balanced representation existed across the study when comparing the primary program/service area identified by respondents versus the population investigated.

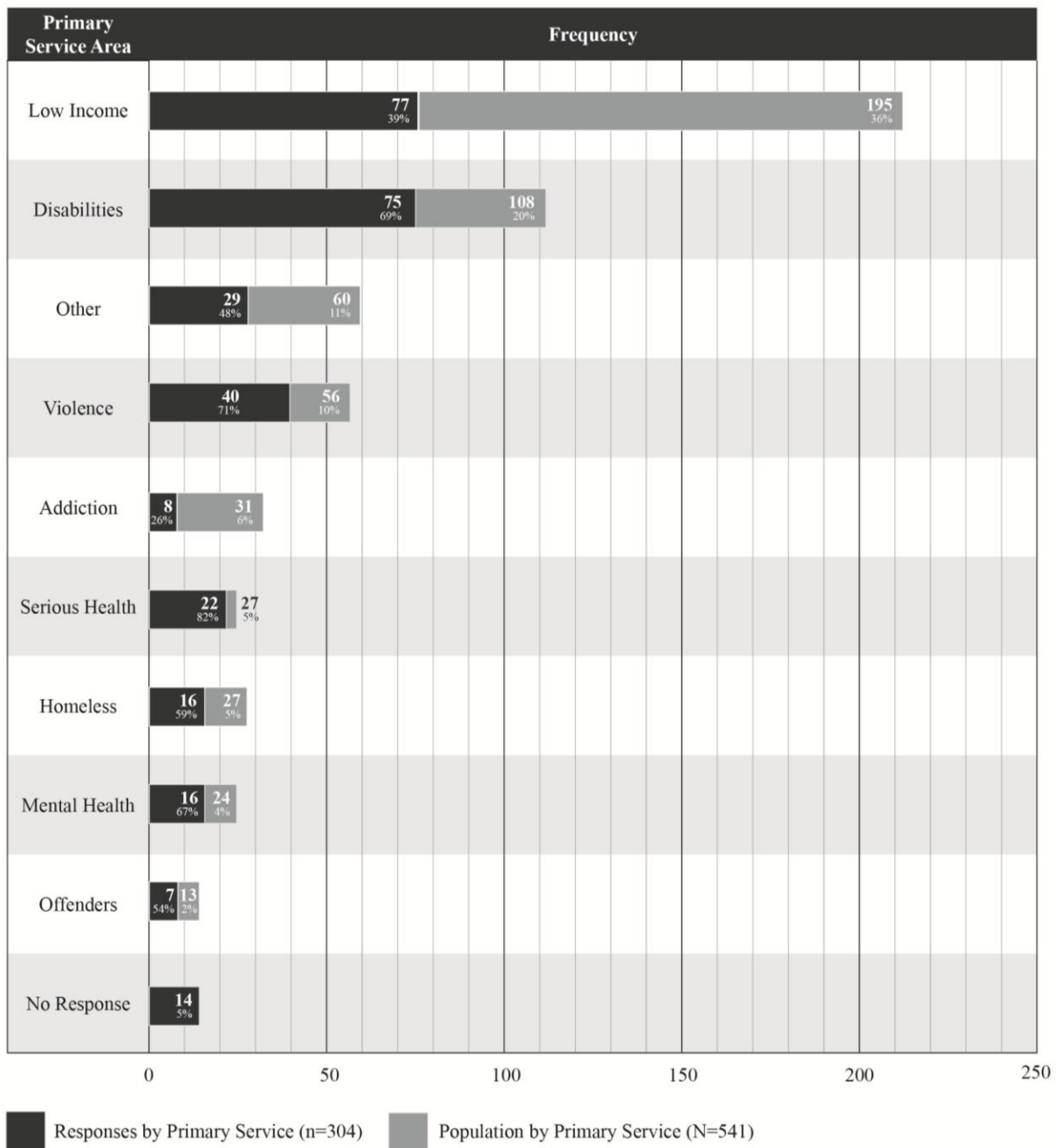


Figure 5.2 Distribution of Organizations by Primary Service

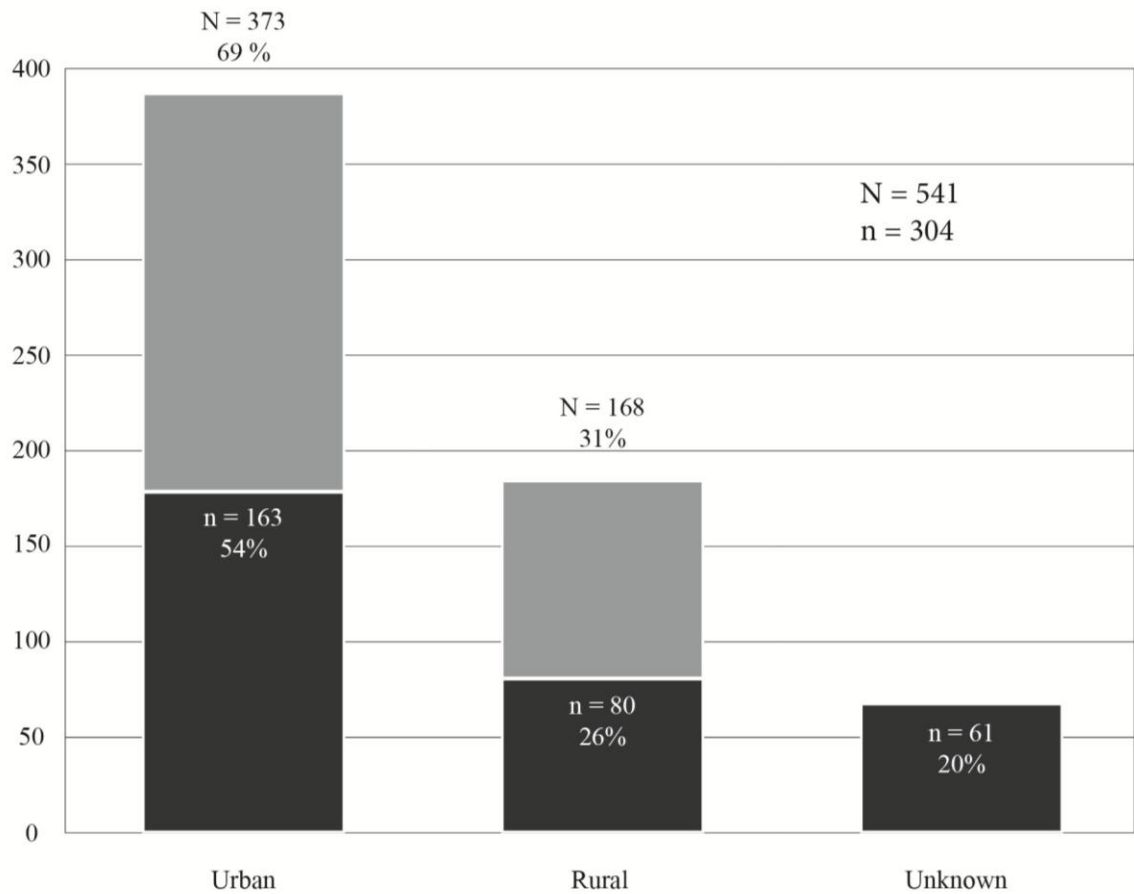
### 5.1.4 Response Analysis - Geographic Location

Because each survey was sent separately to each participant and Survey Monkey's® receipt tracking capability was not activated, individual response tracking was not possible. As a

result, respondent geographic location was determined using a proxy measure by comparing participants who self-identified regarding their participation in the incentive programs. Recognizing 80% of participants self-identified, in that they were either interested in the draw for an Ipod©, a copy of the final report or both, this information was used to estimate geographic location. Urban centers included Calgary, Edmonton, Red Deer, Lethbridge, and Medicine Hat; while rural agencies were identified as agencies outside the urban centres listed above. Of the 541 agencies included in the population frame, 373 agencies were classified *urban*, while 168 were considered *rural*, representing 69% and 31% of the population respectively.

Based upon the application of this proxy measure and the fact that 61 participants did not self-identify, the analysis estimated that 54% (n=163) of respondents originated from urban areas while 26% (n=80) originated from rural locales. Interestingly the participation rate of both areas was similar; 42% for urban centres and 45% for rural centres. It is noteworthy that the rural participation rate (45%) was greater than anticipated and is believed to be reflective of increased access and usage of online technology across Alberta. Moreover, because of the depth of responses and the enthusiasm demonstrated upon receipt of the introductory letter (phone calls and emails to the researcher thanking her for inviting them and ensuring she had their correct email address), these organizations were very keen to participate.

*Figure 5.3* presents a summary of urban and rural participation by geographic location.



*Figure 5.3* Distribution of Organizations by Geographic Region

In summary, the response analysis reflects that overall participants in this study represented a reasonable approximation of the population frame. As mentioned previously it is noteworthy that a significant portion of respondents considered *disability* as both a client group and a service area, requiring that the researcher recode responses accordingly, creating an additional category of analysis. This result had not been identified in the pilot, the in depth interviews nor the pre-test phases of this study. In contrast, many of the respondents identifying *other* as the primary client group or service area, indicated their rationale was due to the

challenge of choosing one primary focus for their agency. It is worth mentioning that this specific matter was identified in pre-test feedback, however, the researcher decided that this question format was important to retain because it enabled more detailed statistical analysis.

The next section of the chapter will present relevant descriptive statistics for the demographic variables included in this study.

## **5.2 Examination of Demographic Variables**

The upcoming section describes the demographic characteristics of the respondents along with their respective organizations. Descriptive statistics are presented for two levels of analysis; the organization as well as the individual respondent. Organizational data for participating agencies include *agency age*, *number of full time employees*, and *total annual revenue*. Respondent level data reflect participant *gender*, *number of years employed* in the non-profit sector, *number of years employed* at current organization, and *current position* at participating organization.

### **5.2.1 Organization Demographics**

Eligible participants included 304 Alberta based social service agencies with registered charitable status, total annual revenue greater than \$249,999, employing two or more full time staff. Descriptive statistics are presented in Table 5.2.

In terms of *organization age*, 12 agencies indicated they had operated less than ten years (n=12, 4.0%). Sixty-six agencies operated between 11-20 years (n=66, 21.7%), eighty-seven agencies operated between 21-30 years (n=87, 28.6%) and ninety-five agencies operated between 31-50 years (n=95, 31.3%). It is also noteworthy that 43 agencies reported operating more than 50 years (n=43, 14.4%). Overall it appears study participants tend to be long established in that 84.3% (n=225) of participants have been operating for more than 20 years.

The distribution of organizations by the *number of full time staff* revealed that 54.6% (n=166) of participants reported staff counts between 2-20 people, while 63 (20.8%) agencies reported staff counts between 21-50 people and 24.6% (n=75) reported a staff complement greater than 50 people. Overall, this data suggests that participant staff complements were in the 2-20 person range. Somewhat lower than expected, this may be reflective of the fact that volunteer contributions were not accounted for in this study.

The distribution of organizations by *total annual revenue* revealed 55.7% (n=169) of eligible participants reported revenue in between \$250,000-\$2,000,000, whereas 43.4% of participants reported revenue greater than 2,000,000. The predominance of smaller organizations in the participant pool is consistent with Canadian voluntary sector data as per the 2003 *NSNVO* (Statistics Canada, 2004). It is noteworthy that three organizations were coded *missing* since their reported revenues were determined to be unrealistic (n=3, 1.0%), however because the surveys submitted were otherwise complete, data for these agencies was retained in the data set.

Table 5.2 *Descriptive Statistics – Organization Demographics*

Variable	Frequency	Percent
<b>Organization Age</b>		
≤10	12	4.0
11-20	66	21.7
21-30	87	28.6
31-50	95	31.3
51-100	37	12.2
>100	7	2.2
<b>Total</b>	<b>304</b>	<b>100.0</b>
<b>Staff Count</b>		
2-5	56	18.4
6-10	55	18.1
11-20	55	18.1
21-30	33	10.9
31-50	30	9.9
51-100	37	12.2
101-200	25	8.2
>200	13	4.2
<b>Total</b>	<b>304</b>	<b>100.00</b>
<b>Revenue Category</b>		
250,000-500,000	47	15.5
500,001-1,000,000	54	17.8
1,000,001-2,000,000	68	22.4
2,000,001-4,000,000	52	17.1
4,000,001-10,000,000	53	17.4
10,000,001-30,000,000	22	7.2
>30,000,000	5	1.6
Missing	3	1.0
<b>Total</b>	<b>304</b>	<b>100.00</b>



### 5.2.2 Respondent Demographics

Table 5.3 summarizes descriptive statistics for individual participants in terms of *gender*, *years employed* in the nonprofit sector, *years employed* at the current agency and *current position* at their current place of employment.

The distribution of respondents by *gender* revealed 202 participants were female (n=202, 66.5%) while 87 participants were male (n=87, 28.6%), reflecting the dominance of women working in the voluntary sector. When examining the distribution of respondents by the number of *years worked in the nonprofit sector*, data revealed well-established *career residency* amongst respondents. Specifically 33.6% (n=102) of respondents worked between 1-15 years, while the majority of participants, 50.6% (n=154) worked between 16-30 years. It is also noteworthy that 25.3% (n= 77) of respondents had worked in the sector more than 25 years, a clear indication of the potential bubble facing the voluntary sector as aging baby boomers pursue their retirement plans. When considering the distribution of respondents by the number of years employed at their *current agency* a slightly different pattern emerges. Data reflects a tendency amongst respondents to move around from one organization to another since a majority of respondents 53.6% (n= 163) had worked between 1-10 years at their current agency. It is also interesting while almost one quarter of respondents (21.4% n=65) had worked at their current agency 3 years or less, 35.2 % (n=107) of respondents reported working at their current organization five years or less (n=107, 35.2%), suggesting considerable workforce mobility in Alberta's social service agencies. Last, the distribution of respondents by *current position* revealed a majority of participants (n=284, 93.5%), were senior leaders of their respective agencies, of which (n=265, 87.2%), self-identified as the ED/CEO. This result may in part be due to the 'high touch' and personalized approach used in all correspondence sent to prospective participants.

Table 5.3 *Descriptive Statistics – Respondent Demographics*

Variable	Frequency	Percent
<b>Gender</b>		
Female	202	66.5
Male	87	28.6
No Response	15	4.9
Total	304	100.0
<b>Years in Sector</b>		
1-5	28	9.2
6-10	37	12.2
11-15	37	12.2
16-20	49	16.1
21-25	62	20.4
26-30	43	14.1
>30	34	11.2
No Response	14	4.6
Total	304	100.0
<b>Years at Agency</b>		
1-3	65	21.4
4-5	42	13.8
6-10	56	18.4
11-20	81	26.6
21-30	30	9.9
31-35	10	3.2
>35	6	2.1
No Response	14	4.6
Total	304	100.0
<b>Current Position</b>		
ED/CEO	265	87.2
Senior Management	19	6.3
Other	7	2.3
No Response	13	4.2
Total	304	100.0

### **5.3 Examining the Nature of Social Enterprise Engagement**

*Social enterprises are a critical way for agencies to mitigate the ebbs and flows that occur within funding streams from foundation, gov't and other traditional donor streams. While usually not isolated from external influencers, such as economic challenges, a thoughtful, reasonable approach to social enterprise can prove to be a reliable source of revenue. I think the critical element of a social enterprise is not straying too far from what you do best, or the organisation's areas of expertise (though I know some agencies, like Oxfam, have storefronts, etc., to raise revenue, I assert that only large agencies have the capacity to undertake a uniquely distinct social enterprise, as they have the knowledge capital, etc., to do so, whereas mid to small agencies could potentially be crippled if undertaking such a venture not understanding the marketplace). (Case #371)*

#### **5. 3.1 Extent of Social Enterprise Engagement**

One of the primary objectives of this study was to answer the question, *what is the extent of social enterprise engagement in Alberta's social service agencies?* Social enterprise engagement was the dependent variable in this study and question 12 required that respondents indicate their organization's experience with social enterprise engagement. Response options included; 1) *no experience at all*, 2) *some, but limited* or 3) *considerable experience*. This was a forced response question in that respondents could not proceed to the next question until a response was provided. It was also the point at which respondents skipped a portion of the survey, depending on the response provided. Respondents indicating their organization had *no experience*, automatically skipped to survey question 18, which explored the influence of the external environment on the participant's agency. Table 5.4 presents results regarding the extent to which eligible survey respondents were engaged in social enterprise. Overall 215 (70.7%) of the 304 eligible respondents indicated they had *some* degree of experience with social enterprise.

Table 5.4 *Extent of Social Enterprise Engagement*

Extent	Frequency	Percent
No Experience	89	29.3
Some Experience	156	51.3
Considerable Experience	59	19.4
Total	304	100.0

Table 5.5 presents descriptive statistics and mean results regarding the extent of enterprise engagement by organization and respondent demographics. What is most striking is the difference between the three experience groupings. Overall it appears that agencies identifying as *considerably* experienced are larger in terms of the average number of full time staff (67.5 versus 52.7 and 32.3) along with the average total annual revenue for participating organizations (\$6.0 million versus \$3.7 million and \$2.9 million). Furthermore, *considerably* engaged agencies are older than their less experienced counterparts are, in that on average they have been operating 42.2 years whereas their less experienced counterparts have been operating on average 34.3 years and 30.7 years respectively.

Subsequent examination of respondent characteristics by gender is also noteworthy in that the distribution of organizations *overall* revealed 28.6% (n=87) of respondents were male (refer to Table 5.3), whereas 35.6% (n=21) of *considerably* engaged agencies were represented by individuals self-identifying as male. Moreover, 20 of the 21 male respondents self-identified as the CEO of the participating agency. This result is interesting in that it may suggest *considerably* engaged agencies are not only older, more established, and larger than their less experienced counterparts; they may also may be more inclined to be led by men when compared to their less experienced counterparts.

Table 5.5 *Descriptive Statistics – Extent of Enterprise Engagement (mean results\*)*

	Considerable Experience n=59	Some Experience n=156	No Experience n=89
Organization:			
-full time staff*	67.5	52.7	32.3
-total revenue*	\$6,001,100	\$3,730,500	\$2,872,700
-years operating*	42.2	34.3	30.7
Respondent:			
Gender			
- female	37	100	65
- male	21	43	23
-years in sector*	21.2	18.4	21.4
-years in agency*	12.3	11.4	11.2

Anheier (2005) described the revenue structure of nonprofit organizations as more diverse and complex than their for profit or public sector counterparts. Table 5.6 presents descriptive statistics and mean results relative to the distribution of agency sources of revenue by the extent of enterprise engagement. The dominance of government funding is apparent across all organizational groupings; however, it is most evident amongst agencies without social enterprise experience (65.4% on average). Not surprisingly, of the three groupings, the smallest percentage of government sourced funding appears in agencies self-identifying as *considerably* engaged (48.4% on average). This result is interesting in that considerably engaged organizations reflected the highest percentage of funds generated from the sale of products or services (32.2% on average) in addition to revenue sourced from other activities (36.6%).

Table 5.6 *Descriptive Statistics - Revenue Source by Extent of Engagement (mean results)*

Revenue Source	Overall n=304	Considerable n=59	Some n=156	None n=89
Government %	57.7	48.4	56.9	65.4
Foundation %	14.9	9.3	15.1	18.2
Donations %	14.9	10.3	14.3	19.1
Fundraising %	10.8	9.0	10.8	12.0
Revenue Generated %	18.8	32.2	11.4	18.6
Separate Entity %	8.8	8.1	12.0	-
Shared Services %	3.6	3.6	3.8	2.3
Membership Fees %	7.9	8.6	8.0	7.5
Interest/Income %	2.4	1.8	2.8	2.0
Other %	19.8	36.6	17.9	13.3

### 5.3.2 Type of Social Enterprise Engagement

Another important research question this study sought to answer concerned, the form or type of enterprise engagement in Alberta's social service agencies. Question 11 asked respondents to indicate the types of enterprise activities in which their agencies were engaged. Seven options were provided including; *client produced or delivered, staff produced or delivered, sale of merchandise or goods, facility rental, accommodation related, separate enterprise entity, and other*. This was a multiple response question and the distribution of responses (n=387) is presented in Table 5.7.

Based upon the frequencies, the two most common forms of enterprise engagement involved *staff* in the delivery of programs or services (n=87, 22.5%), followed by the sale of *merchandise* or goods (n=81, 20.9%). Thirty five percent (n=136) of respondents indicated their organizations had experience with activities that were *facility* or *accommodation* related. Respondents indicating other types of enterprise engagement activities (6.2%, n=24) cited examples such as; fees charged for cooking classes, beverage container pick up services, day

care and so on. It is also noteworthy that 17 respondents (4.4%) indicated their organizations had established a *separate legal entity* to operate their enterprise venture.

Table 5.7 *Type of Social Enterprise Engagement*

Type	Frequency	Percent
Staff Delivered	87	22.5
Merchandise	81	20.9
Facility Related	71	18.3
Accommodation Related	65	16.8
Client Delivered	42	10.9
Other	24	6.2
Separate Legal Entity	17	4.4
Total	387	100.0

*Figure 5.4* presents respondent experience levels analysed by the different types or forms of engagement. As revealed in Table 5.7 the most common form of engagement was *staff lead* initiatives. Of the 87 agencies, 26 (30%) had *considerable* experience, 56 (65%) had *some* experience and five (5%) indicated no experience. *Merchandise* related experience, the second most common form of engagement, was identified by 81 respondents and of these agencies, 23 (28%) had *considerable* experience, 56 (69%) had *some* experience. The third and fourth most common forms of engagement included *facility* (n=71) or *accommodation* (n=65) related enterprise engagement, and in both cases, organizations with *some experience* (62% and 54% respectively) outweighed those with *considerable experience* (35% and 40% respectively).

It is noteworthy when examining the type of social enterprise engagement by an agency's experience level, in all but one instance, the majority of agencies self-identified as *somewhat* engaged. The one exception included those agencies that had indicated they had established *separate legal entities* through which they operated their ventures (76%, n=13). Not surprisingly,

this finding suggests it is the more experienced agency which tends to establish a *separate legal entity* through which to operate its social enterprise venture.

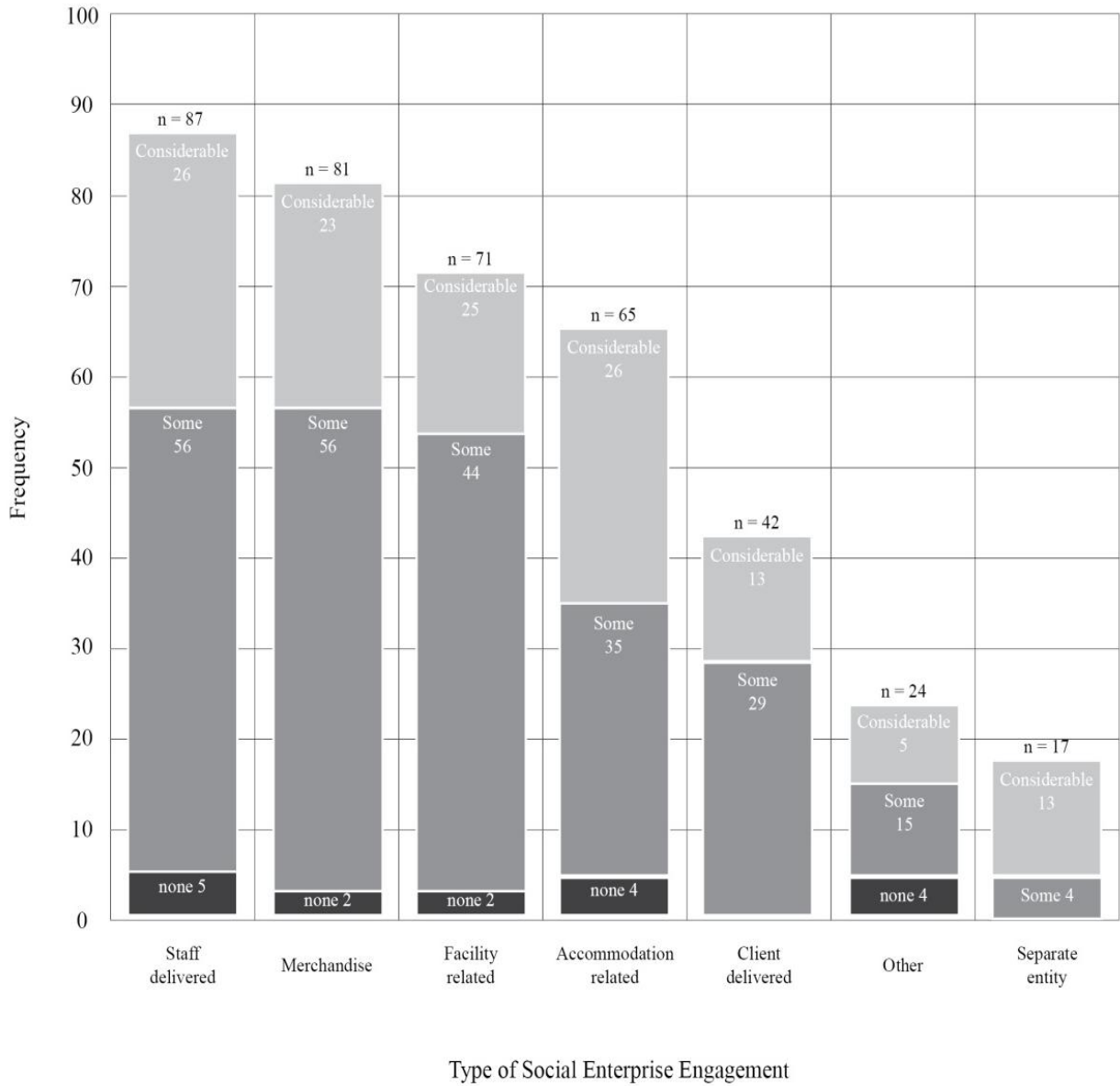


Figure 5.4 Type of Social Enterprise Engagement by Experience



## 5.4 Exploring the Reasons, Perceptions, Impact, and External Environment

The upcoming section of this chapter presents the distribution of responses for survey questions fourteen, fifteen, sixteen, and eighteen, in which five point Likert scales were used to capture response options. The statements included in these questions were developed upon review of the literature, previous surveys, in-depth interviews, and feedback from the informal pre-test and the pilot study. Observed frequencies for each statement are presented in each appendix along with the accompanying percent for each level of the scale. Because of the large amount of data collected, four appendices have been developed to summarize the data:

- Appendix R, reasons why social enterprise activities were initiated
- Appendix S, perception of social enterprise engagement
- Appendix T, perceived impact of social enterprise engagement
- Appendix U, perception of the external environment

Nineteen statements were developed to explore the *reasons* why social service agencies choose to engage in social enterprise. *Viability* was identified by 78 % (n=151) of respondents as a reason for engaging in social enterprise, along with 62% (n= 119), indicating it was a tool to reduce the effect of unstable funding relationships. As well, 49% (n=91) of respondents indicated social enterprise provided opportunities for *client capacity building* through skill building and training in addition to improving client self-esteem 49% (n=89). Further, 79% (n=153) of respondents indicated social enterprise was initiated because the activity aligned with their agency's *mission*; in addition to having access to staff expertise and support 70% (n= 136) or board expertise and support 59% (n=113).

Nineteen statements explored participant *perceptions* of social enterprise engagement. Overall 82% (n=164) of respondents indicated strong support for enterprise engagement as a tool

to enhance agency *viability*, however a divergence of opinion was observed regarding whether these initiatives *consume scarce resources* given 32.2% (n=63) neither agreed nor disagreed, while 34% (n=67) of respondents indicated social enterprise engagement consumed scarce resources. On the other hand, almost half of the participants (n=94, 48.2%) indicated social enterprise *did not distract* from mission related work. Not surprisingly, respondents perceive additional *oversight* is required to manage these ventures on the part of staff 72% (n=142) and the organization's board 50% (n=97). At the same time respondents indicated social enterprise is perceived favourably by individual donors 68%, (n=135) and is considered an indicator of organizational effectiveness 66.7% (n=130). Moreover, a striking 86% (n=172) of participants perceive social enterprise as a tool to create positive community relations, address social needs 76% (n=149) in addition to helping to tackle social exclusion 61% (n=120).

Twenty-two statements explored the *impact* of social enterprise engagement in participating organizations. Overall 75% (n=148) of respondents viewed the impact of social enterprise as positive in terms of its ability to generate net income in support programs and services and agency *viability* 69% (n=135). While 43% (n=84) of respondents indicated social enterprise provides skill building and training opportunities for *clients*, more than a quarter of respondents 27% (n=53) stated it had a neutral impact. Surprisingly, one of the most positive impact areas concerned agency *reputation* in that 81% (n=162) of respondents suggest social enterprise engagement improved their organization's reputation. Similarly, 77% (n=153) of respondents observed that social enterprise contributed to building positive community relations

It is also interesting, that 50% (n=97) of participants considered the impact of social enterprise on board retention/recruitment as neutral along with 45% (n=86) who also viewed the impact on staff recruitment/retention as neither positive nor negative.

Seventeen statements were developed to explore the *external environment* in which social service agencies and registered charities operate. Data revealed a normal distribution of responses, however it is noteworthy that this question generated the fewest number of *non-applicable* responses overall, possibly suggesting respondents have very definitive views regarding the nature of the external environment and its potential impact upon their organization. Strong agreement was observed regarding participant exploration of alternate funding sources (n=236, 82.2%), the pressure to be more business-like (n=222, 78.1%), and the importance of an agency's reputation in attracting funding (n=268, 92.6%). Eighty-two percent (n=236) of respondents indicated that changes in the economic environment affected their agency's ability to access funding, along with 62% (n=176) who stated there was a *scarcity* of funding sources available to their agencies and as a result, 82% (n=236) indicated they were exploring other options to diversify funding sources

### **5.5 Examining the Survey Instrument**

The next step in reviewing the data was undertaking an *exploratory factor analysis* (EFA) to identify patterns and potential relationships amongst variables. Factor analysis is a statistical tool used to analyse responses to many different questions to determine the underlying structures or factors within a dataset (Tabachnick & Fidell, 1996). Most often, a factor analysis is used to reduce a large number of variables into a more manageable number of *factors* that can be used in subsequent analyses.

Because of the large number of variables in this study, the factor analyses were conducted to identify variable clusters to be used as composites for subsequent analysis (Vogt, 2007). The four factor analyses explored the instrument's underlying conceptual structure and potential relationships between variables in the following areas:

- the reasons why organizations engage in social enterprise (nineteen variables)
- the perceptions of social enterprise engagement (nineteen variables)
- the potential impact of social enterprise engagement (twenty-two variables)
- the perceptions of the external environment (seventeen variables)

While there are numerous statistical procedures that may be employed to extract factors from a correlation matrix, for this analysis IBM SPSS *Statistical Package for the Social Sciences* was used for which the default for the number of factors is based on the principal components solution with varimax rotation (Norusis, 2008). Although principal components analysis differs procedurally from factor analysis Wilkinson, Blank and Gruber (1996) state that, “Principal component and common factor solutions for real data rarely differ enough to matter (As cited in Norusis, 2008, p. 398).

Factor analysis is based upon the correlation values amongst variables. A correlation matrix was selected as the default analysis procedure, and any item with a factor loading less than 0.5 was eliminated from the analysis (Abu-Bader, 2011; Field, 2009). In each case, the first step in running the analysis was conducting a listwise correlation using participant data. The resultant correlation measurement (Pearson’s  $r$ ) was then classified as low, medium, or high correlation. Interpretation of Pearson’s  $r$  results was based upon a classification system in which a result less than .33 was considered a low correlation, whereas a Pearson’s  $r$  result between .33 and .66 was considered a medium correlation. Pearson’s  $r$  results greater than .66 were classified as high correlations. Results from the four analyses are presented in Appendices L, M, N, and O and an in-depth analysis of the procedures followed and the results obtained are included in the upcoming section.

### 5.5.1 Reasons for Social Enterprise Engagement

The first step in running the factor analysis was conducting a listwise correlation using participant data (n=102) and the distribution of variables revealed the following:

- 64.3% low correlation (110/171)
- 31.0% medium correlation (53/171)
- 4.7 % high correlation (8/171)

Given these results, scenarios were tested and the optimal result revealed a four-factor solution reflecting fourteen of the nineteen variables, explaining 73.1% of the total variance. All factor loadings were greater than .679 and reliability scores were calculated to assess the internal consistency of the survey statements and the emerging factors.

Appendix L presents individual factor loadings and percent(s) of variance, individual and cumulative, for the reasons why social enterprise was initiated at participant organizations. Factor one, *viability* reflects variable loadings ranging from .680 to .874, explaining 24.1% of the variance in the data, with an Eigenvalue = 3.371 and Cronbach's  $\alpha = .832$ . Five variables comprise this factor, reflecting reason clusters related to social enterprise engagement aimed at generating net income, responding to new market opportunities, reducing the effect of unstable or short term funding and addressing viability issues. Factor two, *client capacity building* reflects variable loadings ranging from .837 to .909, explaining 24.1% of the variance in the data, an Eigenvalue = 3.370 and Cronbach's  $\alpha = .929$ . Four variables comprise this factor, reflecting reason clusters relating to initiating social enterprise activities aimed at addressing client self-esteem through training, skill development in addition to providing income-earning opportunities. Factor three *support* reflects variable loadings ranging from .682 to .848, explaining 13.6% of the variance in the data, with an Eigenvalue = 1.903 and Cronbach's  $\alpha =$

.664. Three variables comprise this factor, reflecting reason clusters related to the support required to initiate, implement, and engage in social enterprise. Factor four, *mission* reflects two variable loadings of .879 and .780 respectively, explaining 11.4% of the variance in the data, an Eigenvalue = 1.595 and Cronbach's  $\alpha = .748$ . Factor four comprises two variables, which reflect social enterprise engagement as a tool to address social needs and issues in a creative way.

Figure 5.5 presents a summary of the reason factors that emerged from the factor analysis, a description of each factor along with their reliability coefficients.

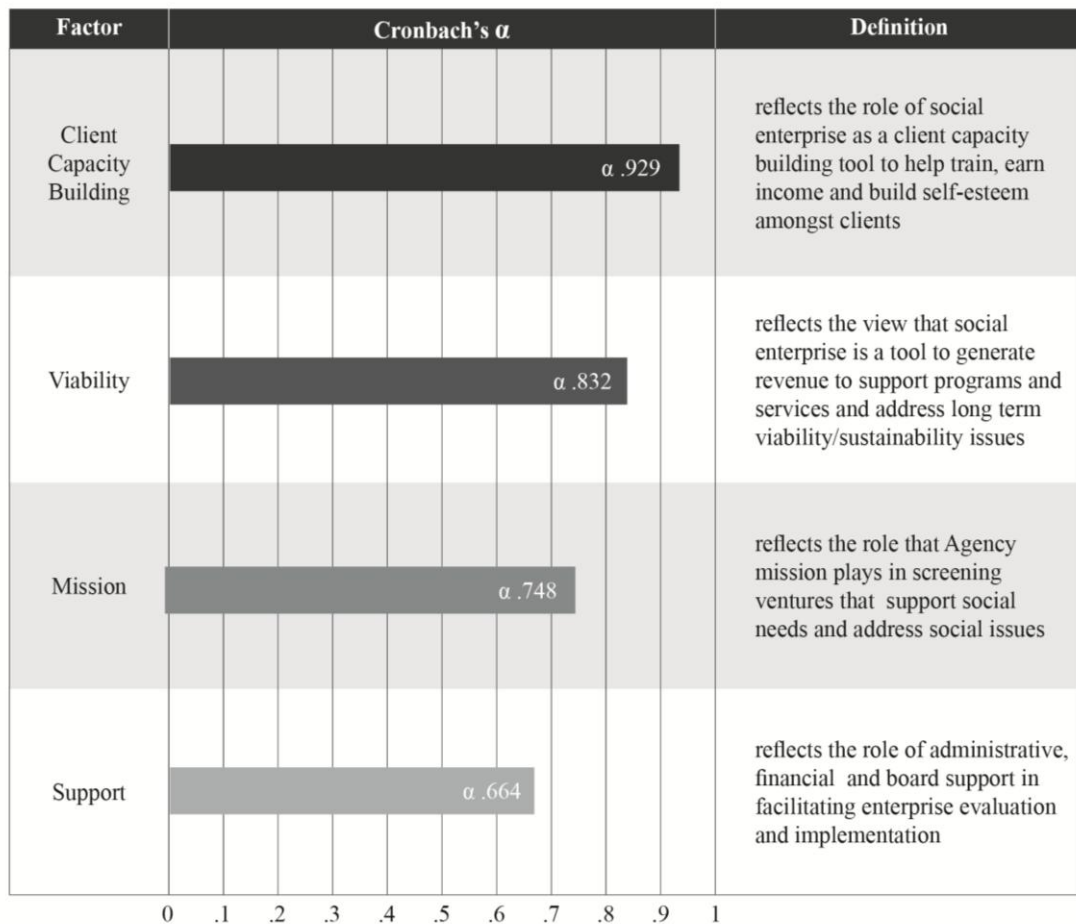


Figure 5.5 Reason Factors and Definitions

### 5.5.2 Perceptions of Social Enterprise Engagement

The first step in running the factor analysis was conducting a listwise correlation using participant data (n=145) and the distribution of variables revealed the following:

- 73.1% low correlation (125/171)
- 17.5% medium correlation (30/171)
- 9.4% high correlation (16/171)

Given the results above, scenarios were tested and the optimal result revealed a five-factor solution, reflecting eighteen of the nineteen variables, explaining 75.2% of the total variance. All factor loadings were greater than .632 and reliability scores were calculated to assess the internal consistency of the survey statements and the emerging factors.

Appendix M presents individual factor loadings and percents of variance, individual and cumulative, of respondent perceptions of social enterprise. Factor one, *viability* reflects variable loadings ranging from .774 to .903, explaining 25.6% of the variance in the data, an Eigenvalue = 4.602 and Cronbach's  $\alpha = .936$ . Six variables comprise factor one, reflecting clusters related to the perspective that social enterprise engagement generates net income and unrestricted revenue streams, reduces the effect of unstable funding, the effect of changes in the economic environment thereby helping to address viability issues. Factor two, *reputation* reflects variable loadings ranging from .712 to .881, explaining 20.4% of the variance in the data, an Eigenvalue = 3.670 and Cronbach's  $\alpha = .883$ . Five variables comprise this factor, reflecting clusters that emphasize the perspective social enterprise is viewed favorably by stakeholders and potential funders (government, foundations, corporations, individual donors). Factor three, *mission* reflects variable loadings ranging from .633 to .872, explaining 11.5% of the variance in the data, an Eigenvalue = 2.078 and Cronbach's  $\alpha = .768$ . Three variables comprise this factor, which

together emphasize the perspective that social enterprise engagement may create positive community relations in that it can address social issues and social exclusion of marginalized people. Two variables comprise factor four, *increased oversight*, reflecting variable loadings ranging from .838 to .875, explaining 9.3% of the variance in the data, an Eigenvalue = 1.666 and a Cronbach's  $\alpha = .735$ . Together these variables reflect the perspective that social enterprise requires increased oversight on the part of both management and the board. The fifth factor, *distraction* reflects variable loadings ranging from .811 to .819, explaining 8.5% of the variance in the data, an Eigenvalue = 1.524 and Cronbach's  $\alpha = .616$ . Two variables comprise factor five, reflecting the perspective that social enterprise may consume an organization's scarce resources and distract organizations from mission-related work.

*Figure 5.6* presents a summary of the perceptions factors that emerged from the analysis, a description of each along with their reliability coefficients.



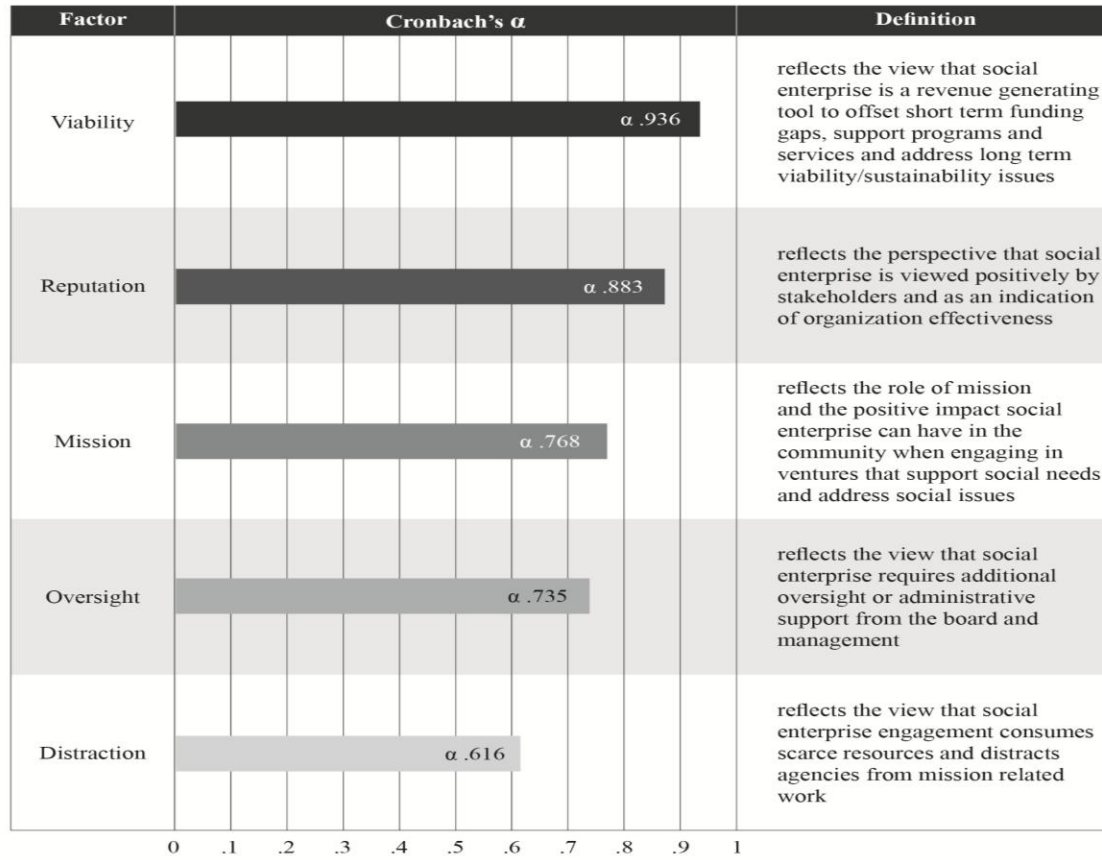


Figure 5.6 Perception Factors and Definitions

### 5.5.3 Impact of Social Enterprise Engagement

The first step in running the factor analysis was conducting a listwise correlation using participant data (n=94) and the distribution of variables revealed the following:

- 53.2 % low correlation (123/231)
- 43.3% medium correlation (100/231)
- 3.5% high correlation (8/231)

Given the results above, scenarios were tested and the optimal result revealed a five-factor solution that reflected twenty-one of the twenty-two variables, explaining 71.0% of the total variance. All factor loadings were greater than .610 and reliability scores were calculated to assess the internal consistency of the survey statements and the emerging factors.

Appendix N presents individual factor loadings and percent(s) of variance, individual and cumulative, of respondent perceptions of social enterprise. Factor one, *viability* reflects variable loadings ranging from .663 to .847, explaining 19.5% of the variance in the data, an Eigenvalue = 4.104 and Cronbach's  $\alpha = .913$ . Six variables comprise factor one, reflecting impact clusters related to organization viability, the generation of net income and unrestricted funds, reducing the effect of unstable funding and changes in the economic environment. Factor two, *client capacity building* reflects variable loadings ranging from .725 to .907, explaining 18.0% of the variance in the data, an Eigenvalue = 3.783 and Cronbach's  $\alpha = .896$ . Five variables comprise factor two and reflect impact clusters related to improving client self-esteem, tackling social exclusion, and providing training, skill development, and income earning opportunities to clients. Factor three, *administration* reflects variable loadings ranging from .628 to .748, explaining 13.0% of the variance in the data, an Eigenvalue = 2.737 and Cronbach's  $\alpha = .785$ . Four variables comprise factor three, reflecting impact clusters associated with increased oversight duties and increased attention to the recruitment and retention of board and staff. Factor four, *reputation* reflects variable loadings ranging from .611 to .812, explaining 11.6% of the variance in the data, an Eigenvalue = 2.429 and a Cronbach's  $\alpha = .729$ . Four variables comprise factor four reflecting response clusters related to the impact of social enterprise engagement on an organization's mission, its reputation, donor recruitment, and enhancing community relations.

Factor five, *staff capacity building* reflects variable loadings ranging from .672 to .790, explaining 8.8% of the variance in the data, an Eigenvalue = 1.854 and Cronbach's  $\alpha$  was .671. Two variables comprise this factor, reflecting impact clusters related to providing employees opportunities to explore innovative endeavours, learn new skills, and explore new ways of thinking.

Figure 5.7 presents a summary of the impact factors that emerged from the factor analysis, a description of each along with their reliability coefficients.

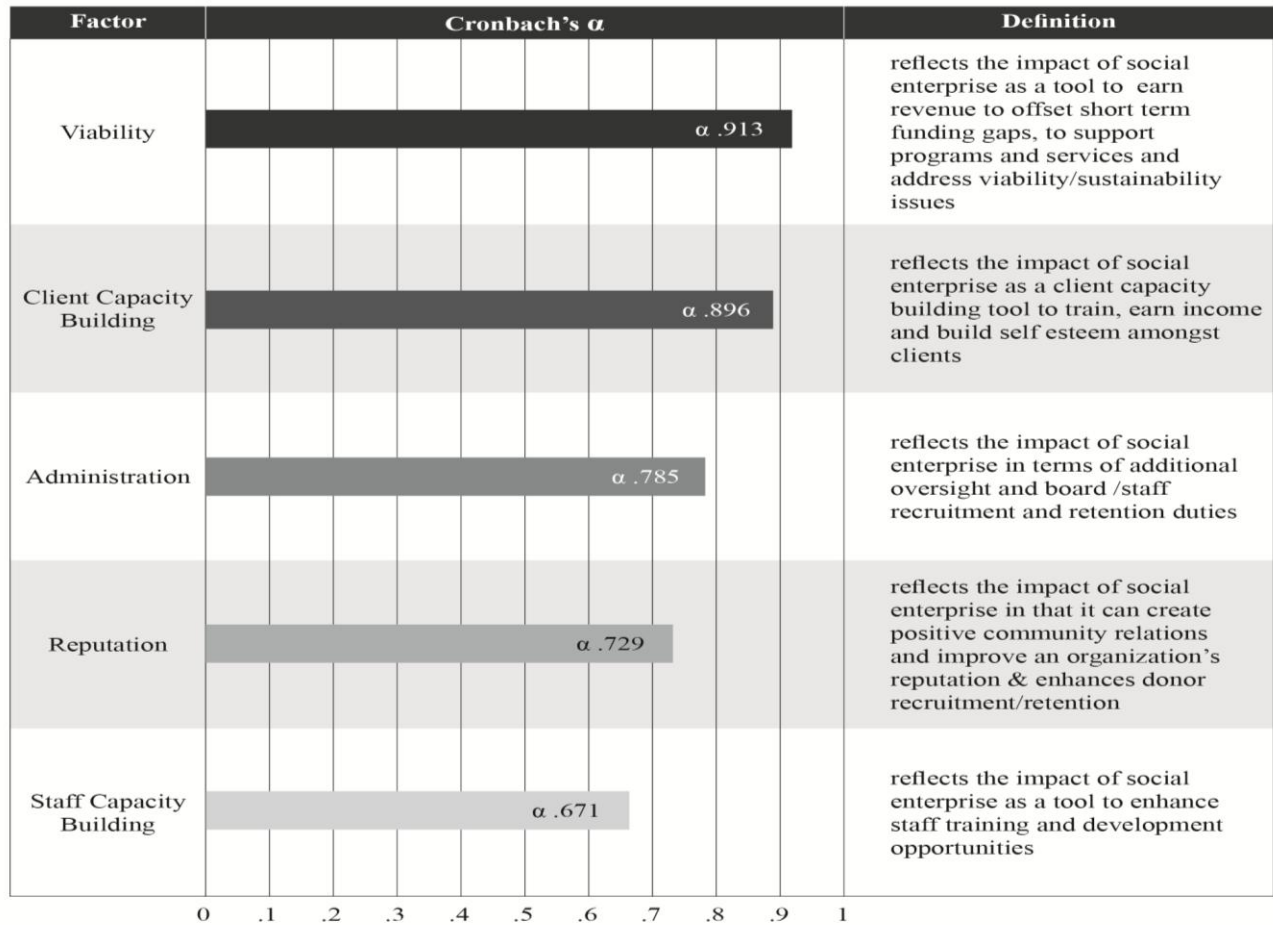


Figure 5.7 Impact Factors and Definitions

### 5.5.4 Perception of the External Environment

The first step in running the factor analysis was conducting a listwise correlation using participant data (n=199) and the distribution of variables revealed the following:

- 91.2% low correlation (124/136)
- 8.1% medium correlation (11/136)
- 0.7% high correlation (1/136)

Given the results above, scenarios were tested and the optimal result revealed a five-factor solution that reflected thirteen of the seventeen variables, explaining 63.7% of the total variance. According to the Kaiser Normalization the analysis indicated a four factors, however the scree test suggested a five factor solution which appeared to be the better option. Since factor five revealed an Eigenvalue = .98 and explained a meaningful portion of the variance (7.5%), it was retained in the analysis. All factor loadings were greater than .630 and reliability scores were calculated to assess the internal consistency of the survey statements and the factors that emerged.

*Appendix O* presents individual factor loadings and percent(s) of variance, individual and cumulative, of respondent perceptions of the external environment in which their organizations are located. Factor one, *competition* reflects variable loadings ranging from .631 to .820, explaining 23.9% of the variance in the data, an Eigenvalue = 3.107 and Cronbach's  $\alpha$  = .619. Three variables comprise this factor, reflecting response clusters related to the competitive nature of the voluntary sector and the influence the economic climate has on nonprofit organizations. Factor two, *legitimacy* reflect variable loadings ranging from .637 to .753, explaining 12.3% of the variance in the data, an Eigenvalue = 1.595 and Cronbach's  $\alpha$  = .578. Factor two comprises three variables, reflecting the view that agencies feel increased pressure to be businesslike in an effort to appear as legitimate and credible. Factor three *regulation* reflects variable loadings ranging from .885 to 899. The Eigenvalue was 1.383, Cronbach's  $\alpha$  = .834 and two variables explained 10.6% of the variance in the data. The variables that comprise factor three reflect the perception that social service agencies and registered charities are regulated and controlled. Factor Four, *mimic* reflects variable loadings ranging from .639 to .770 for three variables, explaining 9.4% of the variance in the data. The Eigenvalue was 1.222 and Cronbach's  $\alpha$  was

.547. Factor four reflects the tendency amongst agencies to organize similarly, looking to similar organizations for innovative ideas or ways to diversify revenue streams. It also encompasses the notion that agencies tend to be dependent on a small number of funders or donors. Factor five, *reputation* reflects variable loadings for two variables that explained 7.5% of the variance in the data, an Eigenvalue = .979 and Cronbach's  $\alpha = .602$ . This factor reflects the importance of an organization's reputation to nonprofit sector actors looking to attract funding from prospective stakeholders.

Figure 5.8 presents a summary of the external factors that emerged from the factor analysis, a description of each along with their reliability coefficients.

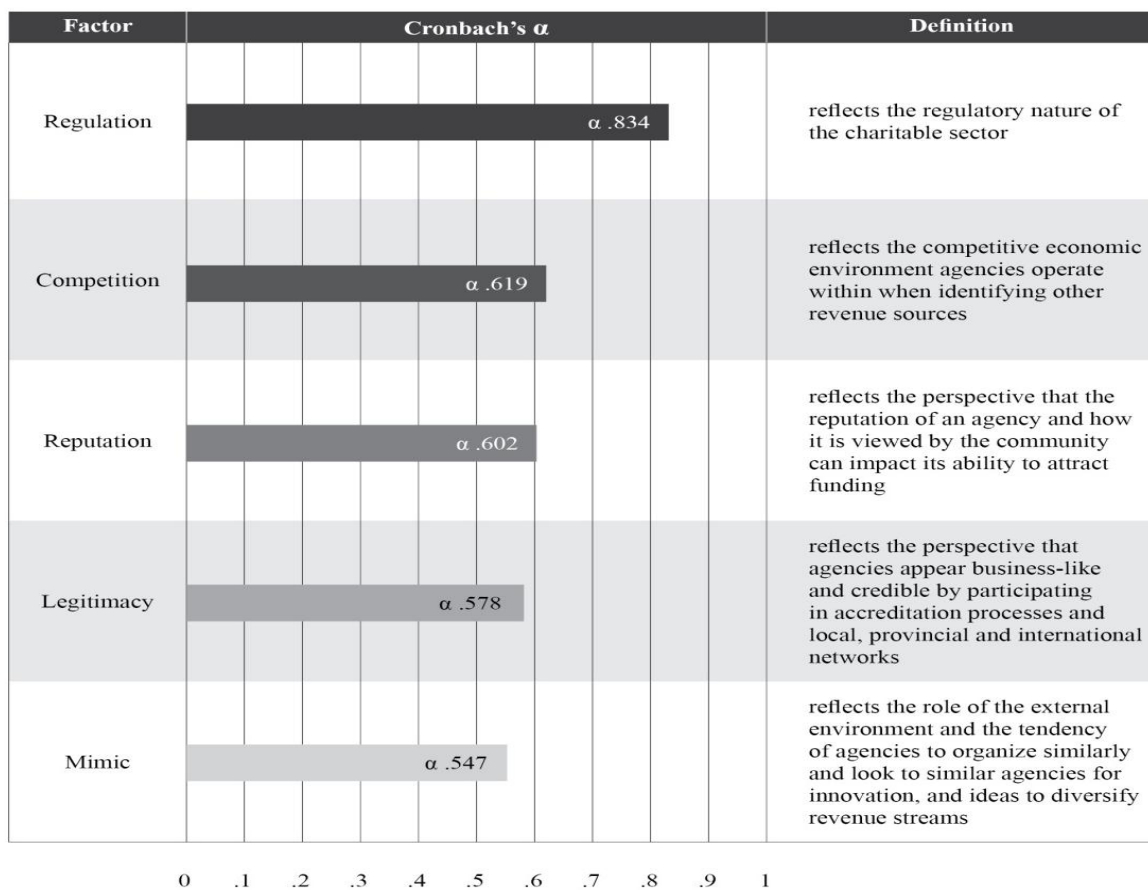


Figure 5.8 External Factors and Definitions

To summarize, the four factor analyses were conducted using principal components analysis to examine a large dataset, comprising 78 variables. The four survey questions, from which the 78 variables originated, explored the reasons, perceptions, and impact of social enterprise engagement along with perceptions of the external environment. Descriptions of each composite and their respective Cronbach's  $\alpha$  indicated the survey instrument developed by the researcher, reflected acceptable scale reliability overall. While 17 of the 19 composite factors revealed reliability coefficients greater than .600, two external factors did not, *legitimacy* and *mimic* and as a result, findings associated with these two factors should be interpreted with caution. Reliability coefficients for the remaining 17 factors demonstrated robust results, suggesting instrument factor dimensions may be considered trustworthy overall. *Figure 5.9* summarizes the 19 composite variables.

The factor analyses also revealed several common themes. First, the *viability* factor was identified across three of the four matrix questions: reasons, perceptions, and impact of social enterprise engagement. The overarching nature of the *viability* factor is noteworthy in that it reflects the perception that social enterprise may be a tool to enhance agency sustainability in the long term. Similarly, the *reputation* factor was identified across three of the four analyses: perceptions, impact, and the external environment, reinforcing the importance of agency *reputation* in attracting funders, maintaining stakeholder relationships, and interacting with the community. A third theme that emerged from the perception and impact factor analyses concerned *oversight*, *distraction*, and *administration* factors. This result reflects the perception that social enterprise engagement requires additional oversight, administration and may distract organizations from mission related work.

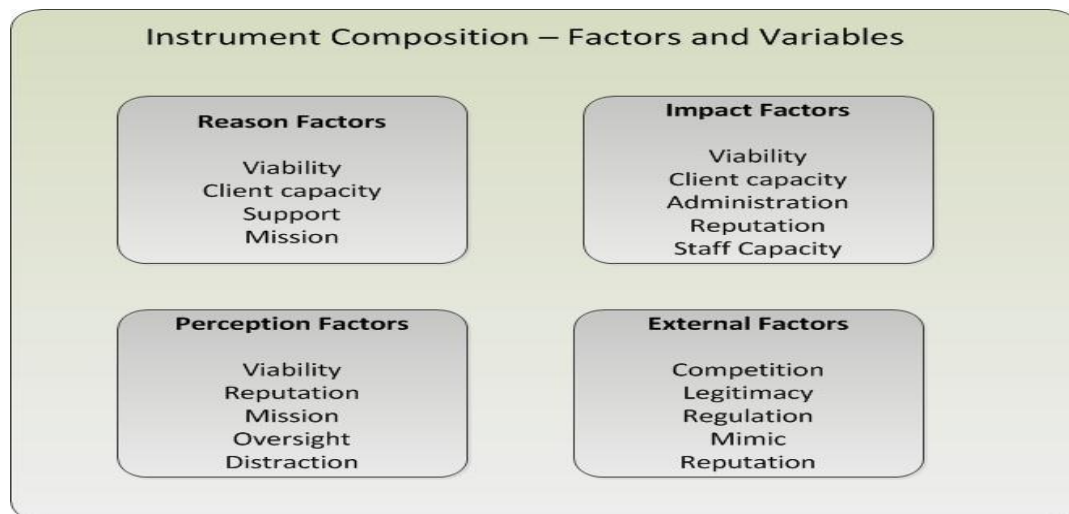


Figure 5.9 Instrument Composition - Factors and Variables

## 5.6 Exploring the Reasons, Perceptions and Impact of Social Enterprise Engagement

As with any research study, the research questions posed determine the analysis to be undertaken. This portion of the chapter provides a more detailed analysis and commentary in response to the following questions: *Why do organizations engage in social enterprise? What is the impact of social enterprise in Alberta's social service agencies? How do social service agencies perceive social enterprise? How do social service agencies view their external environment?*

Upon completion of the factor analyses, several examinations were undertaken to answer these questions using a multivariate analysis of variance (MANOVA) and independent samples t-tests where required. MANOVA is used to detect, "mean differences between levels of one or more independent variables on two or more dependent variables" (Abu-Bader, 2010 p. 258). The *F statistic* tests whether or not a *statistically significant difference* in the means between the independent variable(s) exists. If the overall multivariate test is significant, the univariate results

or differences between the groups are investigated further. As well, when undertaking multivariate analysis, the following rules and assumptions must be abided. (Field, 2009):

- independent variable is categorical
- dependent variable is continuous
- observations are independent of one another
- adequate sample size ( $n > 30$ )

Because the entire population was invited to participate in this study, the *sample* used was not randomly selected and as a result *multivariate normality* and *homogeneity* was evaluated using IBM’s SPSS *Statistical Package for the Social Sciences*©. Multivariate normality was assessed to ensure it existed between the grouping and dependent variables. Concurrently, homogeneity of variance was examined for each individual MANOVA run to ensure the distribution between the dependent variables was equal across the independent grouping variables. Table 5.8 summarizes the grouping variables used for each investigation of the reasons, perceptions, impact of social enterprise engagement in addition to the external environment in which Alberta’s social service agencies operate. Therefore, the remainder of this section presents the results from these investigations.

Table 5.8 *Grouping variables (independent variables)*

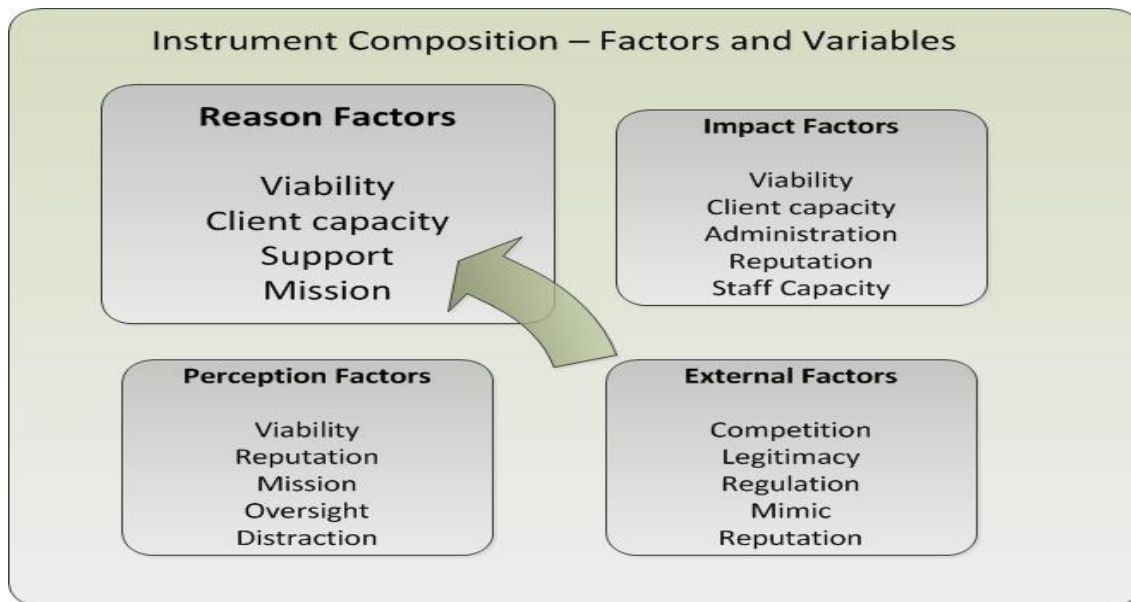
	Total Annual Revenue	Organization Age	Engagement Experience
Group 1	≤ \$2,000,000	< 30 years	some, but limited
Group 2	> \$2,000,000	≥ 30 years	considerable



### 5.6.1 Why do Organizations Engage in Social Enterprise?

*Overall our social enterprise covers the majority of our administrative expenses, allowing us to channel all donations and fundraising directly to [organization identifier] and fulfilling our mission. Unfortunately we are currently experiencing challenges with CRA which has required internal restructuring into a separate legal entity, which provides no real benefit to the charity and costs additional money. (Case # 19)*

One of the first questions this study sought to examine concerned *why do organizations engage in social enterprise?* When analysing the reasons why organizations engage in social enterprise the factor analysis generated four factors: *viability, client capacity, support, and mission* (refer to *Figure 5.10*). The four factors were input into the model as dependent variables, while *total annual revenue, organization age, and social enterprise experience* were treated as the independent, or grouping variables, as per Table 5.8.



*Figure 5.10* Instrument Composition – Reason Factors and Variables

### 5.6.1.1 Total revenue.

The first analysis explored the reasons why organizations engage in social enterprise, using *total revenue* as the grouping or independent variable and the four reason factors as dependent variables. To determine whether significant differences existed between the two revenue groupings, respondents were categorized into two groups, group one included organizations reporting total revenue  $\leq$  \$2,000,000 while group two included agencies reporting total revenue in excess of \$2,000,000. A MANOVA was calculated for the two relatively equal groupings, group one (n=72) and group two (n=62), while multivariate normality was achieved with the elimination of 12 cases, Box's Test of Equality of Variance was not significant,  $p=.133$ .

The means results presented in Table 5.9, revealed group two organizations rated *viability* and *client capacity-building* factors more favourably than their group one counterparts did. This suggests organizations reporting total revenue in excess of \$2,000,000, view social enterprise engagement more positively, as a tool to increase organizational *viability* or a vehicle to leverage *client capacity building* opportunities. Interestingly, the highest scoring factor for both revenue groups was *mission*, suggesting that an organization's mission is an important consideration for agencies engaged in social enterprise regardless of size. Table 5.9 also presents results from the overall multivariate test (MANOVA), revealing no significant differences between the two revenue groupings,  $F(4, 129) = .483, p=.748$ . This result is noteworthy in that it suggests the reasons why agencies engage in social enterprise do not differ when grouping agencies by the size of their organization's budget.

Table 5.9 Means Table Results and Multivariate Analysis – Reason Factors – Total Revenue

Category	Mean Results			MANOVA Results		
	N	M	SD	F	DF	Probability
<b>Overall MANOVA</b>				.483	4,129	.748
<b>Viability</b>						
revenue ≤ \$2,000,000	72	3.97	.705	.179	1,132	.673
revenue > \$2,000,000	62	4.02	.759			
Total	134	4.00	.728			
<b>Client Capacity</b>						
revenue ≤ \$2,000,000	72	3.41	1.086	.075	1,132	.785
revenue > \$2,000,000	62	3.47	1.272			
Total	134	3.44	1.172			
<b>Support</b>						
revenue ≤ \$2,000,000	72	3.62	.680	.720	1,132	.398
revenue > \$2,000,000	62	3.51	.917			
Total	134	3.57	.797			
<b>Mission</b>						
revenue ≤ \$2,000,000	72	4.22	.764	.484	1,132	.488
revenue > \$2,000,000	62	4.12	.803			
Total	134	4.17	.781			

#### 5.6.1.2 Organization age.

*Our experience is limited, but growing. We have utilized the proceeds from our housing to support the operations of our organization where contracts do not provide for needs. We are working towards expanding our social enterprise activities. These activities are good for the organization only if they can generate enough revenue to cover expenses. Our one other social enterprise endeavour showed a loss fiscally, but great gains for the people involved. These activities are good for clients in offering work readiness, experience, skills, social interaction, self-esteem building (Case #192)*

To determine whether significant differences existed regarding reasons why social enterprise activities were initiated, respondents were categorized by *organization age*.

Respondents were divided into two relatively equal age groupings, group one (n=61), comprised agencies operating less than 30 years, while group two (n=76), included agencies operating 30 or more years. Multivariate normality was achieved with the elimination of nine cases, Box's M Test of Equality of Variance was not significant,  $p=.056$ .

The means results presented in Table 5.10 indicate the greatest difference between the groups in the *viability* factor, suggesting older organizations identified *viability* more favourably than their younger counterparts did. This result was also observed in the *support* factor, suggesting older organizations engage in social enterprise because of the support they have access to, whether in the form of financial support or support from board or staff. Mean differences between groups for the remaining variables were negligible. Table 5.10 also presents the overall results from the Tests of Between-Subjects Effects, reflecting a significant difference between the two groups based upon age,  $F(4, 132) = 3.347, p=.012$ .

Of the four variables, the test revealed significant differences between the two age groups for the *viability* factor,  $F(1,135) = 8.481, p=.004$ , suggesting older organizations tend to engage in social enterprise for *viability* related reasons more than their younger counterparts. No other significant differences between groups were observed.

Table 5.10 Means Table Results and Multivariate Analysis – Reason Factors – Agency age

Category	Mean Results			MANOVA Results		
	N	M	SD	F	DF	Probability
<b>Overall MANOVA</b>				3.347	4,132	.012
<b>Viability</b>						
agency age < 30 years	61	3.75	.872	8.481	1,135	.004
agency age ≥ 30 years	76	4.13	.636			
Total	137	3.96	.770			
<b>Client Capacity</b>						
agency age < 30 years	61	3.44	1.255	.223	1,135	.637
agency age ≥ 30 years	76	3.34	1.173			
Total	137	3.39	1.207			
<b>Support</b>						
agency age < 30 years	61	3.41	.946	2.935	1,135	.089
agency age ≥ 30 years	76	3.65	.703			
Total	137	3.54	.826			
<b>Mission</b>						
agency age < 30 years	61	4.19	.876	.282	1,135	.597
agency age ≥ 30 years	76	4.11	.811			
Total	137	4.15	.838			

### 5.6.1.3 Social enterprise experience.

The third MANOVA grouping compared organizations self-identifying as having *some* experience versus those with *considerable* experience. In this analysis, social enterprise experience was treated as the grouping variable and the four reason factors were input as dependent variables. Respondents were clustered into two experience groupings, wherein group one (n=98), comprised organizations with *some* experience, while group two (n=41) included organizations with *considerable* experience. All assumptions were met and multivariate

normality was achieved with the elimination of one case, while Box's M Test of Equality of Variance was not significant,  $p=.053$ .

The means results presented in Table 5.11 indicated the *mission* factor was the most favourably rated factor, while the least supported reason for engaging in social enterprise was *client capacity building*. Interestingly in all cases, agencies with *considerable* social enterprise experience (group two), scored all factors more favourably when compared to their less experienced counterparts. This result is interesting in that it indicates organizations with *considerable* experience have more positive views of social enterprise than their less experienced counterparts did.

Table 5.11 also presents the overall Tests of Between-Subjects Effects results which did not reveal significant differences between organizations based upon experience,  $F(4, 134) = 2.033$ ,  $p=.093$ . It is however noteworthy that a significant difference between the two groups was observed in the *viability* variable,  $F(1,137) = 8.110$ ,  $p=.005$ , suggesting further investigation was required. Because of this unusual result, a separate MANOVA was run for the three non-significant factors: *client capacity building*, *support*, and *mission* and once again overall results were not significant,  $F(3, 138) = .546$ ,  $p=.652$ . At the same time, an independent samples t-test was run for the *viability* variable to examine it more closely.

The means and t-test results are presented in Table 5.12. Means results reflect differences between the two experience groupings, group one ( $M=3.84$ ,  $SD=.892$ ) and group two ( $M=4.30$ ,  $SD=.603$ ), indicating strong identification amongst agencies with *considerable* experience for *viability* as a reason for social enterprise engagement. The independent samples t-test comparing *viability* reasons for social enterprise engagement for the two groups revealed a significant

result,  $t(194) = -3.516, p = .001$  indicating organizations with *considerable* experience are more inclined to engage in social enterprise for *viability* related reasons.

Table 5.11 Means Table Results and Multivariate Analysis – Reason Factors – Experience

Category	Mean Results			MANOVA Results			
	N	M	SD	F	Source: Experience	DF	Probability
<b>Overall MANOVA</b>				2.033		4,134	.093
<b>Viability</b>							
some experience	98	3.80	.851	8.110	1,137		.005
considerable experience	41	4.22	.630				
Total	139	3.92	.813				
<b>Client Capacity</b>							
some experience	98	3.37	1.209	.113	1,137		.737
considerable experience	41	3.45	1.230				
Total	139	3.39	1.211				
<b>Support</b>							
some experience	98	3.46	.885	1.367	1,137		.244
considerable experience	41	3.64	.758				
Total	139	3.51	.851				
<b>Mission</b>							
some experience	98	4.12	.855	.668	1,137		.415
considerable experience	41	4.24	.776				
Total	139	4.16	.832				

Table 5.12 Means and Independent Samples *t* test – Viability Reason – Experience

	N	M	SD	SEM
<b>Viability</b>				
Some Experience	141	3.84	.892	.075
Considerable Experience	55	4.30	.603	.081
Viability $t_{\text{Equal variances assumed}} = t(194) = -3.516, p = .001$				

## 5.6.2 What is the Impact of Social Enterprise Engagement?

*It has assisted in bringing recognition to the organization, not necessarily huge amounts of income. It provides an opportunity to link with other businesses in the community opening doors for client involvement/employment, as well as participants in fundraising activities. You are seen as not 'just a taker' from society, but a contributor. (Case # 83)*

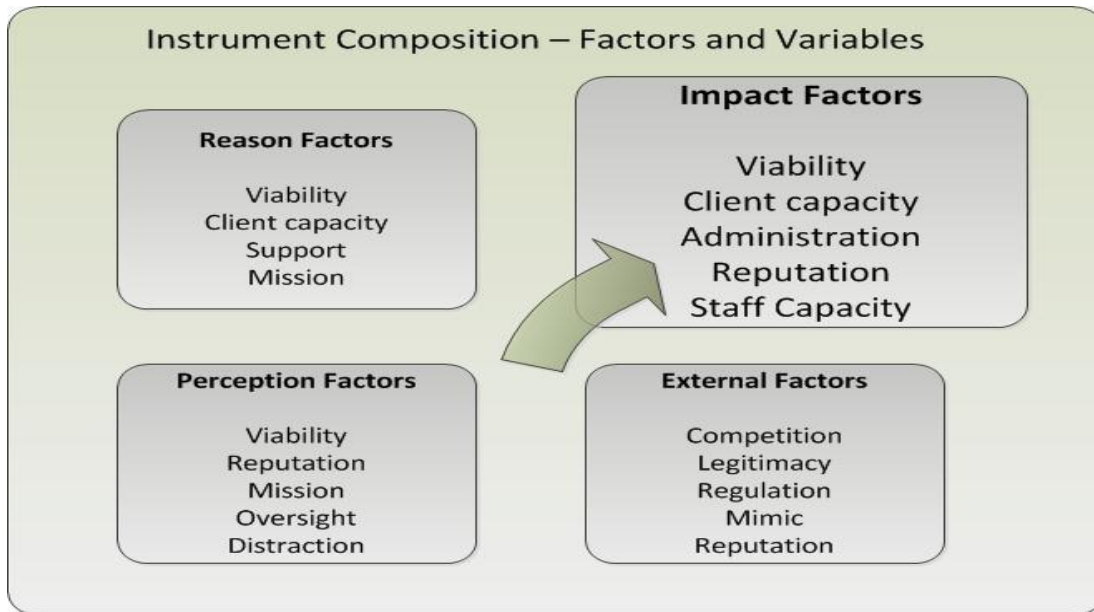


Figure 5.11 Instrument Composition – Impact Factors and Variables

The second question this study considered was the impact of social enterprise engagement. When examining the impact, the factor analysis generated five factors: *viability*, *client capacity building*, *administration*, *reputation*, and *staff capacity building* as per Figure 5.11. The five factors were input into the model as dependent variables, while *total annual revenue*, *organization age*, and *social enterprise experience* were treated as the independent, or grouping variables.

Two survey questions explored the impact of social enterprise engagement. Question 16 comprised 22 statements for which respondents were asked to assess *impact* using a matrix format that included a five point Likert scale. Response options included *very negative*, *negative*,



*neutral, positive, or very positive* in addition to *not applicable*. Furthermore, question 17 provided respondents an opportunity to provide commentary regarding their experience and the overall impact of social enterprise engagement in their agencies. It is noteworthy that 161 of the 215 participants (74.9%) indicating they had experience, provided commentary, most of which was quite detailed. As a result, this section of analysis includes statistical test results interspersed with participant commentary where appropriate. The first of these analyses, explores the impact of social enterprise engagement, using *total revenue* as the grouping variable and the *impact* factors as dependent variables.

#### **5.6.2.1 Total revenue.**

The first analyses explores whether significant differences exist between groupings of agencies by total annual *revenue* regarding the impact of social enterprise engagement. MANOVA was calculated, comparing the five impact factors by two relatively equal revenue groupings. Group one (n=78) comprise organizations reporting total revenue less  $\leq$  \$2,000,000, while group two (n=70) includes organizations reporting total revenue in excess of \$2,000,000. All assumptions were abided and multivariate normality was achieved with the elimination of two cases. Box's M Test of Equality of Variance did not reveal significant differences between the variances for the two groups,  $p=.213$ . The mean scores for the five impact factors were examined and the most positively scored variable was *reputation*, suggesting respondents believed social enterprise engagement enhanced their organization's reputation. The lowest scoring factor was *administration*, and because this variable was reverse coded, this result suggests respondents perceived that social enterprise engagement requires greater administrative support relative to management and oversight responsibilities.

The overall Tests of Between Subjects Effects,  $F(5, 142) = .720, p=.609$ , revealed no significant differences in the impact of social enterprise activities between the two revenue groups studied. This finding is interesting in that it suggests organizations view the impact of social enterprise similarly regardless of the size of an organization's budget.

#### **5.6.2.2 Organization age.**

*The impact on the organization has been cost neutral but has enhanced the image of the organization in the community as one that provides opportunities for clients to experience and practice real work skills and give them a "resume" which they can use to apply for work in the community (case #114)*

The second set of MANOVAs compared the impact of social enterprise engagement by *organization age*. Respondents were divided into two relatively equal sized age groupings, group one (n=68), comprised agencies operating less than 30 years, while group two (n=79), included agencies operating 30 or more years. Multivariate normality was achieved with the elimination of three cases and Box's M Test of Equality of Variance was not significant,  $p=.801$ .

Table 5.13 presents means results for the five impact factors. Once again, the most positive means score was observed for the *reputation* factor, suggesting respondents believe an organization's reputation may be enhanced when engaged in social enterprise. The least positively scored variable was *administration*, again suggesting that enterprise engagement may negatively influence operations given the perception that it increases oversight and management duties.

Table 5.13 also presents the overall results from the Tests of Between Subjects Effects,  $F(5, 141) = 1.447, p=.211$ , revealing no significant differences in the impact of social enterprise activities between the two groups, based upon organization age. However, because two of the five variables were significant, *viability*  $F(1, 145) = 5.507, p=.020$  and *administration*  $F(1, 145) = 3.962, p=.048$ , further investigation was undertaken.

Table 5.13 Means Table Results and Multivariate Analysis – Impact Factors – Agency age

Category	Mean Results			MANOVA Results Source: Agency age		
	N	M	SD	F	DF	Probability
<b>Overall MANOVA</b>				1.447	5,141	.211
<b>Viability</b>						
agency age < 30 years	68	3.64	.574	5.507	1,145	.020
agency age ≥ 30 years	79	3.86	.595			
Total	147	3.75	.594			
<b>Client Capacity</b>						
agency age < 30 years	68	3.79	.662	.343	1,145	.559
agency age ≥ 30 years	79	3.72	.664			
Total	147	3.75	.662			
<b>Administration</b>						
agency age < 30 years	68	3.42	.535	3.962	1,145	.048
agency age ≥ 30 years	79	3.61	.637			
Total	147	3.52	.598			
<b>Reputation</b>						
agency age < 30 years	68	3.91	.573	.607	1,145	.437
agency age ≥ 30 years	79	3.98	.510			
Total	147	3.95	.539			
<b>Staff Capacity</b>						
agency age < 30 years	68	3.58	.621	.231	1,145	.632
agency age ≥ 30 years	79	3.63	.683			
Total	147	3.61	.653			

Because of the unusual result in which the MANOVA was not significant, but two univariates were as per Table 5.13, another MANOVA was run for the three remaining variables *client capacity building*, *reputation* and *staff capacity building*, indicating non-significant results,  $F(3,147)=.709$ ,  $p=.548$ . Additionally, an independent samples t-test was run for the two significant univariates *viability* and *administration*, with an adjustment for the Type I error rate, decreasing the significance level to 0.025.

Independent samples t-test results are presented in Table 5.14. Mean results suggest older organizations (M=3.9, SD= .64), viewed the impact of social enterprise initiatives more favourably than their younger counterparts did (M=3.7, SD=.61). The independent samples t-test for the *viability* factor, revealed a significant difference, at the adjusted significance level ( $p < 0.025$ ),  $t(178) = -2.643$ ,  $p = .009$ . This result suggests significant differences between the two groups exist for the *viability* factor in terms of the impact of social enterprise engagement as a revenue-generating tool to support programs and services. It is noteworthy that the independent samples t-test for the *administration* factor did not reveal significant differences between the two groups at the adjusted significance level ( $p < .025$ ),  $t(178) = -1.817$ ,  $p = .071$ .

Table 5.14 *Means & Independent Samples t test- Viability & Administration Impact –Age*

	N	M	SD
<b>Viability</b>			
Agency Age < 30 Years	82	3.66	.608
Agency Age ≥ 30 Years	98	3.90	.639
<b>Administration</b>			
Agency Age < 30 Years	82	3.43	.594
Agency Age ≥ 30 Years	98	3.60	.626
Viability $t_{\text{Equal variances assumed}} = t(178) = -2.643$ , $p = .009$			
Administration $t_{\text{Equal variances assumed}} = t(178) = -1.817$ , $p = .071$			

### 5.6.2.3 Social enterprise experience.

*We operate a year round Garage Sale/Thrift Store on our premises using donated items and volunteer labour. The revenue generated by the thrift store has been instrumental in ensuring we have the funds to offer our programs and services. It gives a great option to donors who may have other things to give, it shows our community that we are innovative and creative in trying to sustain our organization, and it gives our clients the opportunity to purchase household and other items at reduced pricing. Our Garage Sale is very much in line with our mandate, and the revenue has become an invaluable resource for our organization. (Case #33)*

The third set of analyses examined the impact of social enterprise engagement when grouping agencies by their level of engagement, whether *some* or *considerable*. In this analysis, social enterprise experience was treated as the grouping variable and the five impact factors were input as the dependent variables. Respondents were clustered into two experience groupings wherein group one (n=108), comprised organizations with *some* experience, while group two (n=40) comprised organizations with *considerable* experience. All assumptions were abided and multivariate normality was achieved with the elimination of two cases. Although the number of cases in the two groups was unbalanced, Box's M Test of Equality of Variance  $p=.286$ , did not reveal significant differences between the variances of the groups for the five factors.

Table 5.15 presents the means results for the impact factors by the experience of survey respondents. The *reputation* means result reflects the most positively scored variable and agencies with *considerable* experience viewed this factor more favorably than their less experienced counterparts did. The lowest means result was observed for the *administration* factor, suggesting additional management and oversight responsibilities are required when agencies engage in social enterprise. Last, it is also noteworthy that in all cases, agencies with considerable experience were more positive regarding the impact the factors had on their organizations.

Table 5.15 also presents the overall results from the Tests of Between Subjects Effects,  $F(5, 142) = 2.600, p=.028$ , which revealed significant differences between the two groups. Moreover, four of the five factors revealed significant results, suggesting that organizations with *considerable* social enterprise experience view the impact of these activities differently than their less experienced counterparts. Most interestingly, no significant results were revealed relative to

the *client capacity building* impact factor. This finding is noteworthy in that it may suggest organizations view this impact similarly regardless of their experience with social enterprise.

Table 5.15 Means Table Results and Multivariate Analysis – Impact Factors – Experience

Category	Mean Results			MANOVA Results Source: Experience		
	N	M	SD	F	DF	Probability
<b>Overall MANOVA</b>				2.600	5,142	.028
<b>Viability</b>						
some experience	108	3.68	.580	5.864	1,146	.017
considerable experience	40	3.95	.589			
Total	148	3.75	.592			
<b>Client Capacity</b>						
some experience	108	3.70	.718	.696	1,146	.406
considerable experience	40	3.81	.637			
Total	148	3.73	.697			
<b>Administration</b>						
some experience	108	3.42	.565	10.899	1,146	.001
considerable experience	40	3.78	.614			
Total	148	3.52	.598			
<b>Reputation</b>						
some experience	108	3.88	.546	.6.843	1,146	.010
considerable experience	40	4.13	.471			
Total	148	3.95	.538			
<b>Staff Capacity</b>						
some experience	108	3.54	.632	5.372	1,146	.022
considerable experience	40	3.81	.667			
Total	148	3.61	.652			

### 5.6.3 How do Social Service Agencies Perceive Social Enterprise?

*Social Enterprise has insulated the agency from Government controlling every dollar. We are free to be more autonomous as a result of earning funds outside of grants. Also we have found we can independently choose to use our resources in ways grants could not be used. (Case # 123)*

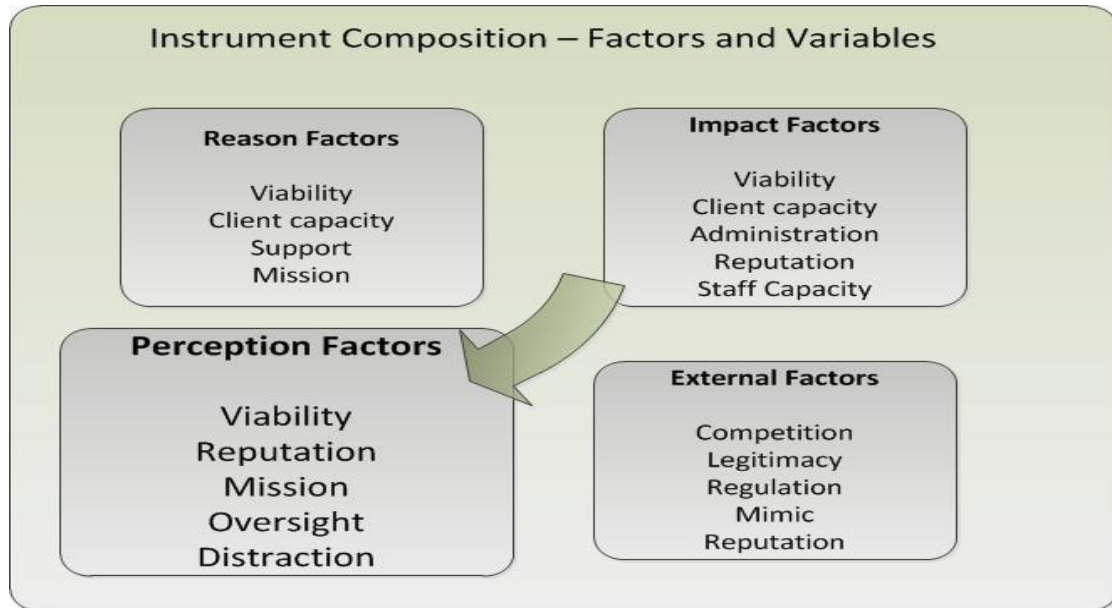


Figure 5.12 Instrument Composition – Perception Factors and Variables

When analysing perceptions of social enterprise engagement, the factor analysis generated five factors as per Figure 5.12: *viability*, *reputation*, *mission*, *oversight*, and *distraction*. The five factors were input into the model as dependent variables, while *total annual revenue*, *organization age*, and *social enterprise experience* were treated as the independent, or grouping variables.

#### 5.6.3.1 Total revenue.

[SE helps] *raise community awareness that an aboriginal person or community can contribute to society in a positive way (case #343)*

The first analysis explored perceptions of social enterprise using *total revenue* as the grouping variable and the five perception factors as dependent variables. To determine whether significant differences existed between the two groups, respondents were categorized into two relatively equal revenue groupings. Group one (n=94), comprised organizations reporting total revenue less  $\leq$  \$2,000,000, while group two (n=81) comprised organizations reporting total revenue  $>$  \$2,000,000. All assumptions were abided and multivariate normality was achieved with the elimination of five cases. Box's M Test of Equality of Variance,  $p=.160$ , did not reveal significant differences between the variances of the two revenue groupings.

Of the five factors presented in Table 5.16, the lowest mean score was observed in the *distraction* factor. Recognizing this factor and the *oversight* variable were reverse-scored, means results suggest respondents perceived enterprise engagement requires additional *oversight*. However, it is noteworthy that respondents did not appear to support the notion that enterprise engagement *distracts* an organization from its mission related work. Overall means results suggested larger organizations (total revenue  $>$  2,000,000), were supportive of social enterprise when compared to their smaller counterparts. Moreover, of the five perception factors, the *viability* factor was rated most favorably, suggesting social enterprise engagement is perceived as a vehicle to address funding gaps and generate income to support program and service delivery.

Table 5.16 presents the overall results of the Tests of Between Subjects Effects,  $F(5, 169) = 1.228, p=.298$ , revealing no significant differences between the two revenue groupings. On a univariate basis however, there was a significant result for the *reputation* factor,  $F(1, 173) = 5.163, p=.024$  indicating further analysis was required. As a result, a subsequent MANOVA was run for the *viability, mission, oversight* and *distraction* factors, confirming no significant results  $F(4, 170) = .806, p=.523$ .



Table 5.16 Means Table Results & Multivariate Analysis – Perception Factors – Total Revenue

Category	Mean Results			MANOVA Results Source: Total Revenue		
	N	M	SD	F	DF	Probability
<b>Overall MANOVA</b>				1.228	5,169	.298
<b>Viability</b>						
revenue ≤ \$2,000,000	94	4.15	.657	1.915	1,173	.168
revenue > \$2,000,000	81	4.00	.761			
Total	175	4.08	.709			
<b>Reputation</b>						
revenue ≤ \$2,000,000	94	3.89	.680	5.163	1,173	.024
revenue > \$2,000,000	81	3.65	.704			
Total	175	3.78	.700			
<b>Mission</b>						
revenue ≤ \$2,000,000	94	4.11	.636	.495	1,173	.483
revenue > \$2,000,000	81	4.04	.630			
Total	175	4.07	.633			
<b>Oversight</b>						
revenue ≤ \$2,000,000	94	3.80	.862	1.271	1,173	.261
revenue > \$2,000,000	81	3.65	.957			
Total	175	3.73	.908			
<b>Distraction</b>						
revenue ≤ \$2,000,000	94	2.90	.847	.645	1,173	.423
revenue > \$2,000,000	81	2.80	.931			
Total	175	2.85	.886			

Additionally, an independent samples t-test for the *reputation* factor was conducted, also revealing no significant differences between the two revenue groups, in which group one (M=3.9, SD=.76) and group two (M=3.7, SD= .71),  $t(193)=1.591$ ,  $p=.113$ .

Table 5.17 presents the results for the independent t test.

Table 5.17 Means and Independent Samples t test – Reputation Perception – Total Revenue

	N	M	SD
Reputation			
revenue ≤ \$2,000,000	101	3.88	.762
revenue > \$2,000,000	94	3.71	.710
Reputation t <sub>Equal variances assumed</sub> = t (193) =1.591, p=.113			

### 5.6.3.2 Organization age.

The second set of MANOVA runs compared perceptions of social enterprise engagement by *organization age*. Respondents were divided into two relatively equal organizational groupings. Group one (n=77), comprised organizations operating < 30 years, while group two (n=98) comprised organizations operating for 30 or more years. All assumptions were abided and multivariate normality was achieved with the elimination of five cases and Box’s M Test of Equality of Variance was not significant, p=.435.

The highest mean score was identified for the *mission* factor, suggesting organizations perceive social enterprise as a vehicle to support mission related work, while at the same time creating positive community relations. Because the *distraction* factor was reversed scored, the lowest mean score was observed for this variable; suggesting respondents did not support the view that social enterprise engagement distracts agencies from their mission related work. Overall MANOVA results revealed no significant differences exist between the two age groups,  $F(5, 169) = .827, p=.532$ .

### 5.6.3.3 Social enterprise experience.

*Raised awareness in the community, increasing exposure to services offered by the agency. Offering opportunities to staff that move away from traditional services offered in a homeless shelter. Broadens opportunities for alternate funding, move away from government funding. (Case # 267)*

The third set of MANOVA analyses examined the perceptions of social enterprise engagement by an organization's experience with social enterprise. The five perception factors were examined using two experience groupings. Group one (n=124), comprised organizations with *some* social enterprise experience, while group two (n=50) comprised organizations with *considerable* experience. Although the groups were unbalanced, all assumptions were abided and multivariate normality was achieved with the elimination of six cases. Box's M Test of Equality of Variance,  $p=.539$ , indicating no significant differences between the variances of the groups.

Table 5.18 presents means and MANOVA results for the five factors. Means results reveal that the *viability* and *mission* factors reflect the strongest support amongst respondents, suggesting enterprise engagement is perceived as a vehicle to improve organizational viability while at the same time address social issues. Moreover, results once again suggest respondents did not perceive social enterprise a *distraction* from mission related work. However, they did indicate that enterprise engagement requires increased oversight on the part of the board and management. The overall Tests of Between Subjects Effects for all variables revealed no significant differences between the variances of the groups,  $F(5,168) = 2.156$ ,  $p=.061$ . However, because the *viability* univariate result was significant, further investigation was required.

While the overall MANOVA result was not significant, because the *viability* factor was significant ( $p=.047$ ), a subsequent MANOVA was run for *reputation*, *mission*, *oversight* and *distraction* factors, indicating no significant results  $F(4, 174) = .936$ ,  $p=.445$ . At the same time an independent samples t-test was run for *viability*, revealing a significant result,  $t(192) = -2.344$ ,  $p=.020$ , suggesting more experienced agencies perceive *viability* factors differently than their less experienced counterparts. Independent samples t-test results are presented in Table 5.19.

Table 5.18 Means Table Results and Multivariate Analysis – Perception Factors – Experience

Category	Mean Results			MANOVA Results Source: Experience		
	N	M	SD	F	DF	Probability
<b>Overall MANOVA</b>				2.156	5,168	.061
<b>Viability</b>						
some	124	4.03	.726	4.006	1,172	.047
considerable	50	4.26	.580			
Total	174	4.10	.693			
<b>Reputation</b>						
some	124	3.77	.674	.042	1,172	.838
considerable	50	3.80	.771			
Total	174	3.78	.701			
<b>Mission</b>						
some	124	4.10	.619	.396	1,172	.530
considerable	50	4.03	.668			
Total	174	4.08	.632			
<b>Oversight</b>						
some	124	3.75	.901	.250	1,172	.618
considerable	50	3.67	.924			
Total	174	3.72	.905			
<b>Distraction</b>						
some	124	2.92	.831	3.814	1,172	.052
considerable	50	2.64	.948			
Total	174	2.84	.873			

Table 5.19 Means and Independent Samples t test – Viability Perception – Experience

	N	M	SD
<b>Viability</b>			
Some Experience	138	4.02	.774
Considerable Experience	56	4.29	.572

Viability t<sub>Equal variances assumed</sub> = t (192) = -2.344, p = .020

### 5.6.4 How do Social Service Agencies View the External Environment?

*With the continued instability of accessing sustainable funding our agency has been very creative in developing income generating activities to expand our visibility in the community as well as to provide additional income to the agency. We have begun to look at the administrative component of our agency as more of a business component to become competitive in a very lucrative market for the same dollars that other agencies are vying for. (Case # 339)*

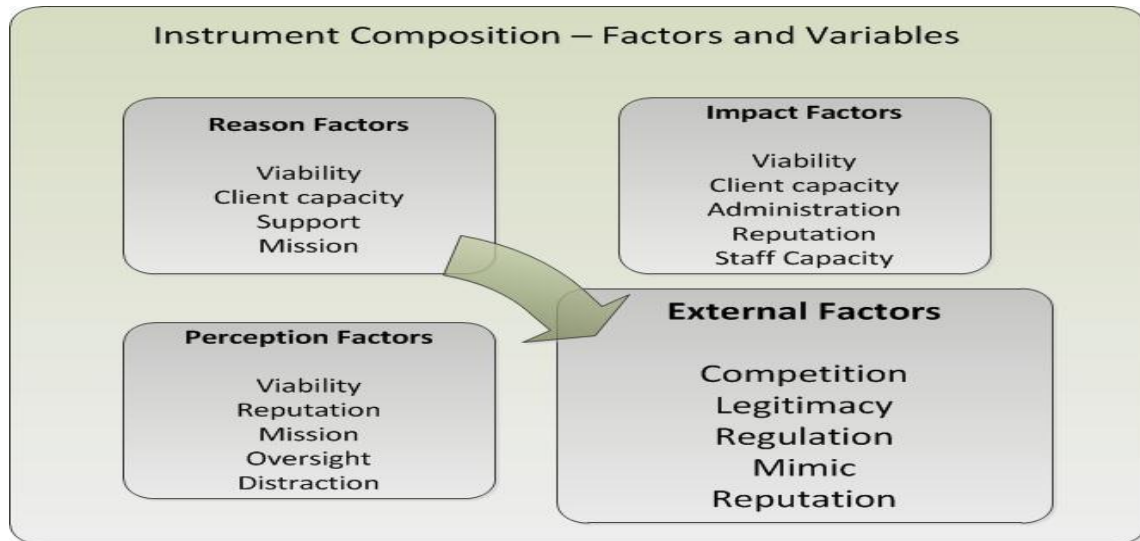


Figure 5.13 Instrument Composition – External Factors and Variables

When exploring perceptions of the external environment the factor analysis generated five factors as per Figure 5.13: *competition, legitimacy, regulation, mimic, and reputation*. The five factors were input into the model as dependent variables, while *total annual revenue, organization age, and social enterprise experience* were treated as the independent, or grouping variables.

#### 5.6.4.1 Total revenue.

The first analysis compares respondent perceptions of the external environment by *total revenue* groupings. The five external factors were analyzed by two relatively equal revenue groupings in which group one (n=152), comprised organizations reporting total revenue less than

or equal to \$2,000,000, and group two (n=122) comprised organizations reporting total revenue in excess of \$2,000,000. All assumptions were abided and multivariate normality was achieved with the elimination of ten cases. Although Box's M Test of Equality of Variance was significant,  $p=.040$ , because the number of cases in each group was fairly large and balanced across the groups, the Box Test result was ignored and the MANOVA was run.

Table 5.20 presents means results for the five factors, indicating respondents perceived that external factors impact their agency's operations, regardless of the size of the budget. Group one organizations those reporting revenues  $\leq$  \$2,000,000, were more sensitive to external pressures to become more business-like as well as more inclined to participate in accreditation programs with local, provincial, or national organizations. The greatest difference between groups was observed in the *mimic* factor suggesting smaller organizations may look to other agencies for new ideas and approaches. The highest means score amongst the two groupings was observed in the *reputation* factor, suggesting organizations (regardless of the budget size) perceived that an agency's ability to attract funding was enhanced by its *reputation*.

Table 5.20 Means Table Results & Multivariate Analysis – External Factors – Total Revenue

Category	Mean Results			MANOVA Results Source: Total Revenue		
	N	M	SD	F	DF	Probability
<b>Overall MANOVA</b>				9.648	5,268	.000
<b>Competition</b>						
revenue ≤ \$2,000,000	152	4.10	.643	4.307	1,272	.039
revenue > \$2,000,000	122	3.93	.690			
Total	274	4.03	.668			
<b>Legitimacy</b>						
revenue ≤ \$2,000,000	152	3.97	.698	16.551	1,272	.000
revenue > \$2,000,000	122	4.29	.577			
Total	274	4.11	.665			
<b>Regulation</b>						
revenue ≤ \$2,000,000	152	4.04	.641	.097	1,272	.756
revenue > \$2,000,000	122	4.07	.793			
Total	274	4.06	.711			
<b>Mimic</b>						
revenue ≤ \$2,000,000	152	3.75	.651	15.666	1,272	.000
revenue > \$2,000,000	122	3.39	.829			
Total	274	3.59	.755			
<b>Reputation</b>						
revenue ≤ \$2,000,000	152	4.30	.585	.828	1,272	.364
revenue > \$2,000,000	122	4.36	.583			
Total	274	4.33	.584			

Table 5.20 also presents the overall results from the Tests of Between Subjects Effects,  $F(5, 268) = 9.648, p=.000$ , revealing significant differences between the two revenue groupings. Moreover, significant results were observed for three of the five factors: *competition*, *legitimacy*, and *mimic*. The *competition* univariate MANOVA result ( $p=.039$ ) reveals differences between agencies when grouped by revenue, in terms of their perception of the external environment, sensitivity to economic fluctuations and competition for funding amongst similar organizations. The *legitimacy* MANOVA result ( $p=.000$ ) was also significant, suggesting larger

organizations may be more inclined to participate in accreditation processes and engage with local, provincial or national affiliates to achieve their goals. Furthermore, the *mimic* MANOVA revealed a significant result ( $p=.000$ ), suggesting smaller organizations may be more inclined, when compared to their counterparts, to seek out new or innovative ideas from other organizations. However, readers are reminded that the last two observations should be viewed with caution, because these factors reflected less than ideal reliability coefficients as measured by their Cronbach's  $\alpha$  (legitimacy  $\alpha @ .578$ , *mimic*  $\alpha @ .547$ ).

#### **5.6.4.2 Organization age.**

This set of MANOVAs compared perceptions of the external environment by an *organization's age*. The five external factors were analyzed by two relatively equal age groupings, in which group one ( $n=137$ ), comprised organizations  $< 30$  years old, while group two ( $n=136$ ) comprised organizations  $\geq 30$  years old. All assumptions were abided and multivariate normality was achieved with the elimination of eleven cases, while Box's M Test of Equality of Variance was  $p=.121$ , indicating no significant differences between the variances of the groups.

Table 5.21 presents the means and MANOVA results for the external factors. Upon review of the means results, the strongest agreement amongst respondents was observed in the *reputation* variable. This result suggests respondents viewed their agency's reputation as an important factor when trying to attract funding regardless of agency age. Alternately, the lowest means score was observed in *mimic* suggesting younger organizations tend to look to other organizations for new ideas, while older organizations appear to be less inclined to do so. Overall results from the Tests of Between Subjects Effects, indicated no significant differences existed between the two groups,  $F(5,267) = 1.849$ ,  $p=.104$ . However, the test did reveal a significant



difference at the univariate level for the *mimic* factor  $p=.013$ , suggesting further analysis was required.

Table 5.21 Means Table Results & Multivariate Analysis – External Factors – Agency age

Category	Mean Results			MANOVA Results Source: Agency age		
	N	M	SD	F	DF	Probability
<b>Overall MANOVA</b>				1.849	5,267	.104
<b>Competition</b>						
agency age < 30 years	137	4.05	.612	.452	1,271	.502
agency age ≥ 30 years	136	4.00	.729			
Total	273	4.03	.672			
<b>Legitimacy</b>						
agency age < 30 years	137	4.05	.731	1.488	1,271	.224
agency age ≥ 30 years	136	4.15	.631			
Total	273	4.10	.684			
<b>Regulation</b>						
agency age < 30 years	137	4.09	.659	.016	1,271	.900
agency age ≥ 30 years	136	4.08	.697			
Total	273	4.09	.677			
<b>Mimic</b>						
agency age < 30 years	137	3.71	.697	6.273	1,271	.013
agency age ≥ 30 years	136	3.48	.794			
Total	273	3.60	.754			
<b>Reputation</b>						
agency age < 30 years	137	4.33	.617	.005	1,271	.944
agency age ≥ 30 years	136	4.32	.560			
Total	273	4.32	.584			

Because of the unusual result for the *mimic* factor ( $p=.013$ ), a MANOVA was rerun with the remaining variables, revealing non-significant results,  $F(4, 268) = .649$ ,  $p=.628$ , while the *mimic* factor was examined separately. Table 5.22 presents the means and independent samples t-test results for *mimic*. Means results indicated older organizations rated *mimic* less positively

than their younger counterparts did, suggesting older organizations may be less inclined to *mimic* or look externally for new ideas when compared to their younger counterparts. Furthermore, the independent samples t-test comparing the *mimic* factor by age group, revealed a significant difference in the scores for group one (M=3.7, SD=.73) and group two (M=3.5, SD= .80),  $t(287) = 2.558, p=.011$ . However, once again, this result should be interpreted with caution in view of this factor's lower Cronbach's  $\alpha @ .547$ .

Table 5.22 Means and Independent Samples t test – Mimic External – Agency age

	N	M	SD
Mimic			
Agency Age < 30 Years	144	3.68	.733
Agency Age $\geq$ 30 Years	145	3.45	.801

Mimic =  $t(287) = 2.558, p=.011$

#### 5.6.4.3 Social enterprise experience.

*Our business relates to property and operating a separate company. Income revenue is generated which eventually can be put back into programs for clients, especially new and emergent needs that it is difficult to secure other funding for. (Case # 65)*

The third set of analyses compared perceptions of the external environment by an organization's experience with social enterprise. The five external factors were analyzed by two *experience* groupings. Group one (n=139), comprised organizations with *some* experience, while group two (n=51) comprised organizations with *considerable* experience. All assumptions were abided and multivariate normality was achieved with the elimination of six cases. Box's M Test of Equality of Variance, was significant  $p=.018$  identifying a difference in the distributions between the two groups.

The lowest rated factor was *mimic* suggesting less experienced agencies tend to look to other agencies for new ideas, while more experienced organizations appear less inclined to do so. While the lowest scoring factor for the two groups was *mimic*, it is noteworthy that this factor also reflected the greatest absolute difference between the two groupings. The strongest agreement amongst respondents was observed in the *reputation* factor, where minimal mean differences were noted.

The overall multivariate test results (MANOVA) revealed no significant differences in external environment perceptions between the two groups,  $F(5, 184) = 1.444, p=.210$ . This result suggests social enterprise experience does not appear to influence an organization's perception of its external environment. While the overall MANOVA did not reveal significant results, because Box's M Test was significant and the groupings were unbalanced, the MANOVA result should be used with caution. As a result, the Levene's test was reviewed more closely and two significant factors were observed, *competition* and *reputation*. A subsequent MANOVA was run which excluded the *competition* and *reputation* factors, and once again no significant differences  $F(3,191) = 1.584, p=.195$ , were observed. Furthermore, an independent samples t test was run for the two factors and again, no significant differences were observed between the two groups.

To summarize, Table 5.23 presents significant results revealed through the multivariate analyses that were undertaken to explore the reasons, perceptions, and impact of social enterprise engagement as well as perceptions of the external environment. Relative to the reasons, perceptions and impacts of social enterprise engagement, it is apparent that the nature of an agency's experience is an important consideration when analysing social enterprise engagement.

It is also noteworthy that agency *viability* was identified as a significant consideration when grouping agencies by age as well as the nature of their experience.

Table 5.23 *Summary of Multivariate Significant Results: Factors and Grouping Variables*

Factors	Total Annual Revenue	Organization Age	Engagement Experience
Reasons	-	viability	Viability
Perceptions	-		Viability
Impact	-	viability	viability, staff capacity, administration, reputation
External	competition, mimic, legitimacy	mimic	-

### 5.7 Predicting the Dimensions of Social Enterprise Engagement

*It has helped us to be clear about our mission and what we are best at (Hedgehog Principle from Good to Great by Jim Collins). It has helped us to explore ways to meet client needs that do not involve asking government for more money. It has brought in new clients which we serve in other programs. It has increased our visibility in the community – [organization identifier] revenue allows us to produce [organization identifier] which are distributed around the region. The Board has had to refine its governance skills because the decision making process for a charitable program is different from that of a social enterprise (Case # 237)*

The final section of this chapter presents results from a series of analyses using binary logistic regression to examine relationships among variables. Logistic Regression (LR) is a form of multiple regression used when the dependent or outcome variable is categorical and the independent or predictor variable(s) are either categorical or continuous. LR is a suitable statistical test when answering questions concerning the probability or likelihood that an event will occur, that is, to determine the probability that an individual case will fall into one of two groups. Abu Bader (2010) suggests logistic regression is best used, “to predict a single outcome (dependent variable or criterion) based on multiple factors (independent variables or predictors)”

(p.128). A forward stepwise conditional method was deemed most appropriate to conduct the logistic regression due to the exploratory nature of this study (Field, 2009).

Several statistics are calculated to evaluate the accuracy of the regression model as well as estimate the likelihood that a specific event will occur. As well, a number of assumptions must be satisfied relative to sample selection, size, and multicollinearity. First, the sample must be representative of the population from which it is drawn and second the dependent variable must be dichotomous, while the independent variables may be continuous or categorical. The third assumption requires that the correlation between factors should not be greater than .80 and the condition index should be less than 15.0 (Abu Bader, 2010; Field, 2009).

For each of the analyses presented, upon completion of the logistic regression model, the probability of each outcome was computed and the odds for each was calculated to compare the probability of an event occurring with the probability that the event will not occur (Vogt, 2007). The rule of thumb used to interpret the odds calculations was; if the odds is greater than 0.5, there is a likelihood that the event will occur, whereas if the odds is less than 0.5 there is a likelihood that the event will not occur. This rule of thumb has been used throughout the analysis that follows.

The logistic regression models presented examine relationships between variables pertaining to:

- predicting social enterprise engagement by demographic variables and external factors
- predicting client-delivered enterprise engagement by reason factors
- predicting facility-related enterprise engagement by primary client group served
- predicting accommodation-related enterprise engagement by primary client

- predicting total revenue by type of social enterprise engagement
- predicting staff complement by type of social enterprise engagement
- predicting organization age by primary client group served and external factors

### **5.7.1 Predicting Social Enterprise Engagement**

The first binary logistic regression model examined the predictability of social enterprise engagement. The dependent variable, *social enterprise engagement* was determined in question 12 of the survey instrument, requiring respondents to indicate their organization's experience with social enterprise engagement. Three response options were provided: *none*, *some*, or *considerable*. This was a forced response question in that respondents were required to complete this question before proceeding to the next question. For the purposes of this investigation, the groups studied included respondents *without* experience and those with *considerable* experience. Logistic regression requires that the dependent variable, in this case *social enterprise engagement*, be converted into a dichotomous variable. A dummy variable was created in which a binary score was used to code respondents *without experience* as '0' and those with *considerable* experience as '1'.

#### **5.7.1.1 Social enterprise engagement - organization demographics.**

Logistic regression analysis was employed to predict the probability that an organization was *considerably* engaged in social enterprise, given agency demographics. For this examination, agency demographics included three continuous variables, each of which was recoded into a dichotomous variable; *organization age*, *number of full time staff* and *total revenue*. *Agency age* was coded '1' for organizations operating  $\geq 30$  years and '0' for agencies operating  $< 30$  years; *full time staff* complement was coded '1' for agencies reporting  $> 20$  staff and '0' for agencies operating with  $\leq 20$  staff; and, *total revenue* was coded '1' for agencies

reporting revenue  $\geq$  \$3,000,000 and '0' for agencies reporting annual revenue  $<$  \$3,000,000. The three recoded variables were input into the model and the classification table revealed that 88 respondents had *no experience*, while 59 respondents had *considerable* experience. A stepwise logistic regression analysis using the maximum likelihood ratio method was run to estimate a model that predicted the probability that an organization was *considerably* engaged in social enterprise given an agency's demographics. The stepwise model containing the three predictors revealed that *agency age* and *total revenue* were significant predictors of agencies *considerably* engaged in social enterprise,  $\chi^2$  (2, N=147) = 14.556,  $p = .001$ . The classification table indicated the model was able to distinguish between agencies *considerably* engaged in social enterprise and those that were not, correctly 67.3 % of the time. The model's condition index was computed for the predictor and the dependent variables ( $CI_3=2.944$ ), confirming that multicollinearity was not an issue. The stepwise Nagelkerke  $R^2$  was 12.7%, while the Hosmer and Lemeshow test was not significant,  $p = .784$ , indicating a good fit. Results are presented in Table 5.24 and the level of significance was  $p < .05$ .

Table 5.24 *Logistic Regression: Social Enterprise Engagement & Organization Demographics*

Variable	B	SE	Wald $X^2$	P-value	$Exp(B)$	Probability	Odds
Constant	-1.218	.296	16.881	.000	.296		
Age	.889	.371	5.742	.017	2.433	.418	.718
Total Revenue	.785	.369	4.521	.033	2.193	.393	.648

$$Z_{(social\ enterprise\ engagement)} = -1.218 + .889_{(age)} + .785_{(total\ revenue)}$$

The model revealed two significant predictors of organizations considerably engaged in social enterprise, *organization age*, and *total revenue*. The odds ratio  $Exp(B)$  for each was 2.433 and 2.193 respectively and the Wald statistic  $X^2$  and associated p-values also indicated

significance for both predictors. The odds that an organization was *considerably* engaged in social enterprise, given it had operated thirty years or more was .718 holding total revenue constant, with an associated probability of 41.8%. Alternatively, the odds that an organization was considerably engaged in social enterprise, given total revenue of \$3,000,000 or more was .648, holding organization age constant, with an associated probability of 39.3%. Because both predictors revealed odds greater than the threshold of .50, there is a good chance that these variables are reasonable predictors of organizations that are *considerably* engaged in social enterprise.

#### **5.7.1.2 Social enterprise engagement - external factors.**

Logistic regression analysis was employed to predict the probability that an organization was *considerably* engaged in social enterprise, given respondent perceptions of the external environment. For this examination, a binary score was created by splitting the respondents into two groups. Respondents indicating they were not engaged in social enterprise were coded '0', while those with *considerable* experience were coded '1'. The classification table indicated 88 respondents did not have experience, while 56 respondents indicated they had had *considerable* experience. A stepwise logistic regression analysis using the maximum likelihood ratio method was conducted to estimate a model that correctly predicted *considerable* enterprise engagement given respondent perceptions of the external environment. The predictor variables originated from the factor analysis generated from question fourteen in the survey instrument. The five external environment factors input into the model were *competition*, *legitimacy*, *regulation*, *mimic*, and *reputation*.

The stepwise model containing the five factors revealed that one predictor was statistically significant  $\chi^2(1, N=144) = 4.316, p = .038$ , *mimic*. The classification table indicated the model was able to distinguish between agencies considerably engaged in social enterprise and those that



were not, correctly 65.3% of the time. The condition index ( $CI_2=8.876$ ) was computed for the dependent and predictor variables, confirming that multicollinearity was not an issue. The Nagelkerke  $R^2$  was 4.0%, while the Hosmer and Lemeshow test was not significant,  $p=.994$ , indicating a good fit. Results are presented in Table 5.25 and the level of significance was set at  $p < .05$ .

Table 5.25 *Logistic Regression: Social Enterprise Engagement & External Factors*

Variable	B	SE	Wald $X^2$	P-value	$Exp(B)$	Probability	Odds
Constant	1.104	.776	2.024	.155	3.017		
Mimic	-.447	.219	4.173	.041	.640	.332	.497

$Z_{(social\ enterprise\ engagement)} = 1.104 - .447_{(mimic)}$

The model identified one significant predictor of organizations considerably engaged in social enterprise given their perception of the external environment, *mimic*. The odds ratio  $Exp(B)$  for this predictor was .640 and the Wald statistic  $X^2$  and associated p-value indicated significance as well. This result suggests agencies *considerably* engaged in social enterprise are more inclined to look to other organizations for new ideas or innovative ways to diversify revenue streams. Put differently, because the odds of this result was .497 and its associated probability was 33.2%, it is likely that organizations considerably engaged in social enterprise are structured similarly and these organizations tend to study and replicate innovative ideas deemed successful in other similar organizations. However, once again readers are reminded that this last finding should be viewed with caution, because the Cronbach's  $\alpha$  for the mimic factor reflected a less than ideal reliability coefficient  $\alpha @ .547$ .

## 5.7.2 Predicting Client-delivered Social Enterprise Engagement

The next regression analysis examined the predictability of client delivered social enterprise, given the reason factors identified by respondents. *Client delivered* enterprise engagement was defined as the provision of products, programs, or services produced or provided by clients for which a fee is charged. This form of engagement includes ventures in which clients are considered a key input to the delivery or production process of the product or service. Examples include; the provision of yard or building maintenance, retail sales, food preparation, doggie day care, catering, recycling, ATM cleaning, bottle depots, and so on.

### 5.7.2.1 Client-delivered engagement – reason factors.

*Client delivered* enterprise engagement was determined in question eleven of the survey instrument in which respondents were asked to indicate their experience with this form of engagement. This question provided respondents with multiple response options, requiring that the dependent variable be converted into a dichotomous variable. A dummy variable was created and a binary score was used to code respondents with *client delivered* experience as ‘1’ and all other forms of social enterprise engagement as ‘0’.

The predictor variables originated from the factor analysis generated from question fourteen in which respondents were asked to rate the reasons why social enterprise was initiated at their agency. The four factors input into the stepwise regression model were; *viability*, *client capacity building*, *support* and *mission*. The classification table indicated that 108 respondents had no experience, while 31 respondents had experience. A stepwise logistic regression analysis using the maximum likelihood ratio method was used to estimate a model that predicted the probability that an organization was engaged in client delivered social enterprise given the reasons identified. The stepwise model revealed that three of the four reason factors were

statistically significant predictors  $\chi^2 (3, N=139) = 29.670, p = .000$ . The three factors were; *client capacity building opportunities*, *mission related opportunities* and the degree to which *support*, whether financial or administrative was available. The classification table indicated the model was able to distinguish between agencies engaged in client delivered social enterprise and those who were not, correctly 82.0% of the time. The model's condition index was computed for the four variables ( $CI_4=13.076$ ), confirming that multicollinearity did not exist. The stepwise Nagelkerke  $R^2$  was 29.4%, while the Hosmer and Lemeshow was not significant  $p = .133$ , indicating a good fit. Results are presented in Table 5.26 and the level of significance was set at  $p < .05$ .

Table 5.26 *Logistic Regression: Client-delivered Enterprise & Reason Factors*

Variable	B	SE	Wald $X^2$	P-value	$Exp(B)$	Probability	Odds
Constant	-.516	1.191	.188	.665	.597		
Client Capacity	1.267	.298	18.107	.000	3.550	.337	.508
Support	-.634	.287	4.889	.027	.530	.241	.318
Mission	-.773	.322	5.756	.016	.462	.216	.276

$$Z_{(client\ delivered\ social\ enterprise)} = -516 + 1.267_{(client\ capacity)} - .634_{(support)} - .773_{(mission)}$$

The three predictors of organizations engaged in client-delivered social enterprise given their reasons for doing so were, *client capacity building*, *support*, and *mission*. The odds ratio  $Exp(B)$  for each was 3.550, .530 and .462 respectively and the associated p-values indicated significance as well. The odds of predicting client delivered enterprise for each predictor and their associated probabilities were .508 (33.7%) for *client capacity building* reasons, .318 (24.1%) for *support*, and .276 (21.6%) for *mission* related reasons for engaging in social enterprise. Not surprisingly, the *client capacity-building* factor revealed *odds* greater than the

threshold of .50, suggesting the likelihood of client involvement arises in organizations that actually perceive social enterprise as a tool to train, empower, and build self-esteem.

### **5.7.3 Predicting Facility-related Social Enterprise Engagement**

The next series of logistic regressions examine the predictability of *facility-related social enterprise* engagement. *Facility related enterprise* was established in question eleven of the survey instrument in which respondents were asked to indicate their experience. This question provided respondents with multiple response options, requiring that the dependent variable be converted to a dichotomous variable. A dummy variable was created and a binary score was used to code respondents with facility related enterprise experience as '1' and all other forms of engagement as '0'. Examples of facility-related social enterprise included: leasing of office, building, or facility space, parking lots and so on.

#### **5.7.3.1 Facility-related engagement - primary client.**

The first step to predicting facility-related enterprise by an agency's primary client group required that the dependent variable, facility-related enterprise, be converted into a dichotomous variable. A binary score was created by coding respondents not engaged in facility related enterprise as '0' and those with experience as '1'. The classification table indicated that 121 respondents had no experience with facility related activities versus 57 respondents, who indicated they had experience with facility related enterprise.

A stepwise logistic regression analysis using the maximum likelihood ratio method was used to estimate a model that predicted the likelihood that an organization was engaged in facility-related enterprise given the agency's primary client group. Five variables were input into the model, (1) *children and youth*, (2) *families*, (3) *adults*, (4) *seniors*, and (5) *disability*.

The stepwise model containing the five variables, revealed two client groups were

significant predictors of facility-related enterprise  $\chi^2 (2, N=178) = 16.636, p = .000$ , *disability* and *seniors*. The classification table indicated the model was able to distinguish between agencies engaged in social enterprise and those who were not, correctly 71.9% of the time. The model's condition index was computed for the predictors and the dependent variable, ( $CI_3=1.984$ ) confirming that multicollinearity did not exist. The stepwise Nagelkerke  $R^2$  was 12.5%, while the Hosmer and Lemeshow test indicated a saturated model,  $p = 1.000$ . Table 5.27 presents the results and the level of significance was set at  $p < .05$ .

Table 5.27 *Logistic Regression: Facility-related Enterprise & Primary Client*

Variable	B	SE	Wald $X^2$	P-value	$Exp(B)$	Probability	Odds
Constant	-1.231	.223	30.469	.000	.292		
Senior	1.806	.473	14.604	.000	6.085	.318	.466
Disability	.803	.400	4.035	.045	2.232	.395	.653

$$Z_{(facility\ related\ social\ enterprise)} = -1.231 + 1.806_{(senior)} + .803_{(disability)}$$

The model revealed two significant predictors of organizations engaged in facility-related social enterprise given the primary client group served, *senior* and *disability*. The odds ratio  $Exp(B)$  for each was 6.085 and 2.232 respectively and the Wald statistics  $X^2$  and associated p-values indicated significance as well. The odds that an organization was engaged in facility-related social enterprise when the primary client was *seniors* were .466 with an associated probability of 31.8%, holding disability constant. On the other hand the odds that an organization was engaged in facility-related social enterprise when the primary client was people with *disabilities* was .653 with an associated probability of 39.5%, holding seniors constant. While the results indicated both groups were significant predictors, there is greater likelihood that

organizations serving *disability* clients become engaged in facility-related enterprise since the odds was greater than the threshold of .50.

#### **5.7.4 Predicting Accommodation-related Social Enterprise Engagement**

Accommodation related social enterprise engagement was established in question eleven of the survey instrument in which respondents were asked to indicate their experience with this form of engagement. This question provided respondents with multiple response options, requiring that the dependent variable, *accommodation-related enterprise*, be converted into a dichotomous variable. A dummy variable was created and a binary score was used to code respondents with *accommodation-related enterprise* experience as '1' and all other forms of engagement as '0'. Accommodation-related social enterprise initiatives include services in which fees are charged related to affordable housing, transitional beds, group home care, and so on.

##### **5.7.4.1 Accommodation-related engagement – primary client.**

The first step to determine the predictability of accommodation related enterprise engagement by an agency's primary client required that the dependent variable be converted into a dichotomous variable. A binary score was created by coding respondents without accommodation experience as '0' and those with experience as '1'. The classification table indicated 56 respondents had accommodation related experience while 122 respondents did not. A stepwise logistic regression analysis using the maximum likelihood ratio method was used to estimate a model that predicted the likelihood that an organization was engaged in accommodation related social enterprise given the primary client group served. Five variables were input into the model, *children and youth, families, adults, seniors, and disability*

The stepwise model containing the five predictors, revealed three client groups were significant predictors of accommodation related enterprise activities  $\chi^2 (3, N=178) = 35.800, p$

=.000, *disability*, *adults*, and *seniors*. The classification table indicated the model was able to distinguish between agencies engaged in accommodation related enterprise and those who were not, correctly 73.6% of the time. The model's condition index was computed for the predictor and the dependent variable, ( $CI_4=2.598$ ) confirming that multicollinearity did not exist. The stepwise Nagelkerke  $R^2$  was 25.6%, while the Hosmer and Lemeshow test indicated a saturated model,  $p=1.000$ . Results are presented in Table 5.28 and the level of significance was  $p < .05$ .

Table 5.28 *Logistic Regression: Accommodation-related Enterprise & Primary Client*

Variable	B	SE	Wald $X^2$	P-value	$Exp(B)$	Probability	Odds
Constant	-2.065	.354	34.076	.000	.127		
Seniors	1.985	.534	13.809	.000	7.282	.480	.923
Adults	2.592	.498	27.128	.000	13.350	.310	.456
Disability	1.412	.492	8.229	.004	4.102	.340	.521

$$Z_{(accommodation\ related\ enterprise)} = -2.065 + 1.985_{(seniors)} + 2.592_{(adults)} + 1.412_{(disability)}$$

The model revealed three significant predictors of organizations engaged in accommodation-related enterprise given the primary client group served by their agency *seniors*, *adults*, and *disability*. The odds ratio  $Exp(B)$  for each was 7.282, 13.350, and 4.102 and corresponding Wald statistics  $X^2$  and associated p-values indicated significance as well. The odds that an organization was engaged in accommodation related enterprise when the primary client group was *seniors* was .923 with an associated probability of 48%, while the odds were .456 with an associated probability of 31% for agencies serving *adults* and .521 and 34% for organizations serving *disability* clients. Because *seniors* and *disability* client focused agencies revealed odds greater than the threshold .50, it appears that organizations serving these two client groups may be more inclined to engage in accommodation-related enterprise when compared to agencies serving other client groups.

### 5.7.5 Predicting Total Revenue

Reported total revenue for each agency was established in question nine of the survey instrument. The following analyses consider relationships between the dependent variable *total annual revenue* and the following independent variables; *type of social enterprise engagement* and *respondent perceptions of the external environment*.

#### 5.7.5.1 Total revenue - type of social enterprise.

The first step to predicting an organization's total annual revenue by the type of social enterprise engagement required that the dependent variable, *total annual revenue* be recoded into a dichotomous variable. A binary score was created by splitting the respondents into two groupings. Smaller agencies, defined as organizations reporting revenue between \$250,000 and \$2,999,999 were coded '0', while organizations reporting revenue  $\geq$  \$3,000,000 were coded '1'. The classification table indicated 132 organizations were small, while 80 reported annual revenue  $\geq$  \$3,000,000. A stepwise regression-likelihood ratio analysis was conducted to estimate a model that correctly predicted the likelihood that an agency reported annual revenue  $\geq$  \$3,000,000 given the type of social enterprise in which they were engaged. Six variables were input into the model, *client delivered*, *staff delivered*, *merchandise related*, *facility related*, *accommodation related*, and *separate entity*.

The stepwise model containing the six predictors was statistically significant  $\chi^2$  (2, N=212) =15.911,  $p = .000$ , indicating two variables were significant predictors of organizations reporting revenues  $\geq$  \$3,000,000; *accommodation and separate entity*. The classification table indicated the model was able to distinguish between agencies reporting annual revenue less than \$3,000,000 and those reporting revenue \$3,000,000 or more, correctly 65.6% of the time. The model's condition index ( $CI_3=1.997$ ) was computed for all factors, confirming that



multicollinearity did not exist. The Nagelkerke  $R^2$  was 9.8%, while the Hosmer and Lemeshow test was not significant,  $p = .922$ , indicating a good fit. Results are presented in Table 5.29 and the level of significance was set at  $p < .05$ .

Table 5.29 *Logistic Regression: Total Revenue & Type of Social Enterprise Engagement*

Variable	B	SE	Wald $X^2$	P-value	$Exp(B)$	Probability	Odds
Constant	-.915	.190	23.315	.000	.400		
Accommodation	.862	.312	7.636	.006	2.369	.490	.960
Separate Entity	1.617	.563	8.260	.004	5.040	.332	.500

$$Z_{(total\ revenue)} = -.915 + .862_{(accommodation)} + 1.617_{(entity)}$$

The model revealed two significant predictors of agencies reporting total revenue of \$3,000,000 or more; *accommodation related* and *separate legal entity*. The odds ratio  $Exp(B)$  for each was 2.369 and 5.040 respectively and Wald statistics  $X^2$  and associated p-values indicated significance as well. The odds that agencies reporting revenue of \$3,000,000 or more were engaged in *accommodation-related* or delivered their enterprise via a *separate entity* were .96 and .50 respectively. Because both predictors revealed odds of .50 or more, these variables are considered good predictors of agencies reporting revenues of \$3,000,000 or more. Stated differently, this result suggests larger organizations may be more inclined to engage in accommodation-related enterprise and/or establish separate legal entities to deliver their enterprise venture.

### 5.7.6 Predicting Fulltime Staff Count

Survey question three asked respondents to indicate the number of fulltime staff employed at their organization. The following analyses consider relationships between the dependent variable, *number of full time staff* and the following independent variables; *type of social enterprise engagement* and *respondent perceptions of the external environment*.

### 5.7.6.1 Fulltime staff count – type of social enterprise.

The first step to predicting an organization's fulltime staff complement by the type of engagement required that the dependent variable, *number of fulltime staff* was recoded into a dichotomous variable. A binary score was created by splitting the respondents into two groupings. Smaller organizations with staff counts between two and twenty were coded '0', while agencies reporting twenty or more staff were defined as larger and coded '1'. The classification table indicated 111 organizations reported staff counts between two and twenty, while 102 agencies reported staff counts greater than twenty.

A stepwise regression likelihood-ratio analysis was conducted to estimate a model that correctly predicted the likelihood that an agency had more than twenty employees given the type of social enterprise in which their agency was engaged. Six variables were input into the model: *client*, *staff*, *merchandise*, *facility*, *accommodation*, and *entity*. The stepwise model containing the six predictors revealed that three types of social enterprise engagement were statistically significant predictors of larger organizations,  $\chi^2 (3, N=213) = 21.015, p = .000$ , *client-delivered*, *accommodation-related*, and *separate entity*. The classification table indicated the model was able to distinguish agencies reporting full time equivalents between 2 and 20, and agencies employing more than 20 people correctly 62.9% of the time. The condition index ( $CI_4=2.260$ ) was computed for the model, confirming that multicollinearity did not exist. The Nagelkerke  $R^2$  was 12.5% and the Hosmer and Lemeshow test was not significant  $p=.768$ , indicating a good fit. Results are presented in Table 5.30 and the level of significance was set at  $p < .05$ .

Table 5.30 *Logistic Regression: Staff Count & Type of Social Enterprise Engagement*

Variable	B	SE	Wald $X^2$	P-value	$Exp(B)$	Probability	Odds
Constant	-.640	.193	10.974	.001	.527		
Client	.957	.373	6.580	.010	2.605	.294	.416
Accommodation	.874	.314	7.719	.005	2.396	.287	.403
Separate Entity	1.412	.605	5.449	.020	4.105	.339	.514

$$Z_{(staff\ count)} = -.640 + .957_{(client)} + .874_{(accommodation)} + 1.412_{(entity)}$$

The model revealed three significant predictors of agencies with staff complements of twenty or more people, given the type of enterprise in which they were engaged; *client-delivered*, *accommodation-related*, and *separate entity*. The odds ratio  $Exp(B)$  for each was 2.605, 2.396 and 4.105 respectively and Wald statistics  $X^2$  and associated p-values indicated significance for the three predictors as well. These results suggest agencies with larger staff complements are more inclined to engage in social enterprise initiatives that involve clients, are accommodation related, or have established separate legal entities. However, because the odds for the *client* and *accommodation* predictors was  $< .50$ , the likelihood these factors can predict staff size is low. On the other hand, the odds for *separate legal entity* (.514) was greater than the threshold of .50, suggesting larger agencies are more inclined to establish separate legal entities when engaging in social enterprise than their smaller counterparts.

### 5.7.7 Predicting Organizational Age

The number of years agencies had operated was established in the first survey question. The following analyses consider relationships between the dependent variable *organization age* and the following independent variables; *primary client group served*, *respondent perceptions of*

*the external environment, respondent perceptions of the impact of social enterprise, and respondent perceptions of social enterprise engagement.*

#### **5.7.7.1 Organization age - primary client.**

The first step to predicting an agency's by the primary client served required that the dependent variable, organization age be recoded into a dichotomous variable. A binary score was created by splitting respondents into two groups. Young organizations, defined as organizations operating less than 30 years were coded '0' while older organizations, defined as organizations operating 30 or more years, were coded '1'. The classification table indicated there were 131 organizations had been operating for less than 30 years, while 125 organizations had been operating 30 or more years.

A stepwise regression likelihood-ratio analysis was conducted to estimate a model that correctly predicted the likelihood that an organization had been operating thirty or more years given the agency's primary client group served. Five variables were input into the model, *children and youth, families, adults, seniors and disability*. The full model containing the five variables revealed two variables were statistically significant predictors of an agency's age,  $\chi^2(2, N=256) = 22.520, p = .000$ , disability and seniors. The classification table indicated the model was able to distinguish between agencies operating more than 30 years and those operating less than 30 years, correctly 63.7% of the time. The condition index ( $CI_3=1.824$ ) was computed for the independent and the dependent variables, confirming that multicollinearity did not exist. The stepwise Nagelkerke  $R^2$  was 11.2%, while the Hosmer and Lemeshow test was saturated,  $p=1.000$ . Results are presented in Table 5.31 and the level of significance was set at  $p < .05$ .

Table 5.31 *Logistic Regression: Organization Age & Primary Client Group*

Variable	B	SE	Wald X <sup>2</sup>	P-value	Exp(B)	Probability	Odds
Constant	-.424	.152	7.816	.005	.655		
Disability	1.242	.345	12.959	.000	3.463	.345	.527
Senior	1.576	.492	10.258	.001	4.858	.390	.639

$$Z_{(organization\ age)} = -.424 + 1.242_{(disability)} + 1.576_{(senior)}$$

The model revealed two significant predictors of organizations operating for 30 years or more, *disability*, and *seniors*. The odds ratio  $Exp(B)$  for each was 3.463 and 4.858 respectively and Wald statistics  $X^2$  and associated p-values indicated significance as well. The model indicated the odds that an agency had operated for 30 years or more was .527 for agencies identifying their primary client group as *disabilities*, and .639 for agencies identifying their primary client group served as *seniors*. Because the odds for both predictors was greater than the threshold (.50), this results suggests that agencies serving these two client groups have been operating for at least 30 years.

#### **5.7.7.2 Organization age - external factors.**

The first step to predicting agency age by the respondent’s perception of the external environment required that the dependent variable, agency age be recoded into a dichotomous variable. A binary score was created by splitting respondents into two groups. Young organizations, defined as organizations operating less than 30 years were coded ‘0’ while older organizations, defined as organizations operating 30 or more years, were coded ‘1’. The classification table indicated 140 organizations had operated less than 30 years, while 144 organizations had been operating 30 or more years.

A stepwise logistic regression analysis using the maximum likelihood ratio method was conducted to estimate a model that correctly predicted an agency's age. The predictor variables originated from the factor analysis generated from question fourteen in the survey instrument. The five external factors input into the stepwise regression model were *competition*, *credibility*, *regulation*, *mimic*, and *reputation*.

The stepwise model containing the five factors revealed that one predictor was statistically significant  $X^2 (1, N=284) = 5.608, p = .018, mimic$ . The classification table indicated the model was able to distinguish between young and old agencies correctly 56.3 % of the time. The condition index ( $CI_2=9.326$ ) was computed for the dependent and predictor variables, confirming that multicollinearity did not exist. The Nagelkerke  $R^2$  was 2.6%, while the Hosmer and Lemeshow test was not significant,  $p=.394$ , indicating a good fit. Results are presented in Table 5.32 and the level of significance was set at  $p < .05$ .

Table 5.32 *Logistic Regression: Organization Age & External Factors*

Variable	B	SE	Wald X <sup>2</sup>	P-value	Exp(B) OR	Probability	Odds
Constant	1.342	.576	5.423	.020	3.825		
Mimic	-.368	.158	5.450	.020	.692	.364	.578

$Z_{(organization\ age)} = 1.342 - .368_{(mimic)}$

The model revealed one significant predictor of organizations operating 30 or more years, *mimic*. The odds ratio  $Exp(B)$  for this predictor was .692 and the Wald statistic  $X^2$  and associated p-value indicated significance as well. The odds of this predictor were .578 suggesting a likelihood that older agencies look to other organizations for new ideas and innovative practices. However, readers are once again cautioned to use this result with caution given the mimic factor's Cronbach's alpha was .547.

## 5.8 Chapter Summary

This chapter presented the data analysis steps undertaken along with results revealed in examining relationships between the variables included in this research study. Response analyses were undertaken to study response categories by primary client group served, primary service area delivered as well as the distribution of organizations by rural and urban locales. When compared to the distribution of population data, respondents were representative of the population overall.

Demographic variables were examined and descriptive statistics were presented for organizational and respondent level data. It is noteworthy that 139 (45.7%) of participating agencies operated more than 30 years, while 169 (55.7%) reported revenues between \$250,000 and \$2,000,000. The nature of social enterprise engagement was examined as well and data revealed that 70.7% (215) of eligible participants indicated they had some form of experience with social enterprise.

Instrument reliability was evaluated as well by conducting four factor analyses in which robust reliability was established for 17 of the 19 factors. The two external factors *mimic* and *legitimacy* revealed reliability coefficients less than .600, suggesting these composites were not as reliable or robust as other dimensions of the instrument.

Multivariate analyses and independent t tests were conducted to explore the reasons, perceptions, and impact of social enterprise engagement in addition to perceptions of the external environment in which social services agencies operate. Significant differences between groupings of agencies by *organization age* revealed *viability* as a significant factor when considering the impact of engagement along with the reasons why such engagement was

initiated. Not surprisingly, significant differences were also observed between groups of agencies with *some, but limited* experience versus those with *considerable* experience.

The final section of the chapter presented results from several logistic regressions undertaken to explore the predictability of a number of dimensions of social enterprise engagement. Overall, the results suggest that total revenue and organization age may be good predictors of agencies *considerably engaged* in social enterprise, whereas facility-related and accommodation-related engagement tends to be more prevalent amongst agencies serving seniors or disability client groups. Furthermore, it appears that larger agencies are more likely to engage in accommodation-related enterprise or establish a separate entity through which to operate their venture.

This completes the data analysis and presentation of results for this study. The upcoming chapter will present a discussion of the conclusions reached along with a summary of this study's limitations and areas for potential research. Last, it will highlight implications for social work practice as well as public policy approaches that may be appropriate.



## CHAPTER 6

### Conclusion

This study set out to explore the extent, type, and impact of social enterprise engagement in Alberta's social service agencies. It also sought to understand how executive directors of Alberta based social service agencies view social enterprise. Because consensus regarding what social enterprise is and what it is not remains elusive, a definition of social enterprise was developed specifically for this study. Since social enterprise is in the nascent stage of its research agenda in Canada, a survey instrument was developed to answer the research questions posed, using a theoretical framework that reflected resource dependency theory, institutional theory and empowerment theory.

Social enterprise is an emerging field of inquiry (Alter, 2007). In fact, since the research questions were first posed and this study was initiated, momentum has grown considerably as government, the private sector, the voluntary sector, and academia have started to explore this field. Social enterprise has been described as a field of study, a phenomenon, a game changer, even as a state of mind (Black & Nicholls, 2004; Boschee, 2006; Brinkerhoff, 2000; Paton, 2007, Ridley-Duff & Bull, 2011). For some it is a new business approach, while for others it is another tool to finance programs and services in the voluntary sector; or achieve a social purpose (Aubry, 2004; Larson, 2002). It has also been described as a movement, one that may have reached its tipping point, indicative of a seachange that is occurring (Massarsky, 2006; Pearl, 2007; Ridley-Duff & Bull, 2011). In an effort to explore this phenomenon, this study undertook a population census of **541** nonprofit social service organizations, which were invited to participate in an online survey.

The research design included three phases. The first phase, *survey development and pre-test* phase, comprised 11 in-depth personal interviews conducted with Alberta-based experts in social enterprise, followed by an instrument pre-test with 50 other individuals knowledgeable of the voluntary sector generally. The second phase of the design focused on *pilot testing* the survey instrument, and all aspects of survey distribution, including an in-depth review of related documentation and correspondence. The final phase included the *rollout* of the revised instrument to the population of interest. It is noteworthy that implementation of the design yielded a response rate of **62.8%, (n=340)**, which following data cleaning and application of inclusion criteria represented a net response rate of **56.2% (n=304)**.

This chapter highlights the major findings of the study, including their relationship to theory and research discussed in the literature review. The chapter begins with a review of the key findings for the research questions addressed, followed by a discussion of the study's limitations, its significance and potential strengths. The final section of the chapter, presents a discussion of the implications of this study's findings for social work practitioners, educators, policy makers, and Canada's voluntary sector.

## **6.1 Extent of Social Enterprise Engagement**

The first question posed was the extent to which Alberta's social service agencies engaged in social enterprise. Of eligible respondents (n=304), 70.7% (n=215) indicated their organization had some experience with social enterprise, while 29.3% (n=89) had no experience. Of those agencies indicating they had engaged in social enterprise, 72.5% (n=156) reported some but limited experience, while 27.5% (n=59) indicated considerable experience. Because there is a paucity of Canadian research, Elson & Hall's (2010) mapping study of Alberta and British Columbia social enterprise provides a basis for comparison. Although their study did not

examine social service agencies exclusively it represented an initial step in mapping social enterprise(s) across the two provinces. Sixty - four Alberta-based organizations were identified as social enterprise ventures, operating within a nonprofit organization or as a separate entity. It should be noted Elson and Hall were approached to share their population frame with this researcher, however due to confidentiality restrictions they were unable to do so. Although specific participant data was unavailable from Elson and Hall, this study's results suggests organizations self-identifying as *considerably* engaged, may in fact be representative of a portion of the pool of organizations surveyed by the researchers. While Elson and Hall's examination provides a basis for comparison, it must be noted that their study and the current one differ substantially. Specifically, Elson and Hall did not conduct a population census, rather they identified study participants meeting dual criteria, "being a business venture that sells goods and services, and does so primarily to fulfill its social /or environmental mission" (p. 9). Following the application of the criteria, the survey was distributed to 295 organizations.

An examination of this study's participating agencies by the extent of their engagement in social enterprise and demographic characteristics revealed interesting results. Findings reflect that organizations without experience (n=89) are smaller and younger than their more experienced counterparts. Furthermore, agencies with some social enterprise experience (n=156), while older and larger than their less experienced counterparts, were smaller and younger than organizations with *considerable* experience (n=59). These observations are important in that they indicate, for this population; social enterprise engagement is more prevalent in more established and larger social service agencies. Consistent with this result was Spall and Zetlin's (2004) study of quasi market strategies in 42 Australian disability organizations which found that enterprising organizations tended to be larger, with fewer levels of hierarchy. Similarly Tekula's (2010) study

of human service organizations, also identified the trend that, “larger firms are more likely to source diversified revenues in the form of unrelated business income” (p. 21). Although not necessarily surprising, this finding supports the perspective that older and larger organizations may in fact be better equipped to engage in social enterprise because they have greater organizational capacity to do so; whether in the form of infrastructure, excess capacity, administrative support, human or financial resources.

The distribution of revenue sources by the extent of engagement is also revealing in that results indicate considerably engaged agencies reported the smallest percentage of revenue sourced from government (48%, n=59), versus their less experienced counterparts (56.9%, n=156) and those without any experience (65.4%, n=89). This trend is also apparent in the percentage contribution to total revenue for revenue originating from foundations, donations, and fundraising initiatives. In fact, for all three revenue sources, overall results suggest as agencies move from no experience (n=89), to some experience (n=156), to considerable experience (n=59), the percentage of revenue originating from foundations, donations and fundraising decreases as experience levels increase.

Once again, this result is important in that it suggests as social enterprise experience increases, the percentage contribution to agency revenue increases as well. Ridley-Duff and Bull (2011) discussed the fluidity of revenue streams as social enterprises become more established. While social enterprises strive to earn income they note that achieving 100% trading income is probably unrealistic, particularly for organizations working with significantly disadvantaged people or their communities. The researchers note many social enterprise(s) report a mix of income streams, representative of a diversification strategy aimed at long term sustainability. Furthermore, Wei-Skillern, Austin, Leonard, and Stevenson’s (2007, p. 135) examination of the

Johns Hopkins Comparative Non-Profit Sector Project identified, “that over half the income of the social economy globally is ‘earned’ (53% fees, 35% government, mostly contracts, and 12% philanthropic giving)” (As cited in Ridley-Duff & Bull, 2011, p. 216).

Therefore, in countries in which social enterprise and nonprofit engagement in ‘trading’ has become more entrenched, government support has substantially decreased (Ridley-Duff & Bull, 2011). This particular observation is important in that as Canada’s federal government becomes more interested in social enterprise, expectations may mount that revenue generated through social enterprise may be used to offset decreases in charitable sector funding. A substantial risk indeed.

## **6.2 Type of Social Enterprise Engagement**

This study’s second research question addressed the type or form of enterprise engagement in which organizations were involved. Survey participants indicating some degree of enterprise engagement, were asked to indicate the nature of their agency’s experience. Respondents were provided a suite of options including; *staff delivered*, *merchandised related*, *facility related*, *accommodation related*, *client delivered*, *separate entity* and *other*. Because this was a multiple response question, response counts revealed that 215 agencies reported 387 incidences of engagement. Most interesting was the difference in response patterns when agencies were grouped by experience level. The most frequently cited type of experience among *considerably* engaged agencies were *staff delivered*, *accommodation-related*, *facility-related*, followed closely by *merchandise-related* initiatives. On the other hand, agencies with limited experience most frequently identified *staff delivered*, *merchandise-related* and *facility-related* forms of social enterprise. Because both groups identified *staff delivered* and *facility related* most frequently, it

suggests that organizational capacity whether in the form of human or capital, may be important precursors to social enterprise engagement.

The results also revealed that considerably engaged agencies were more inclined to establish a separate entity to facilitate social enterprise engagement. While this finding may not be surprising, it is nonetheless important in that it suggests that larger and more established agencies may have additional resources available to support and manage separate entities within their operating structure. While some survey participants manage their ventures as separate legal entities (n=17), the comment below is insightful,

*Overall, our social enterprise covers the majority of our administrative expenses, allowing us to channel all donations, fundraising directly to [organization identifier], and fulfilling our mission. Unfortunately, we are currently experiencing challenges with CRA, which has required internal restructuring into a separate legal entity, which provides no real benefit to the charity and costs additional money. (Case # 19)*

In view of the above, this finding is important given the literature review's discussion of Canada's Income Tax Act, Canada Revenue Agency, the definition of charity, and the confusion between *related* and *unrelated* business activities (Canada Revenue Agency, 2006; Carter & Cooper, 2006; Drache, 1998). Given the lack of clarity and the growing interest in social enterprise across the community, British Columbia's 2012 announcement of a new legal structure, the *Community Contribution Company*, (C3), is important. The C3, described as a *social enterprise hybrid legal structure* features, "an asset lock, interest and dividend caps and an extra layer of community impact reporting" (S. Corriveau, personal communication, May 19, 2012). Although specific regulations associated with this new structure have yet to be defined, anticipation is growing that this new form may provide a partial solution to the confusion surrounding how related and unrelated business activities should be structured.

### 6.3 Reasons for Social Enterprise Engagement

This study also explored the reasons why organizations engage in social enterprise. Survey results revealed that organizations engage in social enterprise for reasons that are varied and complex. In this study, three general themes emerged regarding the reasons for enterprise engagement: *viability*, *mission*, and *client capacity building*. The first theme, *viability* was identified by 78 % (n=151) of respondents along with 62% (n= 119) who indicated social enterprise was a tool to reduce the effect of unstable funding relationships. When grouping agencies by age and experience, the multivariate analysis identified *viability* as a significant reason for engaging in social enterprise. This result suggests that older and considerably engaged organizations undertake social enterprise for *viability* related reasons when compared to their younger, less experienced counterparts.

The mapping studies in Alberta, British Columbia and Manitoba also explored the mission and purpose of their sample of organizations that were classified as social enterprises. Using a multiple response format the studies revealed that 38% (n=45) of Manitoba respondents, 47% (n=49) of British Columbia respondents and 39% (n=14) of Alberta respondents operated a social enterprise to generate income for a parent organization (Elson & Hall, 2010; O'Connor et al., 2012). While these results differ from the current study, the discrepancy may be due to a number of factors. First, because the number of participants across the studies differed substantially from this study, this may have contributed to the disparity in the results. Furthermore, because the question and response formats were different across the two studies, this made comparison more challenging. Elson and Hall's study utilized a five option multiple response question to identify the organization's mission or purpose, of which income generation

for the parent organization was one option. Conversely, the current study utilized a five point Likert-scale to evaluate statements exploring the reasons for social enterprise engagement.

*Mission-related* reasons for engagement, this study's second theme, revealed that 79% (n=153) of respondents engaged in social enterprise because the venture aligned with their agency's *mission*. Results from the aforementioned studies also indicated that 83% (n=98) of Manitoban respondents operated a social enterprise to fulfill a social mission, compared with 71% (n=75) in British Columbia and 92% (n=32) in Alberta (Elson & Hall, 2010; O'Connor et al., 2012). Much of the literature warns of the risk of mission drift as ill-prepared nonprofits engage in social enterprise (McBrearty, 2007; Weisbrod, 2000). However, Teasdale (2010b) highlights the importance of mission alignment with social enterprise ventures, along with McDonald (2007) whose examination of nonprofits identified the role that *mission* played in the selection of innovations that support an organization's mission. Specific to the current study, it appears that an organization's mission and a venture's alignment to it, is a critical consideration for organizations choosing to engage in social enterprise.

The third theme, *client capacity building* was identified as an engagement reason by almost half of this study's eligible respondents 49% (n=91), suggesting social enterprise provides opportunities for *client capacity building* through skill building and training and in so doing, improving client self-esteem 49% (n=89). Comparing results to the two mapping studies, 30% percent of Manitoban respondents, 51% in British Columbia and 22% (n=8) of Alberta respondents, indicated they operated a social enterprise to provide training and employment opportunities (Elson & Hall, 2010; O'Connor et al., 2012). Although results differ from the current study possibly due to the survey format, the questions asked and the population surveyed; the results point to a potential opportunity to leverage social enterprise as a client capacity-



building tool in the province of Alberta. This aspect of social enterprise has been explored extensively throughout Europe and the United Kingdom as WISEs (work integration social enterprises) are used as tools to counteract structural unemployment of disadvantaged groups (Defourny & Nyssens, 2006; Teasdale, 2010a). Likewise, Borgaza, Galera and Nogales' (2008) two year investigation of social enterprise in 12 European countries, indicated one of its greatest contributions was the integration of disadvantaged people into the workplace.

#### **6.4 Impact of Social Enterprise Engagement**

Another key dimension this study set out to explore was the impact of social enterprise engagement in Alberta-based social service agencies. The results are not only instructive; they are interesting and insightful. Paton (2007, p. 1) described the contribution of social enterprise(s) as “enormous – and enormously diverse”, while Ridley - Duff, Seanor and Bull (2011) argued the value of social enterprise is its contribution to the creation of ethical and social capital. While there is considerable discussion regarding its contribution and impact, this study explored impact at the organizational level.

Participants were grouped by experience level in terms of whether their organizations were *somewhat engaged* or *considerably engaged* in social enterprise. Significant differences between groups were observed and in all cases, considerably engaged agencies viewed the impact variables (*viability, client capacity building, administration, reputation and staff capacity building*) more positively than their less experienced counterparts did. Not surprisingly, this result suggests a tendency on the part of more experienced practitioners to be more positive about social enterprise, possibly because they are more knowledgeable and familiar. It may also be reflective of more experienced agencies investing more time and resources to nurture and develop successful initiatives, while possibly over time, shedding less productive undertakings.

At the same time, it is possible that this outcome may also be reflective of some measure of social desirability, in that participants recognized this was the primary focus of the study and may have felt that a positive response was desired (Dillman 2007; Engel & Schutt, 2013).

One impact dimension this study explored was organization *viability*. Seventy-five percent of respondents (n=148) viewed the impact of social enterprise as positive relative to its ability to generate net income and enhance agency viability. The multivariate analysis also revealed differences between the two participant groupings in that more experienced agencies viewed social enterprise as a tool to improve agency viability more positively than their less experienced counterparts did. Once again, this difference between groups may be reflective of the learning curve required to establish, nurture and support social enterprise to the point at which viability is achieved.

When examining the impact of social enterprise engagement on agency *administration*, once again significant differences between the two groups were observed. Considerably engaged agencies indicated that social enterprise engagement required additional administration and oversight versus their less experienced colleagues. As well, it is important to recognize this dimension reflected one of the largest frequencies of neutral responses across the survey, suggesting respondents felt it was premature to assess impact. However, this finding is consistent with Pearl's hermeneutic study (2007) of eight nonprofit organizations, which identified that social enterprise ventures consumed additional resources to administer and provide oversight, in addition to increasing staff recruitment and training requirements.

Possibly one of the most surprising findings was the impact of social enterprise engagement on agency *reputation*. This was an unexpected result in that 81% (n=162) of respondents indicated their engagement had improved their organization's reputation, with 77%

(n=153) indicating it had contributed positively to community relations. The multivariate analysis revealed a significant difference between the two experience groups, suggesting as organizations become more knowledgeable, skilled and the venture becomes more established, the reputation of the organization may be enhanced. Certainly, the relationship between *reputation* and *legitimacy* is close in that an organization's reputation is often considered a dimension of organizational legitimacy that is as a potential indicator of the approval of an organization's actions (Deephouse & Suchman, 2008; Galaskiewicz, 1985; King & Whetten, 2008). Grant and Dart (2009) examined the reasons why organizations self-identify as social enterprises. Their case study of Youthline, a New Zealand based nonprofit suggested that the adoption of social enterprise nomenclature helped to position the nonprofit as, "an innovative, leading, perhaps boundary-breaking organization" (p. 11). Moreover, they held that the positive reputation of Youthline, "may also lend reciprocal legitimacy to the relatively unknown/poorly understood concept of social enterprise" (p. 12).

Agencies considerably engaged in social enterprise also indicated that *staff-capacity building opportunities* were favourably influenced. Significant differences between the two experience groupings were observed, with more experienced agencies indicating that engagement in social enterprise contributed to staff development, providing training and development opportunities. In their case study of two West London social enterprises, Todres, Cornelius, Janjuha-Jivraj & Woods (2006) identified the importance of staff capacity-building programs and initiatives. Aimed at building skill through training, they observed that building staff capacity was crucial to social enterprise development, growth, and success. Pearl's (2007) study of the meaning of social enterprise also uncovered this theme. She found that organizations actively involved in social enterprise identified staff training, skill building, and coaching as

critical success factors for an emerging social enterprise. Similarly, McBrearty's (2007) case study of five nonprofits also identified the need for, "requisite management skills to deal with the additional complexity involved in pursuing social enterprise models" (p. 70).

Most interestingly, of the impact dimensions examined in this study the only dimension that did not reveal significant differences between the groups was *client capacity building*. While both groups rated this dimension positively, this result is noteworthy in that it suggests client-capacity building initiatives are viewed similarly regardless of an organization's experience level with social enterprise.

### **6.5 Predicting Social Enterprise Engagement**

Using a series of logistic regressions, analyses were undertaken to predict social enterprise engagement. Study results revealed that *organization age* and *total annual revenue* were significant predictors of agencies self-identifying as considerably engaged in social enterprise. While not surprising, these findings reflect that considerably engaged agencies tend to be older and larger than their less experienced counterparts. Furthermore, when analysing data by respondent perceptions of the external environment, results also revealed that one factor was a significant *predictor* of considerably engaged agencies, *mimic*. Defined as a tendency amongst agencies to organize and structure themselves similarly, the *mimic factor* is interesting in that it suggests that considerably engaged agencies look to other organizations for new ideas or innovative ways to diversify revenue.

### **6.6 Resource Dependency Theory and the External Environment**

As discussed in the literature review, *resource dependency theory* posits that organizations are embedded in their external environment and rely on that environment for survival (Pfeffer & Salancik, 1978). Moreover, their 'survival' is largely determined by an organization's *access* to

resources along with the *scarcity* and *criticality* of those resources. In this study the survey revealed that 82% (n=236) of respondents believed changes in the economic environment impacted their agency's ability to access funding, while 62% (n=176) stated there was a *scarcity* of funding sources available to their agencies.

In the context of the theory, Pfeffer and Salancik (1978) describe *resource interdependence* as reflective of the relationship between a supplier and recipient of a certain resource. Moreover, as Paton (2007) observes in the case of social enterprise(s), because of the broad array of stakeholders, it is common that one stakeholder holds a dominant position. In Canada's voluntary sector, research has pointed to the dominant role government plays in funding and supporting the voluntary sector. Data from the NSNVO (2004), revealed in 2003, 54% of the total revenue of registered charities originated from government. Elson and Hall's (2010) mapping study of social enterprises in Alberta and British Columbia, also noted the dominance of government, as the primary source of financing for 69% (n= 24) of the study's Alberta participants. The current study's results reflect a similar relationship in that on average 57.7% of participant total revenue originated from government sources. This finding is noteworthy in that the dominance of government funding across the voluntary sector internationally and nationally has been observed for some time (Anheier, 2005; Dart, Armstrong & Clow, 2008; Elson & Hall, 2010; Foster & Meinhard, 2005; Hall, 2006; Kerlin, 2006). During the period 1994 through to 2004, Eakin and Graham (2009) also observed the dominance of government in the funding profile of Canada's voluntary sector. The criticality of government sourced funding and the potential vulnerability of nonprofits when that funding is scarce or unstable was also highlighted in Foster and Meinhard's (2005) study of Canadian women's voluntary organizations. Their study identified the adaptive strategies undertaken in response to changes to government policy,

one of which was actively diversifying their organization's funding portfolio. In this study, 82% (n=236) of the participants indicated they were exploring other options to diversify funding sources. Combined with the perspective that changes in the economic environment effects access to available funding, the precarious nature of the relationship between social service agencies and government is apparent.

Significant differences between revenue groups regarding their perception of the external environment were observed. Agencies reporting total annual revenue  $\leq$  \$2,000,000, were more sensitive to changes in the external environment when compared to their larger counterparts. Not unexpected, this finding suggests that smaller agencies may not have the organizational capacity, whether human or financial, to cope with uncertainty in the external environment.

When examining the funding portfolio mix of study participants by their social enterprise experience level, results point to a shift away from government funding as agencies become more engaged in social enterprise. Stated differently, as agencies look for alternate sources of revenue, as organizations become more experienced and nurture their enterprise initiatives, they appear to become less reliant on government support. This finding is important in that it suggests as organizations become more engaged in social enterprise, government-sourced revenue tends to be displaced by agency-generated revenue. From a resource dependency perspective, this suggests as organizations cope with unstable and uncertain external environments, some organizations may rely on social enterprise as an adaptive strategy that may be used to diversify funding sources and potentially address long term sustainability issues.

In summary, this study considered resource dependency and its relationship to social enterprise engagement. Results reflect that government is a dominant funder of Alberta based social service agencies. Moreover, as organizations become more engaged in social enterprise,

the data reflects as revenues increase, government-funding levels tend to decrease. This is an important finding in that it points to the potential of social enterprise as one of a series of tools that may be used as organizations adjust to shifting funding platforms. However, readers are cautioned that considerable support is required on the part of voluntary sector actors and government agencies considering social enterprise. The stage must be appropriately resourced and set to ensure a state of readiness exists within government as well as within the voluntary sector.

### **6.7 Institutional Theory and the External Environment**

The nonprofit sector is recognized as a separate institutional sector nationally and internationally (Anheier, 2005). This study relied on *institutional theory*, from which two tenets were examined *legitimacy* and *isomorphism*. *Legitimacy* refers to organizational efforts initiated to gain social acceptability and enhance credibility, whereas *isomorphism* reflects the tendency of organizations to structure themselves similarly over time, often in response to external or dominant forces.

One area examined in this study concerned the role of organizational reputation, its relationship to the external environment and its use as a tool to enhance organizational legitimacy. An astonishing 92% (n=268) of respondents indicated their organization's *reputation* effected its ability to attract funding. This is particularly important in view of the increased competition described by respondents when searching for new funding sources. Furthermore, 83% (n=238) of respondents revealed their agency tracked newspaper articles, news clippings and media interviews involving their organization. Deephouse and Suchman (2008) discuss media coverage tracking as one approach to gauge legitimacy. They proposed that media

tracking was often used by new or emerging organizations or industries, looking to establish legitimacy.

Blundel, Lyon & Spence's (2011) analysis of growth processes in social enterprises, examined how organizational legitimacy was enhanced by demonstrating impact in program and service delivery. They discuss the importance that changes to organizational form and governance structures in UK based social enterprises played in enhancing organizational legitimacy. Anheier (2005) also notes that, over time legitimacy becomes "the central resource that organizations require for long term survival (p. 147). Scott (2001) and Wuenschel (2006) also observe how *legitimacy* may be conferred through accreditation processes, affiliation with national boards, trade, and professional associations. It is noteworthy that 78% (n=223) of the current study's respondents indicated that participation in local, national and international affiliates was important to achieving organizational goals, along with 59% (n=170) indicating their agencies participate in accreditation programs.

Anheier (2005) observed that "nonprofit organizations that rely heavily on government funding will come to resemble the public agency over time, and nonprofits that rely on earned income will mimic the market firm." (p. 189). Garrow and Hasenfeld's (2010) review of theoretical approaches in human service organizations, also noted how, "institutional isomorphism leads to considerable structural similarity and homogeneity among organizations in the same industry" (p. 41). In this study, 76% (n=216) of the participating agencies indicated they examine and look to similar organizations for new and innovative ideas. Additionally, 55% (n=159) of the respondents indicated that organizations working in the same service area, tended to be structured similarly. Furthermore, reflecting on the external environment, 82% (n=235) of respondents indicated there was competition between similarly structured agencies for funding.



The two tenets of institutional theory examined in this study, legitimacy and isomorphism, were explored relative to social enterprise engagement. The results pointed to significant differences between groups when agencies were segmented by revenue, for the *legitimacy* and *mimic* factors. However, because the Cronbach's alpha coefficients for these factors were low, results must be viewed with caution. While the raw data appears to support the presence of legitimacy and isomorphic tendencies among study participants, because of the weak reliability scores, a direct link cannot be supported.

### **6.8 Empowerment and Social Enterprise Engagement**

Considerable literature describes the nature of social enterprise as typified by balancing the tension that exists between generating income while at the same time serving the common good (Artin, 2010; Lynch & Walis, 2009). This tension is particularly apparent when the organization operating the venture or program is a voluntary sector actor managing multiple stakeholder expectations regarding mission alignment. In their study of Irish social enterprises Curtis, O'Shaughnessy and Ward (2011) highlight the potential threat to organizations trying to balance client training initiatives against the cost of investing and developing operations aimed at generating income. They hold that the equilibrium required to balance mission objectives with income generating goals is 'fine' in view of the potential risk of mission 'creep' and 'drift'. Likewise, Frumkin and Andre-Clark (2000) describe the conflict faced by *nonprofit* human service organizations competing with *for profit* firms in welfare-to-work training programs. They acknowledge the conundrum faced as organizations assess the trade-offs of working and training clients versus *preferred client selection* in which agencies select and train clients deemed more *job ready, employable, and trainable*. While the current study did not address issues related to preferred client selection, it did explore how social enterprise may complement work with

disadvantaged people. Results revealed 49% (n=91) of study participants believed their agency's engagement in social enterprise helped tackle social exclusion and improve client self-esteem 54% (n=105). These results are important in that they point to the potential role social enterprise can play in supporting marginalized people and their communities.

Social enterprise, with government support, can be a tool to combat social injustice by empowering the disadvantaged. A case in point is the Chinese experience and government involvement in support of work initiatives of marginalized client groups. Combined with a strong economy and institutional support from the Chinese government through the imposition of levies on employers, disability-employment participation rates have skyrocketed (Huang, Guo & Bricout, 2009). Although not problem free, the Chinese experience along with growing numbers of European countries, including the United Kingdom point to the role government can play to encourage participation of people and communities deemed disadvantaged or excluded.

Kristin Ferguson's (2007) study of street-living youth proposed a capacity-building model comprised of vocational and small business training in addition to health and mental health counselling aimed at empowering youth through training and building self-esteem. Ferguson's intervention model engaged youth in income generating activities as viable alternatives to the high-risk behaviours in which they had been previously engaged. Nakagawa (2009) describes how Japanese social enterprises promoted community participation while at the same time building individual self-confidence in addition to helping organizations move toward economic sustainability. On the other hand however, Teasdale (2010a) cautions while social enterprises offer opportunities to gain new skills, earn income and build self-esteem, a tension persists in the management of an organization's social and economic objectives.

The strengths based approach to social work considers the role of capacity building as one embedded within the environment. That is, capacity building cannot occur in isolation. Whether at the organization or individual level, capacity building must be supported if it is to be successful (Ku, Yeung, Sung-Chan, 2005; Kretzmann & McKnight, 1993; Nussbaum & Sen, 1993; Warner & Mandiberg, 2006). Almost half of this study's participants (49%) indicated social enterprise engagement helped tackle social exclusion and more than half (54%) indicated it had contributed to improving client self-esteem. This study points to an opportunity, an opportunity to build on the strengths based approach by using social enterprise as a tool to empower disadvantaged people and their communities while at the same time supporting them on their journey.

In terms of its contribution to empowerment theory, this study provides fertile ground that supports social enterprise engagement as a tool to engage, empower and build esteem among marginalized client populations. This is important recognizing that this phenomenon is gaining momentum and traction in Canada today. As in depth discussions are held and stakeholders contribute their view of how social enterprise should be supported in Canada, its promise must not be lost – that is – the promise that social enterprise can be a tool to tackle social exclusion and build client self-esteem.

## **6.9 Limitations of the Study**

The current study, like any other includes a number of inherent limitations that should be acknowledged. These shortcomings are important considerations that influence both the internal and external validity of this study, and should serve as cautions against drawing inappropriate conclusions from the results.

The two most significant threats to the study are those that characterize all cross-sectional population surveys. First, construction of the population frame; and second, representativeness of sample participants. Because a single comprehensive listing of Alberta based social service agencies did not exist when this study was initiated, it is possible a number of social service agencies may have inadvertently been omitted from the population frame. The second potential threat to the study's results concern the representativeness of study participants, executive directors of Alberta based social service agencies. Because participation in this study was voluntary and the study was limited to two participation requests, an effective response rate of **62.8%** was achieved. While the effective response rate was acceptable, because inclusion criteria were used to construct the population frame, the same parameters were applied to respondent submissions. Following data cleaning and the application of inclusion criteria, this study's results are based on **304** survey submissions, representing a net response rate of **56.2%**. Because almost **7%** of the respondents were excluded from the analysis, the potential impact of excluding the **36** surveys places limits on the *generalizability* of this study's results.

A subsequent issue concerned the use of technology in this study. Internet availability, computer capacity, and access in rural areas may have impeded participation, potentially creating *response bias*. Again, it is possible that non-respondents did not participate due to limited or nonexistent access to the online or hard copy version of the survey. Preventative steps were taken in this regard and agencies indicating a preference for a hard copy survey or those for which an email address or website was unavailable, were contacted directly by the researcher and options were provided to minimize this problem.

A subsequent set of potential limitations concerned *social desirability* on the part of participants, responding to questions in a manner in which they believed was desirable. Since

participants were informed upfront that the primary topic under investigation was social enterprise engagement, it may have predisposed them to indicate they were engaged in social enterprise, when in fact they were not. Because respondents self-identified in terms of the extent to which their organizations had been engaged in social enterprise, it is probable that engagement levels were inflated. Although this was a challenge to address, it is the researcher's view that the steps taken to establish the study's legitimacy, inclusion of a specific definition of social enterprise, combined should have helped to diminish this potential problem. At the same time, it is also noteworthy, that much of the analysis of the study's results focused on agencies that self-identified as *considerably* engaged in social enterprise, thereby reducing the potential impact of organizations operating at the periphery of social enterprise. Furthermore, it is also important to note, due to the growing emergence of this phenomenon, a lack of a common vocabulary and a universally accepted definition, confusion and other inaccuracies may have occurred. This may have contributed to issues concerning the reliability of the instrument, recognizing the researcher created the instrument. In particular, *Cronbach's alpha* results indicated the reliability of two of the five external environment factors was less than .600, indicating caution should be used when drawing conclusions from these particular results.

As a result, the limitations as described must be considered when examining this study's results. They serve to caution the researcher and the reader about unwarranted conclusions and generalizations based upon this study. At the same time, it must also be noted that the study's limitations do not unduly exceed the natural limitations of cross-sectional survey methodology, since the survey was conducted using established survey and online research principles and techniques. (Buckingham & Saunders, 2004; Czaja & Blair, 2005; Dillman, 2007; Dillman, Smyth & Christian, 2009; Groves et. al, 2009; Ritter & Sue, 2007; Saris & Gallofer, 2007).

## 6.10 Significance and Strength of the Study

This research is expected to benefit the researcher, the participants, the research community, the voluntary sector, and policy makers. For the researcher, this study has expanded her depth of understanding and knowledge regarding social enterprise engagement in a population of social service agencies in Alberta, Canada. It has contributed to the acquisition of new skills relative to survey development and methodology along with the administration of this approach in an online environment. It has also provided the researcher an opportunity to improve her writing, research, and statistical analysis skills all of which were required to conduct this study.

All participants were provided an opportunity to reflect on a phenomenon that is in some geographic locations referred to as a *movement*. Participants, most of whom were executive directors, were also able to consider how they view social enterprise, its impact on their organization and how they give it meaning.

For the research community this study, to the best knowledge of the researcher, represents a first attempt to explore social enterprise engagement in a population of social service agencies in Canada, and possibly North America. Because empirically based social enterprise research is limited and in its infancy, this study represents a first step to addressing a significant gap in voluntary sector research internationally, nationally and provincially. Moreover, because an appropriate survey instrument was not available for this study and the researcher developed a tool to gather participant information, it is hoped that the instrument may help inform and frame future research in this or related fields of inquiry.

While it is anticipated that this study will be published and archived as a doctoral dissertation, it is also the researcher's hope that it will be published in whole or in part in

academic journals or book chapters exploring survey methodology and social enterprise engagement. For the voluntary sector generally and the social service community specifically this research is important in that it helps frame where Alberta agencies are located in terms of social enterprise engagement. It also helps to build relevant knowledge regarding why organizations engage in social enterprise, the nature of that engagement, the perceptions of social enterprise and with the perceived impact of social enterprise.

Policy makers may also find this study particularly useful in that it presents empirically sound data that depicts the extent, type, and impact of social enterprise engagement in Alberta's social services sector. The data set is broad and includes a diverse set of information that policy makers may find helpful regarding regulatory reform, delineation of related and unrelated business, structural change relative to charitable designation and so on. In view of recent federal government support of social enterprise in Canada, this study is timely in that it provides direction regarding the extent of engagement, the parameters of engagement as well as respondent perceptions of the impact of such engagement at the organizational level.

### **6.11 Implications for Future Research**

This study was descriptive in nature and because respondent participation was enthusiastic, a wealth of data and commentary remains to be mined. First, the researcher will undertake a more in depth examination of the methodological components that contributed to achieving the 64.5% response rate. Second, because participant commentary was particularly detailed, the researcher will initiate a separate analysis of the qualitative data given its richness, depth, and breadth.

This study also identified a divergence of opinion regarding what social enterprise is, how it is perceived and what its impact and contribution has been to date. While this study represents

an initial effort to examine empirically social enterprise engagement in a population of social service agencies, there is a very real opportunity to not only explore this phenomenon in other jurisdictions, but also across other segments within Canada's voluntary sector. This is important in that there is today, considerable interest federally and provincially in social enterprise as a tool to build capacity within the voluntary sector. Together, the erosion of funding platforms and unstable economic climates, have contributed to voluntary sector examination of social enterprise as a tool to offset revenue shortfalls. However, there is a substantial case to be made to consider social enterprise engagement as a tool to build client capacity in addition to generating revenue. Examples from the United Kingdom, Europe, pockets of Africa and Asia, as well as the United States point to social enterprise as tools to build skill, train, educate and empower. It is this aspect of capacity building that requires greater exploration, particularly in the context of social service delivery in Canada. This may be social enterprise's greatest opportunity, as well as risk, should government envision this phenomenon as a *cost-cutting* alternative to current funding structures. Engagement in social enterprise, not grounded in mission-related work, aimed solely at revenue generation is a risk - laden undertaking, one of which Canada's voluntary sector will need to be most wary.

As social enterprise engagement expands, the development of tools as well as models to measure impact will be required. Although this study proposed a suite of questions to measure impact at the population level, results suggest this area requires more in-depth and separate investigation. While Social Return on Investment (SROI) presents a partial solution, it is at present a cumbersome and complex tool for individual agency use.



## **6.12 Implications for Public Policy**

Public policy in Canada spans a complex network of organizations and institutions through which the government of Canada serves the public interest. Moreover it is through the instruments of public policy that governments can affect desired change. For Canada's voluntary sector, the primary instruments for policy change include the law, taxation and financing of the voluntary sector.

First, the confusion and lack of consensus regarding what social enterprise is and what it is not requires attention nationally as well as internationally. Although a plethora of definitions have been proposed and many have been developed for specific studies (including this one), it is this researcher's view that a coalescence of definitions is starting to emerge. While the literature review discussed the definitional debate surrounding social enterprise, it is believed that in Canada, the federal government may be best positioned to guide this debate. This is particularly important in view of the relationship between government and the voluntary sector in which government is the dominant funder of the sector. As jurisdictions internationally continue to set out legal frameworks regarding how best to support social enterprise initiatives, the Canadian government must remain abreast of these developments and their potential application to the Canadian landscape.

The interrelationship between Canada's voluntary sector, the Income Tax Act and the Canada Revenue Agency as administrator and overseer of the sector are tremendous considerations as social enterprise engagement continues to expand. As discussed in the literature review, Canadian taxation law relative to the voluntary sector is outdated and action must be taken to clarify and develop precise legislation regarding acceptable structures within which social enterprise(s) can operate. It is crucial that the Canada Revenue Agency (CRA)

delineate what exactly is acceptable and what is not regarding related business activities, unrelated business activities and social enterprise undertakings. For registered charities in particular, the cost of noncompliance to CRA definitions is formidable inasmuch as charities deemed noncompliant are in jeopardy of losing their charitable status. Direction is required and the Government of Canada is best positioned to provide that direction.

Similarly, as the federal government begins to study in earnest, social enterprise as a tool in social service delivery, it is essential that learnings from other jurisdictions be studied closely. Certainly the United Kingdom is the recognized poster child for government support and stewardship in this regard and the evolution of the British voluntary sector as it assumed a greater role in the delivery of social services is noteworthy.

Finally, the funding and financing of the charitable sector will continue to be an important consideration of voluntary sector actors. Because of the limited financial support available to the voluntary sector, at the front end of the social enterprise development continuum - there is a need for expertise and funding support for organizations wishing to assess potential initiatives in addition to their organization's state of readiness. At the same time, for organizations looking to scale their current operations, access to loans and/or financing has been challenging as well. Once again, the Canadian government may be best positioned to determine what precisely is required and the vehicles through which government might be prepared to support new or expanding initiatives.

Certainly if Canadian trends mirror those of the United Kingdom and Europe, social enterprise(s) can be expected to assume a greater role in the delivery of public services. It is therefore essential that the Government of Canada lead this process and ensure the interests of all stakeholders are met. In this regard, the challenge to the federal government will be to develop a

made in Canada solution in which social enterprise recognizes its power as well as its promise – that is as a capacity builder of marginalized people located in marginalized communities.

### **6.13 Implications for Social Work Practice**

According to the Canadian Association of Social Workers (2013),

Social Workers are usually employed in hospitals, community health centers, mental health clinics, schools, advocacy organizations, government departments, social service agencies, child welfare settings, family service agencies, correctional facilities, social housing organizations, family courts, employee assistance programs and private counselling, school boards, and consultation agencies.

Based upon the above, it is apparent that most often social workers are employed in Canada's voluntary sector. This study examined the extent, type and impact of social enterprise engagement in Alberta based social service agencies. In view of the response rate and the extent to which participants were committed to this study, it has become clear that this phenomenon is gaining traction not only in the field, but provincially, nationally and internationally. Recognizing there is a propensity in some communities to view social enterprise as strictly a revenue-generating tool, its real advantage exists in its application in support of an organization's mission. For social service agencies, engaged in work involving clients, social enterprise's greatest opportunity may in fact be as a tool to train, build skill, empower, and build self-esteem.

In many cases social enterprise is a tool social workers have used in the past whether as an intervention strategy in a community demonstration project or in a social development initiative. It is, however, gaining momentum and interest is expanding rapidly as more communities, policy makers and institutional actors examine the phenomenon more closely. As a result, it is crucial that social workers ensure they are apprised of its potential as well as its associated risk as social enterprise becomes more entrenched in Canada's voluntary sector.

Certainly as the Canadian government explores social enterprise as a partial solution to social service program delivery - it will be most important that social workers engage and

participate in these discussions. The potential impact on practice is considerable in view of what has transpired in the United Kingdom and Europe in which the delivery of a considerable portion of social services has been transferred to the private and charitable sectors. Competitive bids, contracting out services whether prisons, senior homes or day cares - have become the norm and social work practice in Canada will need to prepare for this potential shift. Certainly, the Canadian government's recent decision to provide \$1.5 million in funding to establish *Enterprising Nonprofits Canada* and the city of Calgary's hosting of the *2013 Social Enterprise World Forum*, illustrate this field's emergence as a powerful force in Canada as well as in Alberta.

#### **6.14 Implications for Social Work Education**

Gray, Healy and Crofts' (2003) article, *Social enterprise: is it the business of Social Work?* explored the role of social enterprise in Australia's social work field. They describe social enterprise as situated at the locus of a national and international debate regarding the future of welfare. Little has changed since the article was published. And as a result, it is crucial that Schools of Social Work seriously consider refinements to curriculum recognizing this field of scholarship. Curricula changes are required to accommodate social enterprise in social work research, in social work practice and in social work practicum placements. It is noteworthy that Haugh and Rubery (2005) identified the need to educate managers in the UK to lead community enterprises, while Wuenschel (2006) highlighted the diminishing role that administration has played in social worker education and training. Specifically, Wuenschel points to the ever-increasing competition for senior management positions within social service agencies, from managers with degrees from other fields of study, such as business. This observation is an important one in that social workers are in some cases being displaced by individuals from other

fields. Therefore it is incumbent on schools of social work to not only reflect social enterprise in curriculum, but to consider the development of courses specific to social enterprise and its potential role. First, it is essential that social enterprise be understood regarding its theoretical perspectives as well as its position within the social economy, locally, nationally and internationally. Second, consideration should be given to the development of course content that includes an examination of the strategic management, identification and planning of social enterprise initiatives using a ‘social work lens’ specifically. This would be particularly instructive since many social workers are in fact employed in Canada’s voluntary sector. A discussion of voluntary sector funding structures and the implications to governance, employee relations and leadership would be important to positioning social enterprise as not only a ‘revenue generating’ device but more importantly as a client capacity building intervention. Last, a mapping of social enterprise options which encompass an overview of performance as a concept, measurement as a tool and impact as an outcome. Together these three dimensions would be pivotal in effectively monitoring and evaluating social enterprise initiatives and their potential contribution.

Complementary skill sets will be required to support opportunity assessment and organizational readiness tests in addition to tactical implementation and monitoring of initiatives deemed appropriate and aligned with organizational missions. Professional development opportunities and the creation of innovative online programming may also be worthy of consideration in this regard.

Recognizing that social work is multidimensional as an approach, and there is an enormous need for clinicians, there is also a tremendous need to prepare social workers for administrative positions they are in many cases, best suited to assume. Consider the CEO, who

understands social enterprise as not only a tool to generate income, but also as an intervention to build skill and self-esteem? Consider the CEO, who integrates empowerment and strengths-based practice as central tenets in their agency's day-to-day operations? And, finally, consider what it might mean to staff, to clients and all stakeholders, if these CEOs possessed the acumen to not only run these agencies but to empower them to make meaningful change in our communities?

### **6.15 Concluding Thoughts**

A long journey, this study examined the extent, type and impact of social enterprise engagement in Alberta's social service agencies. As mentioned earlier, social enterprise is not new; it comes in many forms and for some it is conceptualized as a revenue generating device, while for others it is viewed as a tool to empower and engage in an effort to train, build skill, and esteem. However, regardless of its form, it is increasingly described as a movement, one which appears to be growing in momentum (Massarsky, 2006). This is particularly important to the Canadian social work profession whose work is concentrated in the voluntary sector generally and welfare and social services specifically. As government continues to increase its focus and interest in this phenomenon, it is essential that social work professionals consider the implications of this burgeoning interest and what it might mean to their profession.

This study represented a first step in the development of a survey tool to examine social enterprise engagement and its potential impact. As interest in this field continues to expand municipally, provincially, nationally and internationally; it is hoped this study will contribute to the evolution of social enterprise as a tool to build not just organizational capacity - but as a tool to build resilience and client capacity through empowerment.

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## APPENDIX A

### Definition of Key Terms

Key terms used and their definitions are:

**Registered charity:** As defined by the Government of Canada (Canada Revenue Agency, 2009) is a charitable organization, public foundation, or private foundation established in Canada and resident in Canada. It is operated for charitable purposes and must devote its resources to charitable activities. A registered charity has received a registration number from the Canada Revenue Agency and is exempt from paying tax on its revenue. It can issue donation receipts for gifts that it receives.

**Social service agency:** As developed by Johns Hopkins University, the International Classification of Nonprofit Organizations (ICNPO). The definition of social service agency is widely used internationally and was adopted by Statistics Canada (Statistics Canada, 2004, p. 60, 61) in the 2003 National Survey of Nonprofit and Voluntary Organizations. Organizations classified as social service agencies include:

- Child welfare, child services, and day care
- Youth services and youth welfare
- Family services
- Services for the handicapped
- Services for the elderly
- Self-help and other personal social services
- Disaster/emergency prevention and control
- Temporary shelters
- Refugee assistance
- Income support and maintenance
- Material assistance

For the purpose of this research study day cares, nurseries, volunteer fire departments, lifeboat services and ambulatory services have been excluded.

**Social enterprise:** Based upon a review of the literature, surveys, previous research studies, and interviews with experts in the field, this researcher developed the following definition for this study.

Social enterprise is an enterprise, organization, venture or program initiated by a non-profit organization to generate net income through the sale of goods or services to support its mission and programs.

**Social enterprise engagement:** Reflects the extent to which an organization may be engaged in social enterprise activities within their agency. Social enterprise engagement was determined by survey participants.

## APPENDIX B

### Variables and Definitions

#### Dependent variable:

- *Social enterprise engagement*, as identified by participants

#### Independent variables:

- *Agency age*, refers to the number of years the organization has operated
- *Registered charity*, as identified by participant
- *Full time staff*, number of employees working more than thirty hours per week
- *Client populations*, a multiple response question identified the client groups the agency served
- *Primary client*, primary client group served by the agency
- *Service area delivered*, a multiple response question identified the service areas provided by the agency
- *Primary service*, primary service area provided by the agency
- *Total revenue*, agency's total annual revenue for the most recently completed fiscal year
- *Revenue source- government*, revenue from government related sources
- *Revenue source- foundation*, revenue from foundation related sources
- *Revenue source- donations*, revenue from donors, endowments, and so on
- *Revenue source- revenue generating*, revenue from the sale of products or services
- *Revenue source- entity*, revenue sourced from separate legal enterprise entities
- *Revenue source- fundraising*, revenue sourced from fundraising activities
- *Revenue source- shared*, revenue from shared services charged to other non-profit organizations
- *Revenue source – member*, revenue sourced from membership fees and dues charged
- *Revenue source- interest*, revenue sourced from interest and investment fees earned
- *Revenue source-other*, revenue sourced from other activities not identified
- *Social enterprise-client*, client delivered activities
- *Social enterprise-staff*, staff delivered activities

- *Social enterprise-goods*, merchandise sold or manufactured by the agency
- *Social enterprise-facility*, facility related activities at the agency
- *Social enterprise-accommodation*, accommodation related activities at the agency
- *Social enterprise-entity*, social enterprise activities set up as a separate legal entity
- *Social enterprise-other*, other activities as identified
- *Gender*, of the participant
- *Years non-profit*, number of years the participant has been employed in the non-profit sector
- *Years agency*, number of years the participant has been employed at the agency
- *Current position*, participant's current position at agency

## APPENDIX C

### Canada Revenue Agency (CRA) Definitions

The following definition is provided by the Canada Revenue Agency (2007):

“A **registered charity** is an organization established and operated for charitable purpose and most devote its resources to charitable activities. The charity must be resident in Canada and cannot use its income to benefit its members. A charity also has to meet a public benefit test. To qualify under this test, an organization must show that:

- its activities and purposes provide a tangible benefit to the public
- those people who are eligible for benefits are either the public as a whole or a significant section of it, in that they are not a restricted group or one where members share a private connection, such as social clubs or professional associations with specific membership.
- The charity’s activities must be legal and must not be contrary to public policy


A **nonprofit organization** is a club, society or association that is organized and operated solely for:

- Social welfare
- Civic improvement
- Pleasure or recreation
- Any other purpose except for profit. ”



## APPENDIX D

### Nonprofit Organization Information Return T 1044

 Canada Revenue Agency / Agence du revenu du Canada

#### NON-PROFIT ORGANIZATION (NPO) INFORMATION RETURN

This return is for:

- non-profit organizations (NPOs) described in paragraph 149(1)(l) of the *Income Tax Act*; and
- organizations described in paragraph 149(1)(e) of the Act (agricultural organizations, boards of trade or chambers of commerce).

An organization has to file this return if:

- it received or is entitled to receive taxable dividends, interest, rentals or royalties totalling more than \$10,000 in the fiscal period;
- it owned assets valued at more than \$200,000 at the end of the immediately preceding fiscal period; or
- it had to file a NPO return for a previous fiscal period.

To determine if the organization you represent has to complete this return, please see the T4117, *Income Tax Guide to the Non-Profit Organization (NPO) Information Return*.

Send your completed return to: Ottawa Technology Centre, 875 Heron Road, Ottawa ON K1A 1A2

Do not use this area

<b>Part 1 – Identification</b>			
Fiscal period	Year	Month	Day
From			
			to
	Year	Month	Day
Business number, if any			
Name of organization			Trust (T3) number, if any
			T
Mailing address			Is this the final return to be filed by this organization? If yes, attach an explanation.
			1 Yes <input type="checkbox"/> 2 No <input type="checkbox"/>
City	Province		Postal code
			Type of organization (see Guide T4117)
Name and title of person to contact			Telephone number

<b>Part 2 – Amounts received during the fiscal period</b>	
Membership dues, fees, and assessments	100
Federal, provincial, and/or municipal grants and payments	101
Interest, taxable dividends, rentals, and royalties	102
Proceeds of disposition of capital property	103
Gross sales and revenues from organizational activities	104
Gifts	105
Other receipts (specify)	106
<b>Total receipts (add lines 100 to 106)</b>	<b>107</b>
	0.00
	0.00

<b>Part 3 – Statement of assets and liabilities at the end of the fiscal period</b>	
<b>Assets</b>	
Method used to record assets	
Cash and short-term investments	108
Amounts receivable from members	109
Amounts receivable from all others (not included on line 109)	110
Prepaid expenses	111
Inventory	112
Long-term investments	113
Fixed assets	114
Other assets (specify)	115
<b>Total assets (add lines 108 to 115)</b>	<b>116</b>
	0.00
	0.00
<b>Liabilities</b>	
Amounts owing to members	117
Amounts owing to all others (specify)	118
<b>Total liabilities (add lines 117 and 118)</b>	<b>119</b>
	0.00
	0.00

**Part 4 – Remuneration**

Total remuneration and benefits paid to all employees and officers .....	<b>120</b>	_____
Total remuneration and benefits paid to employees and officers who are members .....	<b>121</b>	_____
Other payments to members (specify) .....	<b>122</b>	_____
Number of members in the organization .....		_____
Number of members who received remuneration or other amounts .....		_____

**Part 5 – The organization's activities**

Briefly describe the activities of the organization. If this is the organization's first year filing this return, attach a copy of the organization's Mission Statement.

Are any of the organization's activities carried on outside of Canada? 1 Yes  2 No   
If yes, indicate where:

**Part 6 – Location of books and records**

Leave this area blank if the information is the same as in Part 1.

Name of person to contact

Mailing address

City	Province	Postal code	Telephone number
------	----------	-------------	------------------

**Part 7 – Certification**

Only a current officer of the organization can sign this certification.

I, \_\_\_\_\_, of \_\_\_\_\_  
Name of officer whose signature appears below (print) City and Province

certify that the information given on this return is, to the best of my knowledge, correct and complete.




\_\_\_\_\_  
Authorized officer's signature Position or office within the organization

Year	Month	Day
Date		

<b>Language of correspondence</b> Indicate the language of your choice	<b>Langue de correspondance</b> Indiquer la langue de votre choix
1 English <input type="checkbox"/> Anglais	2 Français <input type="checkbox"/> French

# APPENDIX E

## Registered Charity Information return T3010

 Canada Revenue Agency Agence du revenu du Canada	<div style="border: 1px solid black; padding: 5px; display: inline-block;">Place bar code label here</div>							
<b>Registered Charity Information Return</b>		Protected B when completed						
<b>Section A: Identification</b>								
<ul style="list-style-type: none"> <li>To help you fill out this form, refer to Guide T4033 (13), <i>Completing the Registered Charity Information Return</i>. It can be found on our Web pages at <a href="http://www.cra.gc.ca/charities">www.cra.gc.ca/charities</a>, under "Charities-related forms and publications".</li> <li>The <i>Privacy Act</i> protects all personal information given on this form, which is kept in personal information bank CRA PPU 200. The Canada Revenue Agency (CRA) will make this form and all attachments available to the public on the Charities Directorate Web site, except for information or data identified as confidential. All of the information collected on this form may be shared as permitted by law (for example, with certain other government departments and agencies).</li> </ul>								
<p><b>Note:</b> Even if a charity is inactive, an information return must be filed to maintain its registered status.</p> <p><b>If you did not receive a barcode label to attach to the return, complete the following:</b></p>								
<p>1. Charity name:</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>								
<p>2. Return for fiscal period ending:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 33%;">Year</td> <td style="width: 33%;">Month</td> <td style="width: 33%;">Day</td> </tr> <tr> <td style="height: 20px;"> </td> <td style="height: 20px;"> </td> <td style="height: 20px;"> </td> </tr> </table>			Year	Month	Day			
Year	Month	Day						
<p>3. BN/registration number:</p> <div style="border: 1px solid black; width: 100%; text-align: center; padding: 5px;">RR</div>								
<p>4. Web address (if applicable):</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>								
<p><b>A1</b> Was the charity in a subordinate position to a parent organization? ..... <b>1510</b> <input type="checkbox"/> Yes <input type="checkbox"/> No          If yes, give the name and BN/registration number of the organization.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 5px;">Name:</td> <td style="padding: 5px;">BN (if applicable)</td> </tr> </table>			Name:	BN (if applicable)				
Name:	BN (if applicable)							
<p><b>A2</b> Has the charity wound-up, dissolved, or terminated operations? ..... <b>1570</b> <input type="checkbox"/> Yes <input type="checkbox"/> No</p>								
<p><b>A3</b> Is your charity designated as a public foundation or private foundation? ..... <b>1600</b> <input type="checkbox"/> Yes <input type="checkbox"/> No          If yes, you must complete Schedule 1, <i>Foundations</i>. Refer to Form TF725, <i>Registered Charity Basic Information Sheet</i>, to confirm the designation. (Form TF725 is part of the return.)</p>								
<b>Section B: Directors/trustees and like officials</b>								
<p><b>B1</b> All charities must complete Form T1235, <i>Directors/Trustees and Like Officials Worksheet</i>. Only the public information section of the worksheet is available to the public. Charities subject to the Ontario <i>Corporations Act</i> must also complete Form RC232-WS, <i>Director/Officer Worksheet and Ontario Corporations Information Act Annual Return</i>.</p>								
<b>Section C: Programs and general information</b>								
<p><b>C1</b> Was the charity active during the fiscal period? ..... <b>1800</b> <input type="checkbox"/> Yes <input type="checkbox"/> No          If no, explain why in the "Ongoing programs" space below at C2.</p>								
<p><b>C2</b> In the space below, describe all <b>ongoing</b> and <b>new</b> charitable programs the charity carried on this fiscal period to further its purpose(s) (as defined in its governing documents). "Programs" includes all of the charitable activities that the charity carries out on its own through employees or volunteers as well as through qualified donees and intermediaries. The charity may also use this space to describe the contributions of its volunteers in carrying out its activities, for example, number of volunteers and/or hours. Do not include the names of employees or volunteers. Grant-making charities should describe the types of organizations they support. Do not describe fundraising activities in this space.</p>								
<p><b>Do not attach additional sheets of paper or annual reports.</b></p>								
<p>Ongoing programs:</p> <div style="border: 1px solid black; height: 40px; width: 100%;"></div>								
<p>New programs:</p> <div style="border: 1px solid black; height: 40px; width: 100%;"></div>								
T3010 E (13)	(Ce formulaire existe en français.)	 						

Registered charities may make gifts to qualified donees. Qualified donees are other registered Canadian charities, as well as certain other organizations described in the *Income Tax Act*.

**C3** Did the charity make gifts or transfer funds to qualified donees or other organizations? ..... **2000**  Yes  No  
 If yes, you must complete Form T1236, *Qualified Donees Worksheet/Amounts Provided to Other Organizations*.

**C4** Did the charity carry on, fund, or provide any resources through employees, volunteers, agents, joint ventures, contractors, or any other individuals, intermediaries, entities, or means (other than qualified donees) for any activity/program/project outside Canada? ..... **2100**  Yes  No  
 If yes, you must complete Schedule 2, *Activities Outside Canada*.

**C5** Political Activities

A registered charity may pursue political activities only if the activities are non-partisan, related to its charitable purposes, and limited in extent. A political activity is any activity that explicitly communicates to the public that a law, policy or decision of any level of government inside or outside Canada should be retained, opposed, or changed.

(a) Did the charity carry on any political activities during the fiscal period, including making gifts to qualified donees that were intended for political activities? ..... **2400**  Yes  No  
 If yes, you must complete Schedule 7, *Political Activities*.

(b) Total amount spent by the charity on these political activities. .... **5030** \$

(c) Of the amount at line 5030, the total amount of gifts made to qualified donees. .... **5031** \$

(d) Total amount received from outside Canada that was directed to be spent on political activities. .... **5032** \$  
 If you entered an amount on line 5032 you must complete Schedule 7, *Political Activities*, Table 3.

**C6** If the charity carried on fundraising activities or engaged third parties to carry on fundraising activities on its behalf, tick all fundraising methods that it used during the fiscal period:

- |  |  |   |
|--|--|---|
| <b>2500</b> <input type="checkbox"/> Advertisements/print/radio/TV commercials | <b>2570</b> <input type="checkbox"/> Sales                                     | <b>2620</b> <input type="checkbox"/> Telephone/TV solicitations |
| <b>2510</b> <input type="checkbox"/> Auctions                                  | <b>2575</b> <input type="checkbox"/> Internet                                  | <b>2630</b> <input type="checkbox"/> Tournament/sporting events |
| <b>2530</b> <input type="checkbox"/> Collection plate/boxes                    | <b>2580</b> <input type="checkbox"/> Mail campaigns                            | <b>2640</b> <input type="checkbox"/> Cause-related marketing    |
| <b>2540</b> <input type="checkbox"/> Door-to-door solicitation                 | <b>2590</b> <input type="checkbox"/> Planned-giving programs                   | <b>2650</b> <input type="checkbox"/> Other                      |
| <b>2550</b> <input type="checkbox"/> Draws/lotteries                           | <b>2600</b> <input type="checkbox"/> Targeted corporate donations/sponsorships | <b>2660</b> Specify: _____                                      |
| <b>2580</b> <input type="checkbox"/> Fundraising dinners/galas/concerts        | <b>2610</b> <input type="checkbox"/> Targeted contacts                         |   |

**C7** Did the charity pay external fundraisers? ..... **2700**  Yes  No  
 If yes, you must complete the following lines, and complete Schedule 4, *Confidential Data*, Table 1.

(a) Enter the gross revenue collected by the fundraisers on behalf of the charity. .... **5450** \$

(b) Enter the amounts paid to and/or retained by the fundraisers. .... **5480** \$

(c) Tick the method of payment to the fundraiser:

- |  |   |  |
|--|---|--|
| <b>2730</b> <input type="checkbox"/> Commissions | <b>2750</b> <input type="checkbox"/> Finder's fee         | <b>2770</b> <input type="checkbox"/> Honoraria |
| <b>2740</b> <input type="checkbox"/> Bonuses     | <b>2780</b> <input type="checkbox"/> Set fee for services | <b>2780</b> <input type="checkbox"/> Other     |
|  | <b>2790</b> Specify: _____                                |  |

(d) Did the fundraiser issue tax receipts on behalf of the charity? ..... **2800**  Yes  No

**C8** Did the charity compensate any of its directors/trustees or like officials or persons not at arm's length from the charity for services provided during the fiscal period (other than reimbursement for expenses)? ..... **3200**  Yes  No

**C9** Did the charity incur any expenses for compensation of employees during the fiscal period? ..... **3400**  Yes  No  
 If yes, you must complete Schedule 3, *Compensation*.

**C10** Did the charity receive any donations or gifts of any kind valued at \$10,000 or more from any donor that was not resident in Canada and was not any of the following? ..... **3900**  Yes  No

- a Canadian citizen, nor
- employed in Canada, nor
- carrying on a business in Canada, nor
- a person having disposed of taxable Canadian property?

If yes, you must complete Schedule 4, *Confidential Data*, Table 2, for each donation of \$10,000 or more.

- C11** Did the charity receive any non-cash gifts (gifts-in-kind) for which it issued tax receipts? ..... **4000**  Yes  No  
If yes, you must complete Schedule 5, *Non-Cash Gifts*.
- C12** Did the charity acquire a non-qualifying security? ..... **5800**  Yes  No
- C13** Did the charity allow any of its donors to use any of its property? (except for permissible uses) ..... **5810**  Yes  No
- C14** Did the charity issue any of its tax receipts for donations on behalf of another organization? ..... **5820**  Yes  No

**Section D: Financial Information**

Complete Section D only if you do not have to complete Schedule 6, *Detailed Financial Information*.

Complete Schedule 6 if any of the following applies to the charity:

- a) The charity's revenue exceeds \$100,000.
- b) The amount of all property (for example, investments, rental properties) not used in charitable activities is more than \$25,000.
- c) The charity has permission to accumulate funds during this fiscal period.

Do not complete Section D if you must complete Schedule 6.

Show all amounts to the nearest single Canadian dollar. Do not enter "See attached financial statements". All relevant fields must be filled out.

**D1** Was the financial information reported below prepared on an accrual or cash basis? ..... **4020**  Accrual  Cash

**D2 Summary of financial position:**

Using the charity's own financial statements, enter the following:

Did the charity own land and/or buildings? ..... **4050**  Yes  No

**Total assets (including land and buildings)** ..... **4200** \$ \_\_\_\_\_

**Total Liabilities** ..... **4350** \$ \_\_\_\_\_

Did the charity borrow from, loan to, or invest assets with any non-arm's length persons? ..... **4400**  Yes  No

**D3 Revenue:**

Did the charity issue tax receipts for gifts? ..... **4490**  Yes  No

If yes, enter the total eligible amount of all gifts for which the charity issued tax receipts ..... **4500** \$ \_\_\_\_\_

Total amount of 10 year gifts received ..... **4505** \$ \_\_\_\_\_

Total amount received from other registered charities ..... **4510** \$ \_\_\_\_\_

Total other gifts received for which a tax receipt was not issued by the charity (excluding amounts at lines 4575 and 4630) ..... **4530** \$ \_\_\_\_\_

Did the charity receive any revenue from any level of government in Canada? ..... **4565**  Yes  No

If yes, total amount received ..... **4570** \$ \_\_\_\_\_

Total tax-receipted revenue from all sources outside of Canada (government and non-government) ..... **4571** \$ \_\_\_\_\_

Total non tax-receipted revenue from all sources outside of Canada (government and non-government) ..... **4575** \$ \_\_\_\_\_

Total non tax-receipted revenue from fundraising ..... **4630** \$ \_\_\_\_\_

Total revenue from sale of goods and services (except to any level of government in Canada) ..... **4640** \$ \_\_\_\_\_

Other revenue not already included in the amounts above ..... **4650** \$ \_\_\_\_\_

**Total revenue (add lines 4500, 4510 to 4570, and 4575 to 4650)** ..... **4700** \$ \_\_\_\_\_

**D4 Expenditures:**

Professional and consulting fees ..... **4860** \$ \_\_\_\_\_

Travel and vehicle expenses ..... **4810** \$ \_\_\_\_\_

All other expenditures not already included in the amounts above (excluding gifts to qualified donees) ..... **4920** \$ \_\_\_\_\_

**Total expenditures (excluding gifts to qualified donees) (add lines 4860, 4810, and 4920)** ..... **4950** \$ \_\_\_\_\_

Of the amount at line 4950:

- a) Total expenditures on charitable activities ..... **5000** \$ \_\_\_\_\_
- b) Total expenditures on management and administration ..... **5010** \$ \_\_\_\_\_

Total amount of gifts made to all qualified donees ..... **5050** \$ \_\_\_\_\_

**Total expenditures (add lines 4950 and 5050)** ..... **5100** \$ \_\_\_\_\_

**Section E: Certification**

This return must be signed by a director/trustee or like official of the registered charity who has authority to sign on behalf of the charity. It is a serious offence under the *Income Tax Act* to provide false or deceptive information.

I certify that the information given on this form, the basic information sheet, and any attachment is, to the best of my knowledge, correct, complete, and current.

Name (print):		Signature:
Position in charity:	Date:	Telephone number:

**Section F: Confidential data**

**F1** Enter the physical address of the charity and the address in Canada for the charity's books and records. Post office box numbers and rural routes are not sufficient.

	Physical address of the charity	Address for the charity's books and records
Complete street address		
City		
Province or territory and postal code		

**F2** Name and address of individual who completed this return.

Name:	
Company name (if applicable):	
Complete street address:	
City, province or territory, and postal code:	
Telephone number:	Is this the same individual who certified in Section E? <input type="checkbox"/> Yes <input type="checkbox"/> No

**Foundations** **Schedule 1**

**1** Did the foundation acquire control of a corporation? ..... **100**  Yes  No

**2** Did the foundation incur any debts other than for current operating expenses, purchasing or selling investments, or in administering charitable activities? ..... **110**  Yes  No

**For private foundations only:**

**3** Did the foundation hold any shares, rights to acquire shares, or debts owing to it that meet the definition of a non-qualified investment? ..... **120**  Yes  No

**4** Did the foundation own more than 2% of any class of shares of a corporation? ..... **130**  Yes  No  
If yes, you must complete and attach Form T2081, *Excess Corporate Holdings Worksheet*.

**Activities outside Canada** **Schedule 2**

For more information about carrying on activities outside of Canada, go to [www.cra.gc.ca/charities](http://www.cra.gc.ca/charities), select "Policies and guidance", then "Operating a registered charity" and see Guidance CG-002, *Canadian Registered Charities Carrying Out Activities Outside Canada*.

**1** Total expenditures on activities/programs/projects carried on outside Canada, excluding gifts to qualified donees ..... **200** \$ \_\_\_\_\_

**2** Were any of the charity's financial resources spent on programs outside of Canada under any kind of an arrangement including a contract, agency agreement, or joint venture to any other individual or organization (excluding gifts to qualified donees)? ..... **210**  Yes  No

If yes, enter the amounts of the total reported on line 200 transferred to these individuals/organizations as required in the following table:

Name of individual/organization	Using the country codes at the end of Schedule 2, enter the code where the activities were carried out.	Amount (\$) Show amounts to the nearest Canadian dollar
	▼	
	▼	
	▼	

**3** Using the list below, enter the country code where the charity itself carried on programs or devoted any of its resources.

▼	▼	▼	▼
▼	▼	▼	▼

**4** Are any projects undertaken outside Canada funded by the Canadian International Development Agency (CIDA)?..... **220**  Yes  No

If yes, what was the total amount the charity spent under this arrangement?..... **230** \$

**5** Were any of the charity's activities outside of Canada carried out by employees of the charity?..... **240**  Yes  No

**6** Were any of the charity's activities outside of Canada carried out by volunteers of the charity? ..... **260**  Yes  No

**7** Is the charity exporting goods as part of its charitable activities? ..... **280**  Yes  No

If yes, list the items being exported, their value (in Canadian dollars), their destination and the country code.

Item	Value	Destination (city/region)	Country code
			▼
			▼
			▼
			▼

**Country codes**

AF-Afghanistan	CU-Cuba	KP-North Korea	RO-Romania
AL-Albania	CY-Cyprus	KR-South Korea	RU-Russia
DZ-Algeria	DK-Denmark	KW-Kuwait	RW-Rwanda
AO-Angola	DO-Dominican Republic	KG-Kyrgyzstan	SA-Saudi Arabia
AR-Argentina	EC-Ecuador	LA-Laos	RS-Serbia
AM-Armenia	EG-Egypt	LB-Lebanon	SL-Sierra Leone
AZ-Azerbaijan	SV-El Salvador	LR-Liberia	SG-Singapore
BD-Bangladesh	ET-Ethiopia	MK-Macedonia	SO-Somalia
BY-Belarus	FR-France	MG-Madagascar	ES-Spain
BT-Bhutan	GA-Gabon	MY-Malaysia	LK-Sri Lanka
BO-Bolivia	GM-Gambia	ML-Mali	SD-Sudan
BA-Bosnia and Herzegovina	GE-Georgia	MU-Mauritius	SY-Syrian Arab Republic
BW-Botswana	DE-Germany	MX-Mexico	TJ-Tajikistan
BR-Brazil	GH-Ghana	MN-Mongolia	TZ-United Republic of Tanzania
BN-Brunei Darussalam	GT-Guatemala	ME-Montenegro	TH-Thailand
BG-Bulgaria	GY-Guyana	MZ-Mozambique	TL-Timor-Leste
BI-Burundi	HT-Haiti	MM-Myanmar (Burma)	TR-Turkey
KH-Cambodia	HN-Honduras	NA-Namibia	UG-Uganda
CM-Cameroon	IN-India	NL-Netherlands	UA-Ukraine
CF-Central African Republic	ID-Indonesia	NI-Nicaragua	GB-United Kingdom
TD-Chad	IR-Iran	NE-Niger	US-United States of America
CL-Chile	IQ-Iraq	NG-Nigeria	UY-Uruguay
CN-China	IL-Israel	OM-Oman	UZ-Uzbekistan
CO-Columbia	PS-Israeli Occupied Territories	PK-Pakistan	VE-Venezuela
KM-Comoros	IT-Italy	PA-Panama	VN-Vietnam
CD-Democratic Republic of Congo	JM-Jamaica	PE-Peru	YE-Yemen
CG-Republic of Congo	JP-Japan	PH-Philippines	ZM-Zambia
CR-Costa Rica	JO-Jordan	PL-Poland	ZW-Zimbabwe
CI-Côte d'Ivoire	KZ-Kazakhstan	QA-Qatar	
HR-Croatia	KE-Kenya	RE-Réunion	

Use the following codes for countries not listed above:

- QS-Other countries in Africa
- QR-Other countries in Asia and Oceania
- QM-Other countries in Central and South America
- QP-Other countries in Europe
- QO-Other countries in the Middle East
- QN-Other countries in North America



**Compensation** **Schedule 3**

**1** (a) Enter the **number** of permanent, full-time, compensated positions in the fiscal period. This number should represent the number of positions the charity had including both managerial positions and others, and should not include independent contractors. Do not enter a dollar amount. .... **300**

(b) For the **ten (10)** highest compensated, permanent, full-time positions enter the **number of positions** that are within each of the following annual compensation categories. Do not tick the boxes, use numbers.

<b>305</b> <input type="checkbox"/> \$1 – \$39,999	<b>310</b> <input type="checkbox"/> \$40,000 – \$79,999	<b>315</b> <input type="checkbox"/> \$80,000 – \$119,999
<b>320</b> <input type="checkbox"/> \$120,000 – \$159,999	<b>325</b> <input type="checkbox"/> \$160,000 – \$199,999	<b>330</b> <input type="checkbox"/> \$200,000 – \$249,999
<b>335</b> <input type="checkbox"/> \$250,000 – \$299,999	<b>340</b> <input type="checkbox"/> \$300,000 – \$349,999	<b>345</b> <input type="checkbox"/> \$350,000 and over

**2** (a) Enter the **number** of part-time or part-year (for example, seasonal) employees the charity employed during the fiscal period. .... **370**

(b) Total expenditure on compensation for part-time or part-year employees in the fiscal period. .... **380** \$

**3** Total expenditure on all compensation in the fiscal period. .... **390** \$

**Confidential data** **Schedule 4**

The information in this schedule is for the CRA's use and may be shared as permitted by law (for example, with certain other government departments and agencies).

**1. Information about fundraisers**

Enter the name(s) and arm's length status of each external fundraiser.

Name	At arm's length? Yes/No
	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No

**2. Information about donors not resident in Canada**

Complete this schedule to report any gift of any kind valued at \$10,000 or more received from any donor that was not resident in Canada and was not any of the following:

- a Canadian citizen, nor
- employed in Canada, nor
- carrying on business in Canada, nor
- a person having disposed of taxable Canadian property.

Enter the name of each donor and the value of the gift in the chart below. Tick whether the donor was an organization (for example a business, corporate entity, charity, non-profit organization), a government or an individual.

Name	Value	Organization	Government	Individual
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Non cash gifts** **Schedule 5**

**1** Tick all types of non-cash gifts (gifts-in-kind) received for which a tax receipt was issued:

- |   |   |  |
|---|---|--|
| <b>500</b> <input type="checkbox"/> Artwork/wine/jewellery  | <b>525</b> <input type="checkbox"/> Ecological properties                   | <b>550</b> <input type="checkbox"/> Publicly traded securities/ commodities/mutual funds |
| <b>505</b> <input type="checkbox"/> Building materials      | <b>530</b> <input type="checkbox"/> Life insurance policies                 | <b>555</b> <input type="checkbox"/> Books  |
| <b>510</b> <input type="checkbox"/> Clothing/furniture/food | <b>535</b> <input type="checkbox"/> Medical equipment/supplies              | <b>560</b> <input type="checkbox"/> Other  |
| <b>515</b> <input type="checkbox"/> Vehicles                | <b>540</b> <input type="checkbox"/> Privately-held securities               | <b>565</b> Specify: _____  |
| <b>520</b> <input type="checkbox"/> Cultural properties     | <b>545</b> <input type="checkbox"/> Machinery/equipment/ computers/software |  |

**2** Enter the total amount of tax-receipted non-cash gifts ..... **580** \$



Complete Schedule 6 if any of the following applies:

- The charity's revenue exceeds \$100,000.
- The amount of all property (for example, investments, rental properties) not used in charitable activities is more than \$25,000.
- The charity has permission to accumulate funds during this fiscal period.

Do not complete Section D: *Financial Information*, if you must complete Schedule 6.

Was the financial information reported below prepared on an accrual or cash basis? ..... 4020  Accrual  Cash

### Statement of financial position

Show all amounts to the nearest single Canadian dollar. Do not enter "see attached financial statements". All relevant fields must be filled out.

Assets:		Liabilities:	
Cash, bank accounts, and short-term investments	4100 \$	Accounts payable and accrued liabilities	4300 \$
Amounts receivable from non-arm's length persons	4110 \$	Deferred revenue	4310 \$
Amounts receivable from all others	4120 \$	Amounts owing to non-arm's length persons	4320 \$
Investments in non-arm's length persons	4130 \$	Other liabilities	4330 \$
Long-term investments	4140 \$	<b>Total liabilities (add lines 4300 to 4330)</b>	<b>4350 \$</b>
Inventories	4150 \$		
Land and buildings in Canada	4155 \$		
Other capital assets in Canada	4160 \$		
Capital assets outside Canada	4165 \$		
Accumulated amortization of capital assets	4166 \$	<b>Amount included in lines 4150, 4155, 4160, 4165 and 4170 not used in charitable activities</b>	<b>4250 \$</b>
Other assets	4170 \$		
10 year gifts	4180 \$		
<b>Total assets (add lines 4100 to 4170)</b>	<b>4200 \$</b>		

### Statement of operations

Revenue:	
Total eligible amount of all gifts for which the charity issued tax receipts	4500 \$
Total eligible amount of tax-receipted tuition fees	5810 \$
Total amount of 10 year gifts received	4505 \$
Total amount received from other registered charities	4510 \$
Total other gifts received for which a tax receipt was not issued by the charity (excluding amounts at lines 4575 and 4630)	4530 \$
Total revenue received from federal government	4540 \$
Total revenue received from provincial/territorial governments	4550 \$
Total revenue received from municipal/regional governments	4560 \$
Total tax-receipted revenue from all sources outside of Canada (government and non-government)	4571 \$
Total non tax-receipted revenue from all sources outside Canada (government and non-government)	4575 \$
Total interest and investment income received or earned	4580 \$
<b>Gross proceeds from disposition of assets</b>	<b>4590 \$</b>
<b>Net proceeds from disposition of assets (show a negative amount with brackets)</b>	<b>4600 \$</b>
Gross income received from rental of land and/or buildings	4610 \$
Total non tax-receipted revenues received for memberships, dues and association fees	4620 \$
Total non tax-receipted revenue from fundraising	4630 \$
Total revenue from sale of goods and services (except to any level of government in Canada)	4640 \$
Other revenue not already included in the amounts above	4650 \$
Specify type(s) of revenue included in the amount reported at 4650	4655
<b>Total revenue (add lines 4500, 4510 to 4560, 4575, 4580, and 4600 to 4650)</b>	<b>4700 \$</b>

**Expenditures:**

Advertising and promotion .....	4800	\$	_____
Travel and vehicle expenses.....	4810	\$	_____
Interest and bank charges.....	4820	\$	_____
Licences, memberships, and dues.....	4830	\$	_____
Office supplies and expenses.....	4840	\$	_____
Occupancy costs .....	4850	\$	_____
Professional and consulting fees.....	4880	\$	_____
Education and training for staff and volunteers.....	4870	\$	_____
Total expenditure on all compensation (enter the amount reported at line 390 in Schedule 3, if applicable) .....	4880	\$	_____
Fair market value of all donated goods used in charitable activities .....	4890	\$	_____
Purchased supplies and assets .....	4891	\$	_____
Amortization of capitalized assets.....	4900	\$	_____
Research grants and scholarships as part of charitable activities.....	4910	\$	_____
All other expenditures not included in the amounts above (excluding gifts to qualified donees).....	4920	\$	_____
Specify type(s) of expenditures included in the amount reported at 4920.....	4930		_____
Total expenditures before gifts to qualified donees (add lines 4800 to 4920).....	4950	\$	_____

Of the amounts at lines 4950 and 5031 (reported at C5 Political Activities (c)):

a) Total expenditures on charitable activities.....	5000	\$	_____
b) Total expenditures on management and administration.....	5010	\$	_____
c) Total expenditures on fundraising .....	5020	\$	_____
d) Total expenditures on political activities, inside or outside Canada, from question C5 (b) .....	5030	\$	_____
e) Total other expenditures included in line 4950.....	5040	\$	_____

Total amount of gifts made to all qualified donees .....	5050	\$	_____
Total expenditures (add lines 4950 and 5050).....	5100	\$	_____

**Other financial information**

**Permission to accumulate property:**

Only registered charities that have written permission to accumulate should complete this section.

• Enter the amount accumulated for the fiscal period, including income earned on accumulated funds.....	5500	\$	_____
• Enter the amount disbursed for the fiscal period for the specified purpose.....	5510	\$	_____

**Permission to reduce disbursement quota:**

If the charity has received approval to make a reduction to its disbursement quota, enter the amount for the fiscal period .....	5750	\$	_____
--	------	----	-------

**Property not used in charitable activities:**

Enter the value of property not used for charitable activities or administration during:

• The 24 months before the beginning of the fiscal period .....	5900	\$	_____
• The 24 months before the end of the fiscal period .....	5910	\$	_____

A registered charity may pursue political activities only if the activities are non-partisan, related to its charitable purposes, and limited in extent. A political activity is any activity that explicitly communicates to the public that a law, policy or decision of any level of government inside or outside Canada should be retained, opposed, or changed.

**1** Describe the charity's political activities, including gifts to qualified donees intended for political activities, and explain how these relate to its charitable purposes.


**2** Identify the way the charity participated in or carried out political activities during the fiscal period.

		Resources used			
		Tick all the boxes that apply			
		Staff	Volunteers	Financial	Property
Media releases and advertisements	700	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conferences, workshops, speeches, or lectures	701	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Publications (printed or electronic)	702	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rallies, demonstrations, or public meetings	703	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Petitions, boycotts (calls to action)	704	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Letter writing campaign (printed or electronic)	705	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internet (Web site, social media (Twitter, YouTube))	706	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gifts to qualified donees for political activities	707	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify):	708	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Funding from outside of Canada for political activities

Cell6

**3** If the charity entered an amount on line 5032, complete the fields below. Enter the political activity that the funds were intended to support, the amount received from each country outside Canada, and the corresponding country code (using the codes provided in Schedule 2.) For more information on how to complete this table, see Guide T4033 (13).

Political activity	Amount	Code
		▼
		▼
		▼
		▼
		▼
		▼

## APPENDIX F

### Survey Instrument

#### **Social enterprise survey (electronic)**

##### **1. Introduction and Informed Consent**

Thank you for clicking the survey link!

Your participation is appreciated and is very important to building knowledge about Alberta's non profit sector and income generating activities that may exist in Alberta's social service agencies.

Please be assured that no one except me or my supervisor, Dr. Jackie Sieppert, Dean, Faculty of Social Work, University of Calgary (403 220 6963) will have access to the results and only group tendencies will be examined and reported in aggregate. Survey results will be used in my PhD thesis and any potential journal submissions or presentations. Survey data will be stored on a computer that is password and firewall protected and all data will be destroyed and permanently erased five (5) years following my defense.

The University of Calgary Conjoint Faculties Research Ethics Board has approved this research study and your participation in this survey is an indication of consent. If you have any concerns about the way you have been treated, please contact Russell Burrows, Senior Ethics Resource Officer, Research Services, University of Calgary at (403) 220-3782; e-mail rburrows@ucalgary.ca. This online survey is being administered by SurveyMonkey®, an American software company and as such your responses are subject to U.S. law, including the U.S. Patriot Act. Please note that because of the number of organizations that have been invited to participate (almost 600) and the fact that Executive Directors have specifically been asked to complete the questionnaire; your participation in this study may become known, although the 'content' of your feedback and responses will of course remain confidential.

The survey that follows includes 24 questions and should take a maximum of 30 minutes to complete. Although not required, you may find it helpful to have your most recent set of financial statements or annual report available before you start. Should you have difficulty completing the survey or would prefer a hard copy, please do not hesitate contacting me via email at cmlpearl@shaw.ca or at my home telephone number which is 403 246-2518.

When you have completed the final question, please remember to click <<DONE>> .

To start the survey please click <<NEXT>>.

Thanks again, Catherine

## Social enterprise survey (electronic)

### 2. General information about your organization

**1. For how many years has your organization operated? [please record the number only, such as 8 for eight years]**

# years operating

**2. Is your organization a registered charity? [a registered charity can issue tax receipts for donations]**

yes

no

don't know

If no/don't know [please describe]

**3. How many full time employees [employees working more than 30 hours per week] are employed at your organization? [record the number only, an estimate is fine!]**

# full time employees

## Social enterprise survey (electronic)

### 3. Client population served

Social service agencies sometimes serve different client groups. The following two questions ask you to identify the primary client population(s) your organization serves.

#### 4. Which of the following client groups does your organization mainly serve through its programs and activities? [select all that apply]

- refugees, new immigrants or ethnic communities
- seniors or the elderly
- children
- youth or young adults
- families
- aboriginal or indigenous peoples
- women
- men
- other

Other (please describe)

#### 5. Please indicate the PRIMARY client group your organization serves. [select single best response]

- refugees, new immigrants or ethnic communities
- seniors or the elderly
- children
- youth or young adults
- families
- aboriginal or indigenous peoples
- women
- men
- other

Other (please describe)

## Social enterprise survey (electronic)

### 4. Area of program/service delivery

Social service agencies sometimes provide programs and services in a number of different areas. The following two questions ask you to identify your organization's primary area(s) of program/service delivery.

#### 6. Which of the following areas of program/service delivery does your organization provide? [select all that apply]

- services/programs for persons living with disabilities
- services/programs for persons living with mental illness
- services/programs for persons experiencing homelessness (shelters, etc.)
- services/programs for persons living on low incomes
- services/programs for persons experiencing violence (domestic, sexual, etc.)
- services/programs for persons living with serious health conditions
- services/programs for persons living with/recovering from addictions
- services/programs for persons with criminal justice system experience (offenders, etc.)
- other

Other (please describe)

#### 7. Please indicate your organization's PRIMARY area of program and service delivery. [select single best response]

- services/programs for persons living with disabilities
- services/programs for persons living with mental illness
- services/programs for persons experiencing homelessness (shelters, etc.)
- services/programs for persons living on low incomes
- services/programs for persons experiencing violence (domestic, sexual, etc.)
- services/programs for persons living with serious health conditions
- services/programs for persons living with/recovering from addictions
- services/programs for persons with criminal justice system experience (offenders, etc.)
- other

Other (please specify)

## Social enterprise survey (electronic)

### 5. Exploring your organization's mix of funding sources

Research suggests that the mix & diversity of an organization's funding or revenue sources, may influence the type of activities adopted when seeking new funding opportunities. The next question explores the mix & diversity of funding/revenue sources that may exist at your organization. While estimates are fine, you may wish to refer to your most recent set of financial statements or annual report. The definition below may also be helpful in answering this question.

Social enterprise may be defined as:

an enterprise, organization, venture or program initiated by a non-profit organization to generate net income through the sale of goods or services to support its mission and programs.

#### 8. For the past fiscal year, please indicate if any of the following revenue or funding sources apply to your organization. [select all that apply]

- Government related contracts, grants, fee for service, subsidies [federal, provincial & municipal, FSCD, PDD, FCSS, etc.]
- Foundation & other granting bodies [private & public foundations, United Way, etc.]
- Donations [corporate & individual donations, endowments, etc.]
- Revenue generating activities such as product related sales, non government related fee for service, bottle depots, day cares, fitness centres, cafes, catering, counselling, home care, facility or space rentals, etc.
- Revenue generated from enterprise(s) operated as a separate legal entity
- Fundraising activities such as galas, 3rd party & special events, sponsorships, gaming, web & direct mail campaigns, etc.]
- Provision of services to other nonprofit organizations for a fee [accounting, human resources, secretarial support, training, etc.]
- Membership fees or dues charged
- Interest & investment income earned
- Other sources not included above

Other (please describe)



## Social enterprise survey (electronic)

### 6. Exploring your organization's mix of funding sources

I am now interested in learning more about how your organization is funded. Please note that all information provided is confidential and there is no way in which you or your organization's information can be identified. While estimates are fine, you may want to refer to your most recent set of financial statements or annual report, in addition to the definition below:

Social enterprise may be defined as an enterprise, organization, venture or program initiated by a non-profit organization to generate net income through the sale of goods or services to support its mission and programs.

**9. For the past fiscal year, please indicate your entire organization's TOTAL REVENUE. While estimates are fine, you may want to refer to your most recent annual report or set of financial statements. [Please record numbers only without using \$ , or spaces. For example: \$1,345,000 would be recorded as 1345000]**

Total Revenue

**10. For the past fiscal year, please estimate the percentage (0 - 100%) of your organization's TOTAL REVENUE originating from the following sources. [please click on the box to your right and scroll down to select the correct percentage]**

	0 - 100%
% revenue from government related contracts, fee for service, grants, subsidies	<input type="text"/>
% revenue from foundations & other granting bodies	<input type="text"/>
% revenue from donations [corporate & individual donations, endowments, etc.]	<input type="text"/>
% revenue from fundraising [galas, 3rd party & special events, sponsorships, gaming, web & direct mail campaigns, etc.]	<input type="text"/>
% revenue earned from enterprise activities such as: product related sales, non government related fee for service, bottle depots, day cares, fitness centres, cafes, catering, counselling, home care, facility or space rentals, etc.	<input type="text"/>
% revenue generated from enterprise(s) operated as a separate legal entity	<input type="text"/>
% revenue generated for services provided to other nonprofits [accounting, human resources, secretarial support, training, etc.]	<input type="text"/>
% revenue from membership fees or dues charged	<input type="text"/>
% revenue from interest & investment income earned	<input type="text"/>
% revenue from other sources not included above	<input type="text"/>
Other sources (please describe)	<input type="text"/>

## Social enterprise survey (electronic)

### 7. Your organization's experience with income generating activities

The next two questions explore the extent to which your organization may have had experience with SOCIAL ENTERPRISE income generating activities. While estimates are fine, you may want to refer to your most recent set of financial statements or annual report, in addition to the definition below:

Social enterprise may be defined as:

an enterprise, organization, venture or program initiated by a non-profit organization to generate net income through the sale of goods or services to support its mission and programs.

**11. There are many types of income generating activities that may be considered as SOCIAL ENTERPRISE. Please review the list below and indicate whether your organization has had experience with any of the following: [select all that apply]**

- Products/programs or services produced or provided by CLIENTS for which a fee is charged [pet care, recycling, firewood sales, yard & building maintenance, construction services, retail sales, food preparation, catering, etc.]
- Programs/services provided by STAFF for which a fee is charged [private homecare, non government related fee for service, daycare, fitness centres, research, workshops & training, private counselling, etc.]
- Sale of products/manufactured goods [CDs, books, training materials, thrift, furniture or merchandise sales, etc.]
- Facility rental [parking lots, office & meeting space, etc.]
- Accommodation fees [affordable housing, transitional beds, etc.]
- Social enterprise ventures operated as a separate legal entity
- Other activities for which a fee is charged not included above

Other (please describe)

**\*12. Overall, how would you rate your organization's experience with social enterprise income generating activities?**

- no experience at all
- some, but limited
- considerable experience

## Social enterprise survey (electronic)

### 8. Types of social enterprise activities

The following question explores the type of social enterprise activities that may exist at your organization. To answer this question, just click on the box to your right and select the correct percentage. The definition below may be helpful.

Social enterprise may be defined as:  
an enterprise, organization, venture or program initiated by a non-profit organization to generate net income through the sale of goods or services to support its mission and programs.

**13. For the past fiscal year, please estimate the percentage (0 - 100%) of your organization's SOCIAL ENTERPRISE REVENUE that may have originated from the following areas. [please click on the box to your right and scroll down to select the correct percentage]**

0 - 100%

... CLIENT delivered activities [pet care, recycling, airport cart return, wood carving, recycling, yard & building maintenance, catering, retail sales, cafe, food preparation, etc.]	<input type="text"/>
... STAFF delivered activities [private homecare, daycare, non government related fee for service, fitness centres, research, training, workshops, private counselling, etc.]	<input type="text"/>
... Sale of products/manufactured goods [CDs, books, training materials, thrift, furniture & merchandise sales, etc.]	<input type="text"/>
... Facility/space rentals [parking lot, office/meeting room rental, etc.]	<input type="text"/>
... Accommodation fees [affordable housing, transitional beds, etc.]	<input type="text"/>
... Social enterprise ventures operated as a separate legal entity	<input type="text"/>
... Other activities for which a fee is charged not included above	<input type="text"/>
Other (please describe)	<input type="text"/>

## Social enterprise survey (electronic)

### 9. Reasons for starting social enterprise activities

The following question explores some of the reasons why organizations may choose to start social enterprise activities.

**14. Thinking about your organization, please indicate the extent to which you agree or disagree with the statements below using the following scale: SD= strongly disagree; D=disagree; N= neutral; A=agree; SA= strongly agree; NA= not applicable**

#### THESE ACTIVITIES WERE STARTED IN MY ORGANIZATION .....

	SD	D	N	A	SA	NA
... to generate net income for the organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to take advantage of a unique asset or program already working	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to respond to a new market opportunity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to reduce the effect of unstable funding relationships	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to generate unrestricted revenue that can be used where the need is greatest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to help my organization become more viable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to address and support social needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to address social issues in a creative way	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to provide income earning opportunities to clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to provide community participation opportunities to clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to provide training/skill development opportunities to clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to provide staff a chance to pursue entrepreneurial or innovative endeavours	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to improve client self esteem	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to tackle social exclusion of marginalized populations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... to create positive relations in the community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... because the activity aligned with my organization's mission	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... because we had Board support or expertise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... because we had staff support or expertise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... because we had access to funding to evaluate the feasibility of the enterprise activity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Social enterprise survey (electronic)

### 10. Your perceptions

The following question explores your perceptions and opinions about social enterprise income generating activities.

**15. Thinking about your organization, please indicate the extent to which you agree or disagree with the statements below using the following scale: SD= strongly disagree; D=disagree; A=agree; N= neutral SA= strongly agree; NA= not applicable**

#### SOCIAL ENTERPRISE ACTIVITIES .....

	SD	D	N	A	SA	NA
...increase an organization's net income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...reduce the effect of unstable funding relationships	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... generate unrestricted revenue that can be used where the need is greatest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... help organizations become more viable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... reduce the effect of changes in the economic environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... reduce the effect of short term or program specific funding relationships	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... provide goods or services to communities that would not otherwise be available	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... consume scarce management resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... help to address and support social needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... help tackle social exclusion of marginalized populations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... create positive relations in the community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... distract organizations from mission related work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... are viewed favorably by government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... are viewed favorably by foundations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... are viewed favorably by corporate donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... are viewed favorably by individual donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... are viewed as a sign of an organization's effectiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... require increased oversight on the part of the board	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... require increased oversight on the part of management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Social enterprise survey (electronic)

### 11. Potential impact

The following question explores your perceptions and opinions about the impact of social enterprise income generating activities on your organization.

**16. Thinking about your organization, please indicate the TYPE of IMPACT these activities may have had on your organization's operations in the following areas:**

#### WHAT HAS THE IMPACT BEEN ON ...

	Very Negative	Negative	Neutral	Positive	Very Positive	Not Applicable
...generating net income to support programs/services?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...reducing the effect of unstable funding relationships?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...generating unrestricted revenue to be used where the need is greatest?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...reducing the effect of changes in the economic environment?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...reducing the effect of short term or project specific funding?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... providing programs/services to address social needs?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... providing training/skill development opportunities to clients?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... providing income earning opportunities to clients?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... providing community participation opportunities to clients?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... providing staff a chance to pursue entrepreneurial or innovative endeavours?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... introducing new skills, ideas or ways of thinking to staff?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... improving client self esteem?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... tackling social exclusion of marginalized populations?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... creating positive relations in the community?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... the viability of my organization?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... the mission of my organization?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... the oversight/board governance responsibilities of my organization?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... the administration/management responsibilities of my organization?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... the reputation of my organization?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... the retention/recruitment of donors?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... retention/recruitment of board members?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... retention/recruitment of staff?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Social enterprise survey (electronic)

### 12. Additional comments regarding your experience

Should you have any comments to share regarding the impact of social enterprise activities on your organization, please complete question 17.

**17. Based on your experience to date with social enterprise income generating activities, how would you describe the overall impact social enterprise has had on your organization?**





## Social enterprise survey (electronic)

### 13. Understanding your organization's external environment

**18. An organization's external environment can influence operations. Listed below are statements made by Executive Directors regarding their organization's external environment. Thinking about your organization, please indicate the extent to which you agree or disagree with the statements below using the following scale:**

**SD= strongly disagree; D=disagree; N= neutral A=agree; SA= strongly agree; NA= not applicable**

	SD	D	N	A	SA	NA
...my organization is dependent on a small number of funders/donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...my organization has a complicated mix of funders/donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...my organization's funding is effected by changes in the economic climate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...there is a scarcity of resources my organization can access for funding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...there is a scarcity of human resources that my organization can attract	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...my organization is exploring alternate ways to diversify its funding sources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...there is competition amongst organizations similar to mine for funding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...there is competition amongst organizations similar to mine to generate revenue from income generating activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...social service agencies are regulated & controlled	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...registered charities are regulated & controlled	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...there is pressure to be more business-like in organizations similar to mine	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...organizations similar to mine, tend to be structured similarly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...when looking for new ideas and innovations I look at what has been successful at organizations similar to mine	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...my organization tracks newspaper articles, news clips & media interviews that involve my agency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...an organization's reputation effects its ability to attract funding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...my organization participates in accreditation processes so we can provide services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...my organization participates in local, provincial or national affiliate organizations that help us to achieve our goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



## Social enterprise survey (electronic)

### 14. Personal Demographics

The following 4 questions are intended to learn a little more about you.

#### 19. What is your gender?

female

male

#### 20. How many years you have worked in the nonprofit sector? [record number only]

#   
years

#### 21. How many years have you been employed at your current organization? [record number only]

#   
years

#### 22. What is your position at your current organization?

Executive Director/ Chief Executive Officer/President & CEO

Senior Director/Manager

Other

Other (please describe)

## Social enterprise survey (electronic)

### 15. Thank you!

Thank you for participating in this research study! Please complete the last 2 questions should you wish to be entered into the draw for 1 of 4 IPODS, receive a copy of the summary report or have any other comments to share.

Don't forget to click <<DONE>> when you have completed the survey!

**23. Please indicate whether you would like to be included in a draw for 1 of 4 IPOD shuffles or receive a copy of the Summary Report of this research study when available.**

- I would like to be included in a draw for 1 of 4 IPODs [don't forget to include your email address below]
- I would like to receive a copy of the summary report [don't forget to include your email address below]
- No thanks!

Please include your email address in the space below.

**24. Should you have any other comments to share, please do so in the space below.**

**Thanks again!**

## **APPENDIX G**

### **Semi Structured Interview Format - in depth interviews**

A semi structured discussion guide has been developed for the personal interviews that will be conducted with experts from the voluntary sector familiar with social enterprise and social service agency operations. The data gathered from the interviews will input into instrument design. Face to face participants will be asked to complete and sign the University of Calgary's informed consent form prior to the interview.

Telephone interviewees will follow the protocol below:

- Provide the interviewee with a copy of the consent form in advance of the actual interview.
- At the start of the phone interview, indicate that you are audio recording the initial consent process, and then ask the participant to clearly state his/her name.
- Confirm and record that the individual has read and clearly understood the form.
- Confirm and record whether the individual has any questions regarding the form.
- Confirm and record that the participant is willing to participate under the conditions stated in the form.

The following areas will be explored in the interviews aimed at helping to develop the survey instrument that will be pilot tested and subsequently distributed to the population

- testing of definitions and language clarification (earned revenue versus social enterprise versus social purpose business)
- the role and purpose of a social enterprise venture within their organization
- the type and nature of social enterprise initiatives

- factors contributing to a decision to undertake social enterprise and possible identification of a single catalyst
- a discussion of the impact of social enterprise on the agency that encompasses
  - internal impact (i.e., organizational impact)
  - client impact
  - external impact (i.e., community impact)
  - the perceived risk or potential upside of social enterprise
- relative importance of the agency's mission in undertaking an enterprise initiative
- the role and relative importance of a capability approach to building client skill sets in establishing social enterprise



## APPENDIX I

### Introduction letter- hard copy

**Date:**

**Dear Executive Director,**

My name is Catherine Pearl and I am a PhD candidate, Faculty of Social Work at the University of Calgary. I am undertaking an important research study that will explore critical questions around current funding practices and the sustainability of Alberta's social service agencies. My study aims to explore the views and perspectives of nonprofit leaders regarding the extent, type and potential impact of social enterprise income generating activities that may exist in Alberta's social service organizations.

The study is guided by my doctoral committee, which has been instrumental in the development of a research agenda that is timely and will be useful to the community at large. The committee includes:

- Dr. Jackie Sieppert, Dean, Faculty of Social Work, University of Calgary
- Dr. Gayla Rogers, Past Dean, Faculty of Social Work, University of Calgary
- Dr. Vernon Jones, Professor, Haskayne School of Business, University of Calgary
- Dr. Jane Matheson, President & CEO, Woods Homes

As you know, human service organizations are facing challenges due to changing government policies and shifting community needs. While I certainly appreciate how busy leaders such as you are, (I have also run a registered charity!), I would like to ask that you take the time to answer the **online** survey that will be sent to you next week! Your participation will allow me to document the critical role Alberta's human service organizations play in communities across the province. It will also help to identify major challenges and opportunities organizations may be facing relative to the diversification of funding sources and activities initiated to address challenges and leverage opportunities.

I would like to thank you in advance for participating in my dissertation research and as a small token of my appreciation enclosed please find a **twoonie for a cup of coffee on me!** Should you have any questions regarding this research or the online survey that will be sent to you next week, I may be reached at cmlpearl@shaw.ca or at my home telephone number 403 246 2518. Thank you in advance for supporting my study and helping me to document your perspectives. Your feedback is valued and is very important to me.

Many thanks for your help,

Catherine Pearl

**APPENDIX J**  
**Follow up letter/email – contact two**

**Date:**

Dear,

Hello! My name is Catherine Pearl and I am a PhD Candidate, Faculty of Social Work at the University of Calgary. Last week I sent a letter to your attention that included a toonie for a cup of coffee on me! The letter introduced you to an important research study I am undertaking to explore critical questions regarding current funding practices and the sustainability of Alberta's social service organizations. Further, in order to enable your access to the online survey, the letter indicated that the survey link would be sent to you via email.

The survey that follows is part of my doctoral research that aims to build knowledge around the views and perspectives of nonprofit leaders regarding the extent, type and potential impact of social enterprise income generating activities that may exist in Alberta's social service agencies. As you may recall, my research is guided by my doctoral committee, which includes:

- Dr. Jackie Sieppert, Dean, Faculty of Social Work
- Dr. Gayla Rogers, Past Dean, Faculty of Social Work
- Dr. Vernon Jones, Associate Dean, Haskayne School of Business,
- Dr. Jane Matheson, President & CEO, Woods Homes.

Your participation in the survey that follows is voluntary. You may refuse to participate altogether or withdraw at any time without penalty or loss of benefit, recognizing that any information submitted will be retained as part of the study. Because of the unique role Executive Directors and Chief Executive Officers play in Alberta's social service agencies, I do hope you will **personally** take the 30 minutes required to complete the enclosed online survey by clicking on the link below.

Thank you in advance for completing the survey and as added incentives I will be sending a copy of the summary report to all interested participants in addition to holding a draw for 4 IPOD shuffles for the first 200 completed surveys received!! Your feedback is extremely important and it would be greatly appreciated if you could complete the survey before **February 10, 2011.** Many thanks,

Catherine

**To start the survey, please click on the link below!**

XXXXX

## APPENDIX K

### Final follow up letter/email – contact three

**Date:**

Dear Executive Director,

Several weeks ago you received a request for your participation in a survey of social service agencies in Alberta. Included in the email was a link to an **online survey** which has been distributed to social services agencies across Alberta. The survey is part of my doctoral research in the Faculty of Social Work at the University of Calgary. While I certainly appreciate how busy the role of an Executive Director/CEO can be, (I have also worked as an executive director of a registered charity) I would like to ask you once again to consider completing the enclosed survey. While the response rate to date has been very good, I do want to ensure that all perspectives are reflected in this study.

The enclosed survey is aimed at exploring critical questions regarding current funding practices and the sustainability of Alberta's social service agencies. The survey has been designed to build knowledge around the views and perspectives of nonprofit leaders, such as you, regarding social enterprise and earned income approaches that may exist in Alberta's social service agencies. As a result of the unique role Executive Directors and Chief Executive Officers play in Alberta's social service agencies, I am hoping you will **personally** take the 20 minutes required to complete the enclosed online survey by clicking the link below.

Please be assured that all information provided will be **confidential** and all submitted surveys will be numerically coded upon receipt to ensure confidentiality.

Thank you in advance for completing the survey and as an added incentive I will be holding a draw for 4 IPOD shuffles for the first 200 completed surveys received. Your feedback is extremely important to me and it would be greatly appreciated if you could complete the survey as soon as possible as this is my FINAL request for participation.

**Many thanks,**

**Catherine**

**To start the survey, please click on the link below  
which will open the first page of the survey.**

**XXXXXX**



*Appendix L*  
Reason Factors Rotated Component Matrix<sup>a</sup>

<b>Final Reasons - r2, r15, r16, r14, r12</b>	<b>Component</b>			
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
R1 generates net income	.819	-.169	.017	-.101
R3. respond to new market opportunities.	.680	.038	.203	.134
R4 reduce effect of unstable funding	.748	.177	.073	.178
R5 generates unrestricted revenue	.874	.037	.084	.061
R6. help become more viable	.856	.084	.125	.082
R7 address and support social needs	.148	.138	.081	.879
R8 address social issues	.091	.264	.213	.780
R9 provide client income earning opportunity	.254	.837	.114	.019
R10 provide client community participation opportunity	-.065	.909	.116	.146
R11 provide client training/skill opportunity	-.027	.906	.128	.202
R13. to improve client self esteem	.009	.897	.146	.169
R17. because we had Board support	.232	.136	.848	.001
R18. because we had staff support	.162	.185	.729	.210
R19. because we had access to funding to evaluate the feasibility	.016	.078	.682	.093
Eigen values	3.371	3.370	1.903	1.595
% variance explained	24.078	24.071	13.592	11.394
Cumulative variance explained	24.078	48.149	61.741	73.136
Variable components	1,3,4,5,6	9,10,11,13	17,18,19	7,8
Factor name	Viability	Client capacity	Support	Mission
Cronbach alpha (standardized)	.832	.929	.664	.748

Extraction method: Principal component analysis. Rotation method: varimax with Kaiser Normalization.

**Appendix M**  
**Perception Factors Rotated Component Matrix**

<b>Final Percept Rev -p7</b>	<b>Component</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
P1. increases net income	.833	.111	.064	-.021	.126
P2. reduce the effect of unstable funding relationships	.881	.139	.101	-.054	-.068
P3. generates unrestricted \$	.818	.151	-.022	-.168	.098
P4. increases viability	.903	.153	.110	-.043	.105
P5. reduces effect of changes in the economic environment	.774	.174	.164	.003	-.138
P6. reduce effect of short term program funding relationships	.860	.184	.181	.070	-.106
P9. help address/support social needs	.170	.026	.851	.065	.026
P10. help tackle social exclusion	.054	.121	.872	-.118	.019
P11. create positive relations	.228	.390	.633	.111	.120
P13 viewed favourably by gvt	.152	.715	.044	-.157	-.232
P14. viewed favorably by found	.108	.863	.057	-.155	-.099
P15. viewed favorably corporations	.144	.881	.128	-.185	.024
P16. viewed favorably donors	.145	.876	.068	-.050	.048
P17. viewed as sign of organization's effectiveness	.287	.712	.193	.105	.001
Rev P8. consumes scarce management resources	-.151	-.047	-.005	.165	.819
RevP12. distracts from mission	.192	-.091	.116	.073	.811
RevP18- inc. board oversight	-.079	-.147	.133	.838	.193
Rev P19- inc. mgmt oversight	-.046	-.148	-.106	.875	.067
Eigen values	4.602	3.670	2.078	1.666	1.524
% variance explained	25.566	20.386	11.543	9.254	8.466
Cumulative variance explained	25.566	45.953	57.496	66.750	75.216
Variable numbers	1,2,3,4, 5, 6	13,14,15, 16,17	9,10,11	18,19	8,12
Factor name	Viability	Reputation	Mission	Oversight	Distraction
Cronbach alpha (standardized)	.936	.883	.768	.735	.616

Extraction method: Principal component analysis. Rotation method: varimax with Kaiser Normalization.

*Appendix N*  
**IMPACT FACTORS ROTATED COMPONENT MATRIX<sup>A</sup>**

Final Impact – I6	Component				
	1	2	3	4	5
I1. generating net income	.724	.086	.235	.126	.239
I2. reduce effect of unstable funding	.847	.022	.221	.032	.085
I3. generating unrestricted funds	.814	.082	.055	.160	.055
I4. Reduce impact of environment	.751	-.027	.219	.163	.179
I5. reducing effect of short term funding	.798	.053	.087	.173	.071
I7. provide client training/ opportunities	.046	.822	-.057	-.060	.258
I8. provide client income opportunities	.151	.745	-.123	-.072	.330
I9. provide client participation opportunity	.045	.900	.097	-.037	-.079
I10. providing staff a chance to pursue innovative endeavours	.111	.241	.066	-.033	.790
I11. introducing staff new skills, ideas or ways of thinking	.222	.129	.253	.336	.672
I12. improve client self esteem	.041	.907	.144	.195	-.014
I13. tackling social exclusion	-.007	.725	.124	.242	.043
I14. creating positive relations	.246	.432	.189	.627	-.062
I15. viability of my organization	.663	.119	.340	.227	-.065
I16. mission of my agency	.256	.122	.353	.611	.281
I17. board oversight	.192	-.115	.686	.196	.417
I18. administration oversight	.247	-.045	.628	.312	.442
I19. agency's reputation	.265	.156	.412	.677	-.066
I20. donor retention/recruitment	.161	-.106	.021	.812	.162
I21. board retention/recruitment	.313	.131	.756	.062	.038
I22. staff retention/recruitment	.227	.131	.748	.182	-.016
Eigen values	4.104	3.783	2.737	2.429	1.854
% variance explained	19.542	18.016	13.032	11.567	8.830
Cumulative variance explained	19.542	37.559	50.590	62.157	70.988
Variable numbers	1,2,3,4,5, 15	7,8,9,12,13	17,18,21,2 2	14,16,19, 20	10,11
Factor name Cronabch alpha (standardized)	Viability .913	Client capacity .896	Administ – ration .785	Reputation .729	Staff capacity .671

Extraction method: Principal component analysis. Rotation method: varimax with Kaiser Normalization

**Appendix O**  
**External Factors Rotated Component Matrix**

Final External - e2, e4, e5, e6	Component				
	1	2	3	4	5
17. my agency participates in local, etc. organizations that help us to achieve our goals	.085	.644	.020	.121	.061
16. my agency participates in accreditation processes	-.035	.753	.165	.041	.117
15. an agency's reputation effects its ability to attract \$\$	.186	.278	.041	-.146	.717
14. my organization tracks newspaper articles etc.	.041	.088	-.024	.114	.840
13. when looking for new ideas look at similar organizations	.069	.228	.095	.714	-.082
12. organizations similar to mine, are structured similarly	-.012	.163	.124	.770	-.044
11. there is pressure to be more business-like in similar	.294	.637	.095	.042	.234
10. registered charities are regulated & controlled	.040	.136	.899	.073	.020
9. social service agencies are regulated & controlled	.177	.094	.885	.110	-.008
8. there is competition amongst organizations similar to mine to generate SE revenue	.731	.350	-.068	.151	-.119
7. there is competition amongst similar agencies for funding	.820	-.003	.137	-.016	.165
3. my organization's funding is effected by economic climate	.631	.041	.130	.130	.136
1. my agency is dependent on a small # of funders/donors	.238	-.212	-.033	.639	.178
Eigen values	3.107	1.595	1.383	1.222	.979
% variance explained	23.9	12.27	10.64	9.396	7.534
Cumulative variance explained	23.9	36.169	46.808	56.205	63.739
Variable numbers	E3,7,8	17,16,11	9,10	1,12,13	14,15
Factor name	Competition	Legitimacy	Regulation	Mimic	Reputation
-Cronbach alpha (standardized)	.619	.578	.834	.547	.602

Extraction method: Principal component analysis with varimax rotation.

## APPENDIX P

### CONSENT FORM – INTERVIEW PARTICIPANT



#### *Appendix P* Consent Form – Interview Participant

**Name of Researcher, Faculty, Department, Telephone & Email:**

Catherine M. L. Pearl, PhD Candidate, Faculty of Social Work, 403 246 2518, cmlpearl@shaw.ca

**Supervisor:** Dr. Jackie Sieppert, Faculty of Social Work, 403 220 6963, sieppert@ucalgary.ca

**Title of Project:**

A Blurring of Boundaries: An Exploration of Social Enterprise in Alberta's Social Service Agencies

**Sponsor:** This project is not funded.

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This consent form, a copy of which has been given to you, is only part of the process of informed consent. If you want more details about something mentioned here, or information not included here, you should feel free to ask. Please take the time to read this carefully and to understand any accompanying information.

The University of Calgary Conjoint Faculties Research Ethics Board has approved this research study.

**Purpose of the Study:**

The proposed research study seeks to build knowledge relative to the extent, type and impact of social enterprise on Alberta's social service agencies through the development of an online survey to be distributed to social service agencies across the province. The study also aims to explore how Alberta's social service agencies understand the role of social enterprise/earned revenue activities within their organizations. You have been invited to participate in the **first phase** of the research study which comprises the development of the survey instrument. Phase one of the research project includes **interviewing 6-8 people** across the province who are knowledgeable about the voluntary sector and social enterprise/earned revenue initiatives within the sector.

**What Will I Be Asked To Do?**

As an **interview participant** you will be asked to provide your opinion and answer a number of questions regarding your knowledge, experience and perception of social enterprise/earned revenue activities at your agency specifically or the voluntary sector generally. As well, you will be asked to verify language and terms to be used in the survey, to ensure they are clear, concise and accurate. The interview will be held in person or via telephone (whichever is more convenient to you) and should take a maximum of one hour of your time. Your participation is voluntary and you may refuse to participate altogether and may withdraw from the study at any time without penalty or loss of benefit.

**What Type of Personal Information Will Be Collected?**

Should you agree to participate personal information will not be required. There is one option for you to consider if you decide to take part in the research interview. Please put a check mark on the corresponding line that grants me your permission to:

I grant permission to be audio taped:

Yes: \_\_\_ No: \_\_\_

**Are there Risks or Benefits if I Participate?**

No risks are anticipated if you participate in the research study. There will be no payment for your participation and no costs should be incurred by you as a result of your participation. All interviewees will be eligible for a draw for an IPOD Shuffle following completion of the interview. As well, interviewees will receive a summary report of the dissertation and an invitation to a community presentation of the overall study's findings and conclusions.

#### **What Happens to the Information I Provide?**

Participation is completely voluntary, anonymous and confidential. You are free to discontinue participation at any time during the interview, however all information gathered to the point of your discontinuance will be retained as part of the study. No one except me, the transcriber or my supervisor will be allowed to see the transcription or hear the audio tape. No individual names will be transcribed from the audio tape and only group information will be summarized for any presentation or publication of results. Research interview data will be used in my PhD thesis and possible academic journal article submissions. Interview data will be stored on a computer which will be password and firewall protected and any hard copy data will be stored in a locked cabinet in my home. All data will be destroyed and/or permanently erased 5 years following my defense.

---

#### ***Signatures (written consent)***

Your signature on this form indicates that you 1) understand to your satisfaction the information provided to you about your participation in this research project, and 2) agree to participate as a research subject. In no way does this waive your legal rights nor release the investigators, sponsors, or involved institutions from their legal and professional responsibilities. You are free to withdraw from this research project at any time. You should feel free to ask for clarification or new information throughout your participation.

Participant's Name: (please print) \_\_\_\_\_

Participant's Signature \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's Name: (please print) \_\_\_\_\_

Researcher's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

#### **Questions/Concerns**

If you have any further questions or want clarification regarding this research and/or your participation, please contact:

**Ms. Catherine M. L. Pearl, Faculty of Social Work, 403 246 2518, [cmlpearl@shaw.ca](mailto:cmlpearl@shaw.ca) &  
Dr. Jackie Sieppert, Faculty of Social Work, 403 220 6983, [sieppert@ucalgary.ca](mailto:sieppert@ucalgary.ca)**

If you have any concerns about the way you've been treated as a participant, please contact the Senior Ethics Resource Officer, Research Services Office, University of Calgary at (403) 220-3782; email [rburrows@ucalgary.ca](mailto:rburrows@ucalgary.ca).

A copy of this consent form has been given to you to keep for your records and reference. The investigator has kept a copy of the consent form.

## APPENDIX Q

### Consent Form – Pilot Study



**Name of Researcher, Faculty, Department, Telephone & Email:**

Catherine M. L. Pearl, PhD Candidate, Faculty of Social Work, 403 246 2518, cmlpearl@shaw.ca

**Supervisor:** Dr. Jackie Sieppert, Faculty of Social Work, 403 220 6983, sieppert@ucalgary.ca

**Title of Project:**

A Blurring of Boundaries: An Exploration of Social Enterprise in Alberta's Social Service Agencies

**Sponsor:** This project is not funded.

---

This consent form, a copy of which has been given to you, is only part of the process of informed consent. If you want more details about something mentioned here, or information not included here, you should feel free to ask. Please take the time to read this carefully and to understand any accompanying information.

The University of Calgary Conjoint Faculties Research Ethics Board has approved this research study.

**Purpose of the Study:**

The proposed research study seeks to build knowledge relative to the extent, type and impact of social enterprise on Alberta's social service agencies through the development of an online survey to be distributed to social service agencies across the province. The study also aims to explore how Alberta's social service agencies understand the role of social enterprise/earned revenue activities within their organizations. You have been invited to participate in the **second phase** of the research study which comprises the **pilot testing** of a survey instrument and related procedures that will be sent to social service agencies across the province. This phase of the research project includes testing the draft survey with 10-12 Executive Directors of Alberta based social service agencies.

The online survey is being administered by SurveyMonkey®, an American software company and as such, your responses are subject to U.S. law, including the U.S Patriot Act.

**What Will I Be Asked To Do?**

As a **pilot study participant** you will be asked to answer an online survey that will be sent to you and participate in a telephone debrief to review your feedback regarding what worked, what did not work and any changes you feel are required to the questionnaire. The survey should take a maximum of thirty minutes to complete and the debrief telephone call should not exceed thirty minutes. Your participation is voluntary and you may refuse to participate altogether or may withdraw from the pilot study at any time without penalty or loss of benefit.

**What Type of Personal Information Will Be Collected?**

Should you agree to participate personal information will not be required.

**Are there Risks or Benefits if I Participate?**

No risks are anticipated if you participate in the **pilot study**. There will be no payment for your participation and



no costs should be incurred by you as a result of your participation. All pilot study participants will be eligible for a draw for an IPOD Shuffle following submission of the completed survey. As well, pilot study participants will receive a summary report of the dissertation and an invitation to a community presentation of the overall study's findings and conclusions.

### What Happens to the Information I Provide?

Participation is completely voluntary, anonymous and confidential. You are free to discontinue participation at any time during the pilot, however all information gathered to the point of your discontinuance will be retained as part of the study. No one except me or my supervisor will be allowed to review survey responses or your debrief commentary. No individual names will be identified and only group information will be summarized for any presentation or publication of results. Pilot study data will be used in my PhD thesis and possible academic journal article submissions. Pilot study results will be stored on a computer which will be password and firewall protected and any hard copy data will be stored in a locked cabinet in my home. All data will be destroyed and/or permanently erased 5 years following my defense.

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### *Signatures (written consent)*

Your signature on this form indicates that you 1) understand to your satisfaction the information provided to you about your participation in this research project, and 2) agree to participate as a research subject. In no way does this waive your legal rights nor release the investigators, sponsors, or involved institutions from their legal and professional responsibilities. You are free to withdraw from this research project at any time. You should feel free to ask for clarification or new information throughout your participation.

Participant's Name: (please print) \_\_\_\_\_

Participant's Signature \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's Name: (please print) \_\_\_\_\_

Researcher's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### Questions/Concerns

If you have any further questions or want clarification regarding this research and/or your participation, please contact:

**Ms. Catherine M. L. Pearl, Faculty of Social Work 403 246 2518, [cm1pearl@shaw.ca](mailto:cm1pearl@shaw.ca) &  
Dr. Jackie Sieppert, Faculty of Social Work, 403 220 6983, [sieppert@ucalgary.ca](mailto:sieppert@ucalgary.ca)**

If you have any concerns about the way you've been treated as a participant, please contact the Senior Ethics Resource Officer, Research Services Office, University of Calgary at (403) 220-3782; email [rburrows@ucalgary.ca](mailto:rburrows@ucalgary.ca).

A copy of this consent form has been given to you to keep for your records and reference. The investigator has kept a copy of the consent form.



**Appendix R**  
**Questionnaire Scores – Respondent Reasons for Social Enterprise Engagement**

These activities were started at my organization	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Non applicable		Total
	n	%	n	%	n	%	n	%	n	%	n	%	
1. to generate net income	10	5.1	10	5.1	15	7.6	76	38.4	79	39.9	8	3.9	198
2. to take advantage of a unique asset or program already working	13	6.7	12	6.2	21	11.0	78	41.0	50	26.1	17	9.0	191
3. to respond to a new market opportunity	12	6.5	20	11.0	31	16.7	68	36.8	28	15.0	26	14.0	185
4. to reduce the effect of unstable funding relationships	8	4.1	24	12.4	19	9.8	68	35.2	51	26.4	23	12.1	193
5. to generate unrestricted revenue to be used where the need is greatest	9	4.6	16	8.3	16	8.3	61	31.4	72	37.1	20	10.3	194
6. to help my organization to become viable	4	2.1	9	4.7	17	8.8	79	41.0	72	37.3	12	6.1	193
7. to address and support social needs	4	2.1	7	3.7	15	7.8	57	29.7	98	51.0	11	5.7	192
8. to address social issue in a creative way	7	3.7	14	7.6	22	12.0	62	34.1	63	35.0	14	7.6	182
9. to provide income earning opportunities to clients	28	15.4	32	17.6	28	15.4	23	12.6	28	15.4	43	23.6	182
10. to provide community participation opportunities to clients	18	9.7	19	10.3	18	9.7	57	31.0	43	23.1	30	16.2	185
11. to provide training/skill development opportunities to clients	20	10.8	22	11.8	21	11.3	49	26.3	42	22.6	32	17.2	186
12. to provide staff a chance to pursue entrepreneurial or innovative endeavours	32	17.5	37	20.2	40	21.8	28	15.3	12	6.6	34	18.6	183
13. to improve client self esteem	17	9.3	18	9.8	28	15.3	51	27.9	38	20.7	31	17.0	183
14. to tackle social exclusion of marginalized populations	12	6.5	19	10.3	31	16.8	55	29.9	36	19.7	31	16.8	184
15. to create positive relations in the community	8	4.2	4	2.2	17	8.9	73	38.4	74	38.9	14	7.4	190
16. because the activity aligned with my organization's mission	6	3.1	6	3.1	13	6.7	66	34.0	87	44.8	16	8.3	194
17. because we had Board support/expertise	12	6.4	6	3.1	32	16.7	74	38.7	39	20.4	28	14.7	191
18. because we had staff support/expertise	9	4.6	5	2.6	24	12.4	78	40.2	58	29.9	20	10.3	194
19. because we had access to funding to evaluate the feasibility of the enterprise activity	31	16.8	31	16.8	41	22.4	31	16.8	10	5.5	40	21.7	184

**Appendix S**  
**Questionnaire Scores- Respondent Perceptions of Social Enterprise**

Social enterprise activities:	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Non applicable		Total
	n	%	n	%	n	%	n	%	n	%	n	%	
1. increase an organization's net income	5	2.5	6	3.0	19	9.4	88	43.6	77	38.0	7	3.5	202
2. reduce the effect of unstable funding relationships	8	4.0	9	4.5	29	14.5	74	37.0	65	32.5	15	7.5	200
3. generates unrestricted revenue to be used where the need is greatest	6	3.0	5	2.5	17	8.6	80	40.5	81	40.9	9	4.5	198
4. helps organizations become more viable	8	4.0	6	3.0	11	5.5	91	45.8	73	36.7	10	5.0	199
5. reduce the effect of changes in the economic environment	6	3.0	17	8.6	35	17.7	80	40.4	46	23.2	14	7.1	198
6. reduces the effect of short term or program specific funding relationships	9	4.5	12	6.1	28	14.1	86	43.4	50	25.3	13	6.6	198
7. provide goods and services to communities that would not otherwise be available	3	1.5	15	7.6	35	17.7	87	43.9	46	23.2	12	6.1	198
8. consume scarce management resources	10	5.1	37	18.9	63	32.2	54	27.5	13	6.6	19	9.7	196
9. help to address social needs	2	1.0	8	4.0	29	14.7	88	44.7	61	31.0	9	4.6	197
10. help tackle social exclusion of marginalized populations	2	1.0	8	4.1	45	23.0	82	41.8	38	19.4	21	10.7	196
11. to create positive relations in the community	2	1.0	-	-	20	10.0	100	50.0	72	36.0	6	3.0	200
12. distract organizations from mission related work	25	12.8	69	35.4	48	24.6	25	12.8	11	5.7	17	8.7	195
13. are viewed favorably by government	8	4.0	14	7.0	53	26.6	84	42.3	31	15.6	9	4.5	199
14. are viewed favorably by foundations	2	1.0	11	5.6	55	27.8	83	41.9	36	18.2	11	5.5	198
15. are viewed favorably by corporate donors	2	1.0	9	4.5	49	24.7	87	43.9	39	19.8	12	6.1	198
16. are viewed favorably by individual donors	1	.5	10	5.1	44	22.1	95	47.7	40	20.1	9	4.5	199
17. are viewed as a sign of an organization's effectiveness	2	1.0	13	6.7	42	21.5	84	43.1	46	23.6	8	4.1	195
18. require increased oversight on the part of the Board	10	5.1	30	15.3	44	22.4	64	32.7	33	16.8	15	7.7	196
19. require increased oversight on the part of management	3	1.5	9	4.5	27	13.6	84	42.4	58	29.4	17	8.6	198

**Appendix T**  
**Questionnaire Scores- Respondent Perceptions of the Impact of Social Enterprise**

Thinking about your organization, what has the impact been on ...	Very Negative		Negative		Neutral		Positive		Very Positive		Not applicable		Total N
	n	%	n	%	n	%	n	%	n	%	n	%	
1. generating net income to support programs/services?	2	1.0	4	2.0	35	17.6	97	49.0	51	25.7	9	4.7	198
2. reducing the effect of unstable funding relationships?	2	1.0	8	4.0	68	34.6	69	35.0	27	13.7	23	11.7	197
3. generating unrestricted revenue to be used where the need is greatest?	2	1.0	6	3.0	51	25.9	86	43.7	37	18.8	15	7.6	197
4. reducing the effect of changes in the economic environment	2	1.0	9	4.6	74	38.1	63	32.5	24	12.5	22	11.3	194
5. reducing the effect of short term or project specific funding?	2	1.0	13	6.6	74	37.8	60	30.6	22	11.2	25	12.8	196
6. providing programs/services to address social needs?	-	-	4	2.0	32	16.1	98	49.2	43	21.6	22	11.1	199
7. providing training/ skill development opportunities to clients?	1	.5	3	1.5	53	27.0	53	27.0	31	15.9	55	28.1	196
8. providing income earning opportunities to clients?	4	2.0	10	5.1	62	31.6	27	13.8	19	9.7	74	37.8	196
9. providing client community participation opportunities	2	1.0	4	2.1	46	23.7	62	32.0	29	14.9	51	26.3	194
10. providing staff a chance to pursue entrepreneurial or innovative endeavours?	3	1.5	11	5.6	69	35.2	51	26.0	12	6.2	50	25.5	196
11. introducing new skills, ideas or ways of thinking to staff?	-	-	5	2.5	38	19.2	102	51.5	23	11.6	30	15.2	198
12. improving client self esteem?	1	.5	3	1.5	43	22.0	69	35.2	36	18.4	44	22.4	196
13. tackling social exclusion of marginalized populations?	1	.5	4	2.1	50	25.8	68	35.1	23	11.9	48	24.6	194
14. creating positive community relations?	-	-	1	.5	29	14.6	106	53.3	47	23.6	16	8.0	199
15. the viability of my organization?	1	.5	4	2.0	41	20.8	83	42.1	52	26.4	16	8.2	197
16. the mission of my organization?	-	-	4	2.0	42	21.3	82	41.6	54	27.4	15	7.7	197
17. the oversight/board governance duties of my organization?	-	-	9	4.6	92	46.9	51	26.0	18	9.2	26	13.3	196
18. the administration/management duties of my organization?	1	.5	15	7.5	57	28.6	82	41.2	24	12.1	20	10.1	199
19. the reputation of my organization	-	-	-	-	25	12.5	110	55.0	52	26.0	13	6.5	200
20. retention/recruitment of donors?	1	.5	5	2.6	74	38.1	65	33.5	23	11.9	26	13.4	194
21. retention/recruitment of board members?	1	.5	7	3.6	97	50.3	42	21.8	17	8.8	29	15.0	193
22. retention/ recruitment of staff?	-	-	7	3.7	86	45.3	55	28.9	18	9.5	24	12.6	190

**Appendix U**  
**Questionnaire Scores- Respondent Perceptions of the External Environment**

Thinking about your organization, please indicate the extent to which you agree with the following statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Not applicable		Total N
	n	%	n	%	n	%	n	%	n	%	n	%	
1. my organization is dependent on a small number of funders/donors	23	8.0	75	26.2	25	8.7	86	30.1	70	24.5	7	2.5	286
2. my organization has a complicated mix of funders/donors	21	7.4	51	17.9	40	14.0	100	35.1	62	21.8	11	3.8	285
3. my organization's funding is affected by changes in the economic climate	4	1.4	15	5.2	27	9.4	133	46.2	103	35.8	6	2.0	288
4. there is a scarcity of resources my organization can access for funding	11	3.9	42	14.8	48	16.9	116	40.8	60	21.1	7	2.5	284
5. there is a scarcity of human resources that my organization can attract	9	3.1	60	21.0	58	20.3	107	37.5	47	16.5	5	1.7	286
6. my organization is exploring alternate ways to diversify its funding sources	4	1.4	17	5.9	27	9.4	133	46.3	103	35.9	3	1.1	287
7. there is competition amongst organizations similar to mine for funding	2	.7	16	5.6	27	9.4	123	42.9	112	39.0	7	2.4	287
8. there is competition amongst organizations similar to mine to generate revenue from income generating activities	5	1.7	36	12.6	73	25.6	94	33.0	56	19.6	21	7.5	285
9. social service agencies are regulated/ controlled	4	1.4	14	4.9	52	18.1	138	47.9	74	25.7	6	2.0	288
10. registered charities are regulated/ controlled	1	.3	11	3.8	31	10.8	158	55.2	85	29.6	1	.3	286
11. there is pressure to be more business-like in organizations similar to mine	2	.7	11	3.9	42	14.8	129	45.4	93	32.7	7	2.5	284
12. organizations similar to mine, tend to be structured similarly	11	3.8	41	14.4	65	22.6	127	44.2	32	11.2	11	3.8	287
13. when looking for new ideas/innovation I look at what has been successful at similar organizations	2	.7	27	9.4	38	13.3	170	59.4	46	16.2	3	1.0	286
14. my organization tracks newspaper articles, news clips, media interviews that involve my agency	3	1.0	16	5.6	25	8.7	151	52.7	87	30.3	5	1.7	287
15. an organization's reputation effects its ability to attract funding	3	1.0	5	1.8	8	2.8	105	36.3	163	56.3	5	1.8	290
16. my organization participates in accreditation processes so we can provide services	6	2.1	35	12.2	34	11.9	71	24.8	99	35.0	41	14.0	286
17. my organization participates in local, provincial or national affiliate organizations that help us achieve our goals	3	1.0	14	4.9	29	10.1	110	38.5	113	39.5	17	6.0	286