Business Practices in Social Enterprises.

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Purpose: The purpose of this paper is to present the findings of an investigation into the business practices of Social Enterprises in Greater Manchester and Lancashire. The aim was to look at the business practices of Social Enterprises (SEs) and obtain an understanding of the nuances and heterogeneity of management issues for these businesses through dense descriptive insights imbedded in the actual practices of owner/managers in SEs.

Design/Methodology/Approach: A qualitative methodology was preferred seeking to understand phenomena rather than mere verification of previous theories. Identification of our participants firstly required a definition of SEs in order to recognise the phenomena and arguments are given as to our choice. The balanced scorecard [BSC] (Kaplan & Norton, 1996) was identified as a baseline and framework due to its flexibility for adaptation and its inclusive approach to business development. The paper is divided into 3 parts. In part 1 a thorough review of the literature, identifies the lack of previous academic research in this area. In part 2 we present our methodological approach. In part 3 from empirical research this paper presents the findings.

Findings: Evidence from 30 interviews with owner/managers of SEs is discussed. The findings offer insights as to where the strengths and weaknesses lie in these organisations. There was generally a strong sense of mission and social ambition. We identified complex organisational structures and a general engagement with business and management issues. Many SEs were versed with planning, strategising, marketing, training and development and knowledge management.

Implications: This paper provides evidence of research on the SE sector which has implications for the sector, advisors and academics. The findings suggest a learning culture from with the sector where tacit knowledge outweighed the formal engagement of learning or advisors role.

Originality/Value: This research is an original contribution to knowledge surrounding the business practices of SEs. This paper offers a well researched and rigorous investigation into SEs.

Key Words: Social Enterprise, Qualitative Research, Business Practices.

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Aims and Objectives

This research is an original contribution to knowledge surrounding the business practices of social enterprises (SEs). The main purpose of this paper is to disseminate the findings of an ESF funded research project that was undertaken in the social enterprise (SE) sector.

The paper focuses on management experiences grounded in the day-to-day activities of the enterprise. A qualitative research methodology approach ensured that the research was based on a clear understanding and analysis of social enterprises.

This paper outlines the research method, the findings from the research and concludes with a discussion of the research implications.

Introduction: Background and Context

From empirical research conducted in Greater Manchester and Lancashire during 2004/5 this paper provides extensive research within the social enterprise (SE) sector identifying the unique problems and barriers faced by the sector. The paper provides a thorough review of the literature and identifies the lack of previous academic research in this area. The paper outlines the method and presents the findings of the research study.

> '*There is a wealth of relatively easily accessible data for scholars conducting research into traditional business and management issues. Additionally, there are a significant number of well-respected journals for each discipline, most of which have not historically published much related to the social sector. Good social sector data is more difficult to find, and the outlets for publishing are limited*' .
> http://www.fuqua.duke.edu/centers/case/faculty/research.html   Center   for   the Advancement of Social Entrepreneurship.

Despite the difficulties highlighted by the Center for the Advancement of Social Entrepreneurship, compounded by the vagaries of the term 'social enterprise' this paper provides understanding and insights into the working practices of SEs. Firstly, we discuss the literature surrounding Social Enterprises in their many forms. Social enterprise is a generic term used within studies published by independent organizations and scattered among academic journals from many disciplines including management and organisation, economics, sociology, political science and public administration. The main types of definitions therein:

- Stress the important role of social entrepreneurship in maximising the value from social capital in the community.
- Assume Social Enterprise is mainly about commercial businesses which have a social purpose and mission.
- Refer to voluntary sector (not-for-profit) organisations that become enterprising and financially sustainable rather than dependent on donations, grants and volunteer labour.

According to The Social Enterprise Coalition (www.socialenterprise.org.uk) there is no universally accepted definition of social enterprise creating an ongoing debate among practitioners and academics (Smallbone *et al*, 2001). This leads to the problem in identifying or classifying the different types of Social Enterprise.

Dees (1998) suggests that 'social enterprises' occupy a full organizational spectrum that ranges from purely commercial endeavours to purely philanthropic ones. Because of the complex

structure of third sector organizations and the variance in definitions the issues pertaining to SEs are poorly elaborated making any generalisations problematic:

> '*the field is fragmented by several factors: confusing terminologies that restrict exchange and learning among researchers; a lack of cross-disciplinary dialogue and research; low levels of theory development compared to research on government or business; an unhelpful separation of UK social policy researchers from 'development' researchers; a preponderance of narrow, micro- level organisational case studies which are often anecdotal and have limited value for comparative study; tensions around theoretical and 'applied' research agendas and between researchers and practitioners, which tend to weaken the academic quality and applicability of much research to date*' (Howell, 2005, p.5).

It is claimed that social demographic changes and the economic problems surrounding a universal welfare programme are stimulating a renewal of social enterprise. For example Pearce (1999) points out recent trends such as the EU insistence on community involvement in the design, management and implementation of local regeneration initiatives leading to an increase in community-based local development trusts or partnerships. Opportunities have been created due to the continuing devolution, deregulation and privatization of state and local government services in the last decade:

> '*by central and local government away from the grant-funding of voluntary and community organisations towards contracting with them to provide various services has accelerated both the business-like behaviour of the organisations and strengthened their self-perception as community or social enterprises. This trend has been re-inforced by the continuing process of contracting-out services which were previously provided by the local state, thus increasing trading opportunities for voluntary and community organisations* ' (Pearce, 1999, p.6).

Over the last 20 years there has been a move from offering unrestricted grants to giving contracts for specified activities or services. There are arguments that this is problematic, undermining the sector's independence. Others suggest contracts can protect independence, because they make clear what has been agreed between funder and provider (www.ncvo-consult.org.uk/survey.asp?s=01090044139071030). Salamon *et al* (2003) point to a recent growth in 'SE's due to factors such as increased public expectations and dissatisfaction with inflexible market and state mechanisms leading to demands, through citizen activism, for improved service delivery. With expanding state services, a more plural approach to welfare is prominent and the voluntary sector is again providing some essential welfare services. Government is now the biggest funder of voluntary and community organisations - and this is largely through contracts and not grants. Relatively few social enterprises benefit from large scale public fundraising and SEs report intense competition for income streams whilst some endowed charitable trusts have seen the value of their endowments decline dramatically over recent years (Charities Aid Foundation www.cafonline.org/venturesome/approach04.doc). According to Tony Blair (DTI, 2002):

> '*Our vision is bold: social enterprises offer radical new ways of operating for public benefit. By combining strong public service with business acumen, we can open up the possibility of entrepreneurial organisations - highly responsive to customers and with the freedom of the private sector - but which are driven by a commitment to public benefit rather than purely maximising profits to shareholders*' (Tony Blair, Forward to Social Enterprise White Paper, 2002).

Labour's small business minister has also recently stated that social enterprises were seen as a viable alternative to the private sector (Tyler, 2005). According to Wallace (2003), in relation to charities, while no definitive statistics show how many non-profit groups operate business ventures, an online survey commissioned by the Pew Charitable Trusts by Massarsky & Beinhacker (2001) suggests that the number could be significant. Of the 519 charities that participated in the survey, 217 said that they run an earned-income venture, and another 28 reported having run ventures in the past designed to supplement the money the charities bring in through donations.

In general, non-profit organizations may operate 'business' ventures as long as those ventures are directly related to the pursuance, or extension, of the SE's social mission. Non-profits exist along a spectrum of activity starting with traditional fee-for-service charges and extending into full-scale commercial activity.

> *'Little research has systematically examined the concept of being business-like in a non-profit organization setting despite the increased importance of this concept in research, policy, and practitioner communities'* Dart (2004, p.1).

Organizational effectiveness is based on the ability to define and produce desired outcomes. Social enterprises require all the management skills of the SME sector. As with many smaller businesses, the managers of social enterprises need to be skilled in more than one management function. According to EUROPA (http://europa.eu.int) the provision of training to build the skills of social enterprise managers *'remains fragmented and there are few accepted standards…..There is therefore a need for better-targeted and widely available training in social enterprise management'.* Survey results (May 2003) from the North West Development Agency (NWDA) for Greater Manchester (GM) identified that 49% of social enterprises within the region are affected by skills gaps. In Lancashire 38% are experiencing a skills gap amongst their staff. The GM survey also revealed that the training support available through agencies such as Learning and Skills Councils, local authorities and umbrella organisations 'did not cater for their requirements'. This is supported by Alexander (2002) who states;

> *'There are real problems with the fragmented availability of good quality and appropriate business advice. Similarly, some social enterprises may find it difficult to access examples of good practice'.*

Hines and Thomas (2004) note that skilled, focused support delivery is poor leaving the SE sector:

> *'frustrated about the difficulties they have in obtaining even basic advice to help them with the many tasks that face them in the daily running of their businesses'……* *'there appears to be relatively little progress in developing skilled focused support for the social enterprise sector, and they remain rather cynical and disillusioned about the quality of the support provided'.*

Apart from the general skills and abilities required to establish or develop a small business or a SE there may also be a requirement for a range of technical and practical skills that are specific to the enterprise's focus. The managerial skills needed to run a successful business need to be learnt and adapted to enhance the likelihood of long-term business success or sustainability. According to the Department for Education and Skills (DFES, 2005, p.6) in relation to SMEs:

Skills are central to achieving our national goals of prosperity and fairness. They are an essential contributor to a successful, wealth creating economy. They help businesses become more productive and profitable. They help individuals achieve their ambitions for themselves, their families and their communities.
Yet the weaknesses in our national skills performance have been well-rehearsed. They go back generations, reflecting some powerful economic and social factors.

Business Skills Northwest also reports that:
- Productivity in the Northwest remains below the UK average
- One in five employment vacancies are difficult to fill due to skills shortages.
- One in five employees do not have the right skills for the jobs they hold
- One in three small and medium sized businesses cannot introduce new products or processes due to a lack of workforce skills

http://nwda.cms.amaze.co.uk/DocumentUploads/BusinessSkillsNW.pdf

The recent Employers Skill Survey identified that 52% of organisations who reported management skills gaps amongst their staff identified this as a key issue and constraint to

competitiveness. The DTI has also highlighted the importance of business networks/clusters in helping to develop social enterprise:

> *'research has shown that small businesses typically develop people by informal means, relying on experiential learning that is not formally accredited'.*
> http://www.sfedi.co.uk/ourWork/ourWork.htm

There is a need to understand the role that networks, experiential and informal (lifelong) learning play in social enterprises in order to exploit the opportunities for appropriate learning support. To date research on social enterprises reveals the barriers to learning, particularly relating to higher level skills that contribute to growth and development which include:

- Managerial structures that tend to be flatter than in fully commercial organisations due to a participatory culture with a strong sense of social mission and community. This may result in a lack of mechanisms and infrastructure for surfacing skill gaps leading to the social enterprise being unaware that they have a skills gap (Social Enterprise London, 2001).
- A lack of trust and confidence in mainstream support agencies particularly amongst ethnic minority social enterprises.
- Diversity in the sector, which means that generic training packages are not flexible enough to respond to the particular problems felt within different businesses at various stages of development. Learning support therefore needs to be more flexible and responsive to individual needs.
- A need to understand better how managers learn.

Increasingly public service delivery is via market mechanisms, where competitive tendering is based on 'Best Value' with an emphasis on accountability under New Public Management:

> *'New Public Management' (NPM) is a slippery label. Generally, it is used to describe a management culture that emphasizes the centrality of the citizen or customer, as well as accountability for results. It also suggests structural or organizational choices that promote decentralized control through a wide variety of alternative service delivery mechanisms, including quasi-markets with public and private service providers competing for resources from policymakers and donors'.*
> www1.worldbank.org/publicsector/civilservice/debate1.htm

The voluntary sector's dependence on government or philanthropic grants (dependency model) has changed to a business based 'contract culture'. SE's are seen as customer focused quality providers but face competition in procuring contracts between others working in a similar field, either other SE's or private companies. Meanwhile options for grant funding are diminishing and SE's face difficulties in securing long-term funding with increased competition for resources. In a review of the social economy in Scotland Mcgregor et al (2003) report that 54% of all respondents identified difficulty in obtaining appropriate funds as the main obstacle to developing or sustaining organisations. The lines dividing commercial and social enterprises are blurring. Social enterprises are not only increasingly accountable to funders but are also facing growing demands for transparency and public accountability (Herzlinger, 1996; Krug & Weinberg, 2004). The public are concerned about fundraising practice, regulation and independence. The chief executive of the National Council for Voluntary Organisations recognises:

> *'the sector is more feted than in has ever been. But it is also more subject to criticism….. we need to demonstrate good practice across a range of operational issues'* (Etherington, 2001).

Reports of financial scandals have increased scrutiny and led to an growth of 'watchdog' organisations who provide information to potential charitable donors about the efficiency of

potential recipients (for example the American Institute for Philanthropy www.charitywatch.org/
).   Pressures to prove efficiency and compete for funding have led to the adoption, implementation and integration of business tools and marketing tools, for example in fostering partnerships with business and government funders (Goerke, 2003). According to Conti (2002) the most applicable business tools for nonprofits are strategic planning, technological capacity building (fund-raising, databases, internet and e-mail) marketing and new management practices. Networks, including media networks, academic networks and funding networks also play a crucial role in the success of a social enterprise.

Running, a social enterprise is a dynamic process. Constantly adapting to ever-changing environments management decisions may have a ripple effect on other aspects of the business. This is a balancing act requiring strategic reflection and analysis on the part of managers and stakeholders in achieving an ongoing sustainable impact by incorporating business strategy to accomplish vision. Within the literature suggestions were made as to the relevance and transferability of the mainstream management concepts being brought across to the 'not for profit' sector. As long ago as 1978 Newman & Wallender warned:

> *'The popular belief that business management concepts can be applied readily to not-for-profit enterprises needs qualification. Not-for-profit enterprises differ widely; each has its own managerial needs, and many have discriminating constraints that sharply modify which concepts will be effective'* (Newman & Wallender, 1978, p.24).

Anheier (2000) presents a model of the non-profit form as a conglomerate of multiple organisations with multiple bottom lines that demand a variety of different management approaches and styles. He further suggests that *'the management of non-profit organisations remains ill understood because our understanding of these organisations has not gone deep enough'*.

> *'The notion of non-profit organisations as multiple organisations and as complex, internal federations or coalitions requires a multi-faceted, flexible approach, and not the use of ready-made management models carried over from the business world or public management. This is the true challenge non-profit management theory and practice face: how to manage organisations that are multiples and therefore intrinsically complex'* (Anheier, 2000, p.8).

Definition

To alleviate the problems of definition we broadly recognise the criteria within the EMES 'economic and 'social' indicators below:

Economic Indicators:

a) A continuous activity producing goods and/or selling services: Social enterprises, unlike the traditional non-profit organisations, are normally not engaged in advisory activities as a major goal or in the redistribution of financial flows (as, for example, grant-giving foundations). Instead they are directly involved in the production of goods and the provision of services to people on a continuous basis. The provision of services represents, therefore, the reason, or one of the main reasons, for the existence of social enterprises.

b) A high degree of autonomy: Social enterprises are voluntarily created by a group of people and are governed by them in the framework of an autonomous project. Although they may depend on public subsidies, public authorities or other organisations (federations, private firms, etc.) do not manage them, directly or indirectly. They also have the right of participation and to terminate the project.

c) A significant level of economic risk: Those who establish a social enterprise assume totally or partly the risk of the initiative. Unlike most public institutions, their financial viability depends on the efforts of their members and workers to secure adequate resources.

We do not accept indicator (d) (see footnote[1]) of EMES economic indicators, which requires a minimum level of paid workers, on the grounds that some people, even owners of start-up businesses, work for nothing at times.

Social Indicators:
i) An initiative launched by a group of citizens: Social enterprises are the result of collective dynamics involving people belonging to a community or to a group that shares a certain need or aim. They must maintain this dimension in one form or another.

ii) A decision-making power not based on capital ownership: This generally means the principle of "one member, one vote" or at least a voting power not distributed according to capital shares on the governing body which has the ultimate decision-making rights. The owners of the capital are obviously important, but the decision-making rights are shared with the other stakeholders.

 iii) A participatory nature, which involves the persons affected by the activity: Representation and participation of customers, stakeholder orientation and a democratic management style are important characteristics of social enterprises. In many cases, one of the aims of social enterprises is to further democracy at local level through economic activity.

iv) Limited profit distribution: Social enterprises not only include organisations that are characterised by a total non-distribution constraint, but also organisations like co-operatives in some countries, which may distribute profits only to a limited extent, thus avoiding a profit-maximising behaviour.

v) An explicit aim to benefit the community: One of the principal aims of social enterprises is to serve the community or a specific group of people. To the same end, a feature of social enterprises is their desire to promote a sense of social responsibility at local level
Source: www.emes.net/en/recherche/emes/analyse.php

This influenced our definition of SEs for the purpose of this research as ***'Businesses with the specific purpose of addressing 'social', 'community' or 'environmental' aims through a business structure that allows them to be sustainable'***. This recognises Social Enterprises' priority as socially oriented businesses whether they are totally fund dependant (e.g. charities) or whether they create surpluses for re-investment in the organisation. Therefore, our research included organisations that sought financial equilibrium and those that sought financial surplus from their activities, under the umbrella of Social Enterprise organisations.

Method
The first stage of the research began with an ethnographic investigation within the SE sector. A qualitative methodology was preferred seeking to understand phenomena rather than mere verification of previous theories. Curran and Blackburn (2001) argue that quantitative research methods are not as effective as qualitative research methods in capturing and explaining the nuances and idiosyncrasies of working practices in small businesses. Qualitative research gives a richer appreciation of the experience of decision-making activities (Carson 1990, Sexton and Landstrom 2002). Hill and McGowan (1999) suggested the need for an approach to research that reflects the unique characteristics and circumstances within small firms, advocating qualitative, grounded and ethnographic research as their advised route to understanding the small firm. The aim was to look at various aspects of this emerging sector and obtain an understanding of the nuances and heterogeneity of management issues for social businesses through dense descriptive insights imbedded in the actual practices of owner/managers in SEs.

We began with five preliminary open-ended interviews which took place with key Social Enterprise support agencies and Social Enterprises within Greater Manchester. The interview questions were based on three key areas; the sector, the skill needs in the sector and the barriers Social Enterprises face. The interviews provided the grounding for the subsequent research. The literature search was conducted in order to develop a greater understanding of the sector (familiarisation and focusing) and to establish a framework. The balanced scorecard [BSC] (Kaplan & Norton, 1996) was identified as a framework due to its flexibility for adaptation and its inclusive approach to business development.

Thirty further interviews with Social Enterprises across Greater Manchester and Lancashire were conducted over a three month period. Interviews were open-ended. An evolving aide memoir was used using the BSC as a 'loose' framework for topic headings (finance, customer, learning and growth, internal business processes and visioning and strategy). This structure provided the basis for the analysis, conducted with qualitative computer software - N'Vivo, coding headings (nodes in N'Vivo terms). The majority of interviews lasted between one and two hours, were tape recorded, supplemented with observations and note-taking and then subsequently transcribed for analysis. A 'grounded theory' (Glaser & Strauss 1967) approach was taken in order to saturate the BSC framework with data we coded from the interviews. Subsequent issues emerged from the interview analysis.

The SE's were representative of a diverse range of fields; Health and Social Care, Community Groups, Environmental, Arts, Food and Drink, Employment, Education and others. The vast majority of our Social Enterprises were legally structured as Not for Profit Company Limited by Guarantee. Others were Registered Charities and Co-operatives. The business sizes of our Social Enterprises were established using various measures; the number of years the Social Enterprise has been established; annual income; number of employees, and, number of volunteers. Table 1 shows the specifics. Drawing on discussions within key networks suggested this is a true reflection of organisational diversity of the Social Enterprise sector in the region.

No	Established (Years)	Annual Income (£)	Employees	Voluntaries
Company 1	1	7,000	2	2
Company 2	15	1,144,000	30	25
Company 3	18	350,000	9	0
Company 4	11	136,000	36	6
Company 5	9	950,000	45	56
Company 6	2	84,000	7	4
Company 7	1	10,000	3	0
Company 8	0.3	25,000	4	5
Company 9	15	2,300,000	47	8
Company 10	20	258,000	26	25
Company 11	5	120,000	2	10
Company 12	10	675,589	8	1
Company 13	4	15,000	1	0
Company 14	1	100,000	2	0
Company 15	10	120,000	9	0
Company 16	18	450,000	45	0
Company 17	4	300,000	8	0
Company 18	1.5	30,000	3	0
Company 19	5	150,000	4	0
Company 20	1	30,000	1	15
Company 21	20	800,000	25	10
Company 22	1	20,000	5	0
Company 23	3	150,000	6	6
Company 24	3	6,500,000	250	30
Company 25	2	107,000	5	40
Company 26	9	3,500,000	38	0
Company 27	3	200,000	16	10
Company 28	4	20,000	7	10
Company 29	3	200,000	11	0
Company 30	25	30,000	3	20

Table 1: Business size, income and age profile.

Findings

The findings from the analysis of the interviews led to new categories for the BSC for SEs. Finance was subsumed under 'Multi-bottom line' as SEs exist for non financial reasons, they create a range of socially benefiting products and services and environmental impacts (in terms of savings the planets resources and the reduction of waste emissions and compliance with government acts etc). They are not financial 'maximisers' per se. Finance is however important to them in order to run their businesses, and the focus is of having social missions responding to customer service and funders demands. They experience tensions and conflicts between these priorities that many mainstream businesses do not face.

We also changed the title of customer to stakeholder philosophy, in recognition of the multi – customer landscape in which SEs operated. Not only are SEs focused on the end user but also funders, government and communities are just a few examples of the stakeholders that play an important role in the day-to-day focus of the enterprise.

In summary our newly evolved categories were Multi-bottom line, Learning and Growth, Stakeholder philosophy, Internal business processes, Visioning and strategy.

Multi bottom line - Our participants highlighted that they focus on accountability in terms of social value and sustainability, as well as financial viability. However, we found the development of the 'multi-bottom line' was a reaction to the demands for targets from funders and contractors. Proactive systems and measures that can offer a unique selling point to the market have been slow to take off. In defence of the participants, intangibles are difficult to quantify and methods used, such as social accounting, have received criticism.

- These findings suggest that many Social Enterprises are beginning to make themselves more accountable in terms of their social value.
- Many of the Social Enterprises we spoke to were in the process of adapting and restructuring their organisations, aware that they have to be very focused on sustainability issues and transparent about their social value.
- However, there was little evidence in the organisations we met to suggest that Social Enterprises were measuring their social impact beyond including values and ambitions within their businesses (usually through mission statements) or providing data that was sought by funders.
- For many Social Enterprises the next step is to become more proactive in recording and marketing their social values.
- Many referred to having a good track record of delivering quality services. Efforts were measured by contract renewal rather than any clear evidence supporting their successful delivery of services.
- Of the Social Enterprises that sought to create surpluses there seems to be a balance between those organisations that seek financial control to provide services that are not directly met through funding, and those that feel they just want to be in control of what they do, whilst delivering socially benefiting services.
- Many Social Enterprises were being exploited by funders over contracts in the knowledge that Social Enterprises will compromise financially for service delivery.

Learning and Growth - The findings demonstrate that Social Enterprises take advantage of external informal learning –via networking and work related sector partnerships - rather than external high level management skills training or formal business support. The diversity of the sector means that generic management training packages are not flexible enough to respond to the particular problems felt within businesses at particular stages of development. Business courses tend to be aimed at market exploitation, maximising human and capital and resources, and are judged not to cater for more philanthropic aims. Therefore, locating appropriate training and learning support is problematic. Management training and learning support is required that is more flexible and responsive to the individual needs of Social Enterprises. In particular Social Enterprises require support that is informal and less driven by resource maximisation.

- Management training provision for the sector is poor, owing to the profit focus of mainstream management training.
- Many Social Enterprises referred to valuing the diversity of their organisations and opportunities for developing the skills of their employees over direct business skill needs.
- Strategic *Away Days* were important to our participants of Social Enterprises in terms of participative decision making, team working and organisational learning.

Stakeholder Philosophy - It appears that image, branding and identity are a low priority in many Social Enterprises. Interviewees suggested this was due to a lack of appropriate human or/and financial resources within Social Enterprise teams. It may also be the case that Social Enterprises see marketing as something that mainstream businesses 'do' and not for them. A failure to recognise the positive potentials that marketing offers is compounded by the negative assumptions that glitzy images are inappropriate uses of 'surplus' spend – if the financial luxury were to even be available. However, neglect of marketing issues is problematic a unconsidered or poor image may be directly related to low recognition, resulting in potentially less success in securing funding over competitors. A weakness in marketing ideology may also stifle the promotion of social value and production of social accounts. We suggest that, whether because of resources or ideology, there appears to be a connection between the attainment of quality standards and the self-image of the Social Enterprise. Furthermore, we suggest that this is one of the reasons why there is a low response to acquiring accredited internal standard kite marks or awards.

- Stakeholder satisfaction was a juggling act between financial constraints and service needs.
- Social Enterprises were slow to exploit funding opportunities through marketing their uniqueness (their differentiation from mainstream competition – social value).
- Some sectors were experiencing an increase in both social and mainstream competition.
- Social Enterprises were introducing marketing techniques, yet financially ring-fencing marketing capital and the lack of specialist skills was problematic.
- Social Enterprises were becoming more aware of image and branding issues.
- Understanding of marketing was often limited to promotion.
- Networking/word of mouth were the main marketing activities of Social Enterprises

Internal Business Processes- Informality within our participants of Social Enterprises was very apparent, reflected in the informal communication systems, and less hierarchical organisational structures, than found in many private sector businesses. In many ways, the direction of the enterprise is a holistically driven entity; community, staff, management and society. A key strength in the innovativeness of Social Enterprises is their flexibility, informality and adaptability to environmental changes. The holistic view of an Social Enterprise organisation as a hub of talent and entrepreneurial flair mixed with informal yet inclusive communications is a very micro-sized vision. As organisations grow and complexities rise, many Social Enterprises are seen to reach crises points. Communications become stifled and decisions are slowed down. It is at this point that organisations choose to adopt more formal functions or roles in their businesses (finance, marketing, human resources, etc). Many illustrate a traditional hierarchy with roles and responsibilities attached to each level - while others demonstrate a satellite structure showing a central hub with service arms - again usually functionally divided. We suggest that further research is required to investigate the successes of such structures. Further research is required into how well Social Enterprises adapt to these more conventional approaches, brought over from the business world. It is possible that the cultures within Social Enterprises may not dovetail suitably with the business world.

Some interesting anomalies occurred within the research, which may reflect the small participants size or regional culture. Responses indicate an ingrained (informal) learning culture. However, cross-comparison of results shows that this may be an overstatement. As Social Enterprise managerial structures tend to be flatter, with a participatory culture and a strong sense of social mission and community (identified also in previous research - Social Enterprise London, 2001) there appears to be a lack of mechanisms and infrastructure for surfacing skill gaps so the social enterprises may not be aware that they have a skills gap. This indicates further research is needed, for example interviewing staff rather than managers.

- Issues were raised about aligning skills bases with organisational structures (management functions and roles and responsibilities).
- Social Enterprises were constantly wrestling with insufficient resources and meeting immediate impact needs and service delivery levels.
- Short term funding adversely affects sustained employment in Social Enterprises where contracts are tied to short term funding periods.
- Inclusive decision making was highly regarded.

- Organisational structure was a key issue to the management and participation of Social Enterprises.
- Informality and flexibility were key attributes of Social Enterprises.
- Boards of Directors were key attributes in organisational knowledge, bringing in higher level management skills – some, but not all, totally appropriate to the small Social Enterprise.
- Informal communication processes were stifling growth past micro stage or organic growth phases.
- Social Enterprises were slow to uptake structures, systems and procedures.

Visioning and Strategy - The results suggested that many Social Enterprises consider themselves savvy with the issues of planning, strategising and visioning. We noted that business planning was something that many felt was either informal or out of date, yet visioning led by mission strategies were more appropriate.
- Few Social Enterprises used business plans.
- Many Social Enterprises made use of strategies and mission statements.

Conclusion and Implications

This paper has undertaken a much needed investigation into the business and management practices of SE's. Although only tentative analysis has been made here the research project is ongoing and more depth and discussion is planned from the research.

The Balanced Scorecard was utilised as a framework for the research methodology that sought to understand and identify the characteristics of the sector. Our qualitative approach with 35 SEs across Greater Manchester and Lancashire provided the data in which to draw out and make conclusions as to the strengths and weaknesses of the sector.

Our participants demonstrated sectoral and organisational diversity in terms of mission, culture and market requiring different support needs where 'one size does not fit all'. Many SEs were versed with knowledge of their social value. Articulating that in terms of outputs was however a reactive process to funding need, as opposed to self driven ambitions. This research suggests a greater understanding of the multi-bottom-lines of SEs is required. Although we encourage managers to think about these issues, academic researchers, champions of 'best practice' examples and sectoral support agencies need to work closely with Social Enterprises to develop appropriate learning support strategies and policy in order to develop this area for social enterprises. This is a key enabler to the growth of the sector.

Our findings demonstrate that business development, training and learning support within Social Enterprises need to be as flexible and responsive to individual needs as possible. Avenues for knowledge were well explored by SEs and many sought opportunities for learning through their day-to-day activities and through the plethora of business and social contacts that exist within their sphere of business activities. Formal learning was less observed, yet further research is required on the impacts of the links with regional support agencies and the outcomes on growth and development. Through network interaction and skills uplift increased economic activity, through entrepreneurship, is expected.

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