

# Unit 36: Social Enterprise

---

## Delivery guidance

Social enterprise describes any organisation whose overriding objectives have a social or moral purpose. For example, such organisations may aim to tackle social problems, improve people's lives, or protect the environment. Social enterprises reinvest their profits or surpluses back into the organisation, the community, or the project that they aim to help. In this unit, learners will develop an understanding of the ethos of social enterprise, explore what makes a social enterprise a success or failure, and engage in planning and running a short social enterprise activity of their choice.

## Approaching the unit

It is important that learners understand that social enterprises intend to make a difference. They may aim to make improvements in the wider community, or to specific groups in the community. This may lead learners to consider that these organisations are 'soft businesses', but you must show them that social enterprises are as committed to generating profits as the most enthusiastic entrepreneurs in the private sector.

Learners must be made aware that the profits generated by a social enterprise as a result of its business activities (i.e. selling goods and services) enable it to produce financial surpluses. These can then be reinvested in the enterprise to secure its future. This investment is used to finance promotional activities, promote further growth, and generate surpluses that can be invested directly into the project that the organisation aims to benefit.

Learning aim A identifies the principles and values of social enterprise. These principles must be clearly explained to learners. Introduce learners to the skills and qualities of the social entrepreneur, so that they understand the similarities with entrepreneurs operating in the private sector. In *Unit 33: Enterprise and Entrepreneurs*, the mindset of the entrepreneur is identified in terms of: creativity, confidence, positivity, passion, motivation, initiative, self-belief, discipline, drive, adaptability and flexibility, intuitiveness, persuasion, imagination, desire to succeed and grow, vision, capacity to inspire, and focus. Learners will need to develop and draw on many of these skills and qualities when they are engaged in planning and running their own one-off social enterprise activity for learning aim C.

Learners must be taught the similarities and differences between social enterprises, and traditional, private sector business organisations. For example, both need to establish: a mission statement, a vision, a set of values, strategic objectives and operational plans. Social enterprises prepare business plans that incorporate SMART targets, and they have a defined management structure largely based upon traditional business functions, such as sales and marketing, finance and human resources. However, unlike a traditional private sector business organisations, which generate profits in order to create individual shareholder wealth, the primary aim of the social enterprise is to generate surpluses to create community wealth.

This may be a difficult concept for learners to grasp, given that there is an increasing emphasis placed on corporate social responsibility (CSR) by many traditional businesses. This may lead learners to confuse social enterprise with CSR, so it is essential that learners understand the difference between them. Essentially, this is the difference between a business strategy focused upon the creation of individual wealth, and one focused upon the creation of community wealth, characterised by the different ways in which profits or surpluses are distributed.

Learners will be required to identify factors that can result in the failure of a social enterprise. These factors will be similar to those that have an impact upon traditional profit-focused business organisations, such as mission drift, poor planning, and poor management. Brand image and reputation are also crucial to the success of both social enterprises and traditional businesses. For a social enterprise, brand image and reputation can be tarnished if their activities and approach to business are seen to be in conflict with their mission, vision and values.

The growth of globalisation and social media has led to an increased awareness of the importance of social enterprises in promoting social change. Young people may be keenly aware of some of the global social movements that have grown as a result of the ability to communicate via technology. Many learners may themselves be volunteers or have part-time jobs in social enterprises or charities. This experience should be called upon to reinforce the key learning points developed during the course of this unit.

You could use a range of delivery methods for this unit, including:

- class and small group discussions on topics such as the priorities of social enterprises
- individual and/or paired research activities to cover topics such as different forms of social enterprise
- case studies and scenarios to illustrate different social enterprises and the factors influencing their success or failure
- internet-based delivery, such as showing learners talks and videos on social enterprises.

Group work is an acceptable form of delivery for aspects of the unit, but you must ensure that learners individually produce evidence that is sufficient for assessment.

You can involve local employers from social enterprises in the delivery of this unit by inviting them to participate as:

- guest speakers
- audience members for the assessment of learner presentations
- contributing ideas to the unit assignment, case studies or project materials
- work experience providers
- providers of exemplar, employer enterprise materials
- mentors to learners.

## **Delivering the learning aims**

### **Learning aim A**

Learning aim A investigates the key principles, features and values of a social enterprise. Learners could be asked to research the features of a social enterprise and compare them with those of a not-for-profit enterprise. Learners should develop a clear understanding that a not-for-profit (or non-profit), organisation is one that puts all the money it raises towards a social issue, whilst a social enterprise reinvests at least 50% of the profit or surpluses that it makes from selling goods or services towards furthering a cause. Larger social enterprises produce annual reports that provide information on the mission, vision, values and strategic objectives of social enterprises. These reports provide financial data and financial statements, which detail the income-generating activities of the enterprise mapped against its expenditure. It would be useful for learners to compare and contrast the annual report of a large social enterprise with that of a private corporation. This will help them to understand the difference in the organisations' approaches to achieving their respective missions.

Learners could also conduct research on successful social entrepreneurs to identify common features of their personal qualities and skills. These features could be compared with their counterparts who operate in a traditional business environment (and who are likely to be more famous).

Learners could research the main activities of social enterprises in their own country. These activities may cover children's services, the environment, education, health, or animal welfare. In order to get an idea of the scope, scale and importance of social enterprises, learners could research the number of social enterprises in the country and the monetary value that these enterprises contribute to the economy. For example, in the UK, social enterprises contribute £60bn to GDP and employ 2 million people, which amounts to 5% of the workforce. (Source: The Hidden Revolution, Social Enterprise UK; 2018)

Learners must develop an understanding of the types of social enterprises in operation (e.g. cooperatives, credit unions, development trusts, trading arms of charities, etc.). They must also gain knowledge of the different frameworks under which social enterprises operate (e.g. cross-compensation, fee-for-service, employment and skills training, market intermediary, and market connector). Finally, learners need to research the main ways in which social enterprises are structured. Some will form industrial and provident societies (IPS), while others will become community interest companies (CIC) or limited liability companies (LLC). Learners must also develop a clear understanding of the main differences between social enterprise and CSR.

### **Learning aim B**

Learning aim B focuses on the factors that influence the success and failure of social enterprises. Learners should consider these factors using the same methodology that they would adopt to analyse the success and failure of more traditional business organisations. Learners should consider the internal and external environments in which a social enterprise operates. They should focus on areas such as management, financial control and business acumen. Learners should be aware that enthusiasm for a good cause does not automatically translate into a successful social enterprise. As with most businesses, social enterprises are at the mercy of the marketplace and will be influenced by economic, social and market trends, all of which can impact on the

demand for the goods or services offered by the social enterprise. Learners should also consider the key factor of reputational damage. Indeed, given the values adopted by a social enterprise, damage to their reputation can be even more significant than to that of a traditional business. Learners could therefore research the impact of reputational damage on specific social enterprises as a result of their trading practices, and their strategy for retaining profits and distributing surpluses.

### **Learning aim C**

Learning aim C enables learners to engage in a social enterprise activity. Learners could base their social enterprise on their own areas of interest, or you could allocate a specific area to each particular learner. Learners must be briefed on how to prepare for the activity. For example, *Unit 31: Project Management* demonstrates an approach that can be taken when planning and managing a project like this. The specification promotes the GROW model (goal, reality, obstacles, way forward) and, when working in their groups, learners should prepare their activity using this model. It may be useful for learners to link their proposed activity to an existing social enterprise, which may be willing to provide support in the form of promotional activity, or specialist advice.

## Assessment model

Learning aim	Key content areas	Recommended assessment approach
<b>A</b> Investigate a range of social enterprises	<b>A1</b> Principles and values of social enterprises <b>A2</b> Operation of social enterprises <b>A3</b> Social enterprise versus corporate social responsibility	A report based on learners' research that examines a chosen social enterprise, and the factors that have determined its success or failure.
<b>B</b> Explore the factors that contribute to the success or failure of social enterprises	<b>B1</b> Factors contributing to success <b>B2</b> Factors contributing to failure	
<b>C</b> Plan, participate in and review a short social enterprise activity	<b>C1</b> Planning and running a social enterprise activity <b>C2</b> Reviewing a social enterprise activity	Active contribution to the planning and running of a one-off short social enterprise activity, accompanied by observation records and other supporting evidence, as well as a review of its outcome.

## Assessment guidance

This unit is internally assessed. The recommended assessment model is to use two internal assignments. Pearson have provided Authorised Assignment Briefs that you can use for this unit. The first assessment covers learning aims A and B and the second assessment covers learning aim C.

An assignment is a distinct activity, completed independently by learners, that is separate from teaching, practice, exploration, and other activities that learners complete with your direction. All learners must independently generate individual evidence that can be authenticated.

The main source of evidence for learning aims A and B is an individual written report based on research conducted by learners. Research sources should be referenced in the report, which should provide evidence of analysis and evaluation of qualitative and quantitative information. There is no preferred layout for the report, but it should be logically structured. The report should contain an overall conclusion based on the material accessed in the research phase of the assignment.

For learning aim C, learners will produce an individual, comprehensive report on the planning, running, and reviewing of a one-off social enterprise activity in which they participated. Learners are likely to work in groups to plan and run the activity. The social enterprise theme can be common to all groups, or selected according to the interests of the learners in each group. Learners should maintain an ongoing log of evidence, which

can be used to support the authenticity of individual reviews completed in the final stage of the project.

BTEC assessors could complete observation records, but these alone are not sufficient sources of learner evidence. Observation records must be supported by the original learner-generated evidence, such as logbooks and the final report.

## Getting started

This provides you with a starting place for one way of delivering the unit, based around the recommended assessment approach in the specification.

<b>Unit 36: Social Enterprise</b>
<p><b>Introduction</b></p> <p>Introduce this unit by discussing learners' understanding and experience of social enterprise. Learners could be asked if they are aware of, or support, any social causes. You could use examples of social enterprises that are familiar to learners in order to introduce them to the main principles and values of such organisations.</p>
<p><b>Learning aim A: Investigate a range of social enterprises</b></p> <ul style="list-style-type: none"><li>• You could begin by introducing examples, features and values of social enterprises. Lead a class discussion that explores the key differences between social enterprises and not-for-profit organisations.</li><li>• Give a presentation on the operation of social enterprises to explain the different types of social enterprises and their features and characteristics. This should include the varying frameworks and structures that are adopted by a range of social enterprise organisations.</li><li>• Lead a class discussion on the common features and differences between a social enterprise and a traditional business. Ask learners to discuss why an economy needs social entrepreneurs.</li><li>• Learners work in small groups to explore the difference between social enterprise and corporate social responsibility (CSR) providing examples of each.</li><li>• Learners to research a range of social enterprises operating with different priorities. This could be followed by learner presentations so that they can share knowledge of the range of social enterprises and their activities. Case study materials could be used.</li><li>• Learners work in pairs to research examples of successful social entrepreneurs and their common personal qualities and skillsets, then discuss their findings with the rest of the class.</li><li>• Extend learning by asking learners carry out research to identify the importance of social enterprises to the economy (e.g. turnover, contribution to gross domestic product, numbers employed).</li><li>• A guest speaker from a social enterprise could be invited to give a talk to learners about the mission of their company, its business strategy, and the key challenges that it faces.</li></ul>
<p><b>Learning aim B: Explore the factors that contribute to the success or failure of social enterprises</b></p> <ul style="list-style-type: none"><li>• Give a presentation on the factors contributing to success and to failure. Ask learners to conduct an analysis on specific social enterprises to identify the internal and external influences on their business operations.</li><li>• Learners carry out individual research and write a short report on the characteristics of a successful social enterprise, and how these characteristics have contributed to business success.</li></ul>

- Give an example of a social enterprise that was failing but is now thriving. Ask learners to work in pairs to identify the key factors that influenced its poor performance and the actions that were taken by the social enterprise to address these shortcomings. These actions could be assessed in terms of their relative importance. For example, the change could have been primarily influenced by a shift in its strategic direction, which was formulated by a newly appointed charismatic leader. Ask each pair of learners to present their findings to the rest of the class.
- Lead a class discussion on the factors that have a negative impact on the reputation of a social enterprise, and how these factors can be addressed.
- Summarise the learning aim with a group discussion. Use learner contributions to create a mind-map of all the factors that can contribute to the success or failure of a social enterprise. Extend learning by asking learners to consider whether these factors would be similar for a traditional business.
- Ensure that all learners are prepared for assessment before handing out the assignment brief for learning aims A and B.

### **Learning aim C: Plan, participate in and review a short social enterprise activity**

- Give a presentation explaining how to create a plan for a short, social enterprise activity. Explain how to plan in order to: set social and commercial objectives, meet stakeholders' needs, explain the funding required and how it will be financed, set the timescale, and outline required support and resources..
- Ask learners to get into groups of no more than six and select an 'expert'. Ask each group to make notes on a different aspect of the GROW model. After 20 minutes, all learners except the 'expert' swap groups. Use learners' examples to support a tutor-led discussion on the use of the GROW model.
- Lead a class discussion on short social enterprise activities that they could consider running, for example:
  - setting up a pop-up stall to sell Fairtrade products
  - collecting used textbooks at the end of each term so that students can donate their used textbooks for resale to others, or donate to students in need
  - making baby blankets with information about baby care (e.g. when to immunize, healthy rates of growth, how often to feed the baby, etc.), which could be given freely to new mothers in low-income areas and sold to new mothers in wealthier areas, with proceeds from sales funding free blankets
  - creating and selling a recipe book that focuses on recipes that promote sustainable food culture
  - staging a ticketed event (e.g. a dance, singing competition or talent contest) to bring together the local community.
- Discuss the possibility of organising an event that showcases the social enterprise activities to an invited audience. This could take the form of a 'carousel' in which audience members visit each of the social enterprise activities.
- Give a formal presentation on the format, structure and contents of the written report on the planning, running and reviewing of the one-off social enterprise activity that learners are required to submit for learning aim C.
- Ask learners to organise themselves into small groups for their chosen short social enterprise

activity. Learners can choose a theme for their enterprise or be allocated one as appropriate.

- Ensure that all learners are prepared for assessment before handing out the assignment brief for learning aim C.

## Details of links to other BTEC units and qualifications, and to other relevant units/qualifications

This unit links to:

- Unit 20: Business Ethics
- Unit 31: Effective Project Management
- Unit 33: Enterprise and Entrepreneurs.

## Resources

In addition to the resources listed below, publishers are likely to produce Pearson-endorsed textbooks that support this unit of the BTEC Internationals in Enterprise and Entrepreneurship. Check the Pearson website (<http://qualifications.pearson.com/endorsed-resources>) for more information as titles achieve endorsement.

### Textbooks

Janus, K.K., *Social Startup Success: How the Best Nonprofits Launch, Scale Up, and Make a Difference*, Da Capo Lifelong Books, 2018, ISBN: 9780738219905

Fisher, H.L., *Social Enterprise: How to Successfully Set Up and Grow a Social Enterprise*, Neilsen, 2017, ISBN: 9780995748613

### Journals

*Pioneers Post* is an online journal providing articles that describe case studies of social enterprises and the work of social entrepreneurs across the world.

### Websites

Investopedia publishes articles on social entrepreneurs, including a ranking of the 10 most successful social entrepreneurs.

Social Enterprise UK is a specialist website that provides information about the features and characteristics of social enterprises in the UK.

The Charity Commission website provides official information about the accounts of and regulations governing charities and voluntary groups in the UK.

A range of business case studies can be found online by searching for 'business case studies'.

The Tutor 2U website contains resources, case studies, articles and assessment preparation materials. There are also links to other sources of information.

*Pearson is not responsible for the content of any external internet sites. It is essential for tutors to preview each website before using it in class so as to ensure that the URL is still accurate, relevant and appropriate. We suggest that tutors bookmark useful websites and consider enabling students to access them through the school/college intranet.*