THE ROLE OF SOCIAL ENTREPRENEURSHIP AS A KEY DRIVER OF THE AGENDA 2030.

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Abstract

As it is becoming increasingly clear that the current modes of production and consumption, i.e. “business as usual”, are inapt for achieving the sustainable development goals (SDGs) outlined in the Agenda 2030, social business model is attracting increasing attention of various stakeholders. However, limited contributions have been made to studying the existence of the linkage between the work of social enterprises and the SDGs. Thus, the research at hand focuses on establishing or disclaiming this connection, determining whether and how the private sector in the form of social entrepreneurship contributes to the effort of facing global societal, economic, and environmental problems and whether social enterprises themselves connect their work to the Agenda 2030. Using qualitative research methods, the study aims to analyse the information obtained from a literature review, website research and in-depth interviews and derive conclusions, as well as potential policy recommendations, or further research questions. The paper argues that despite the fact that few social enterprises explicitly connect their work to the SDGs, social entrepreneurship represents an innovative and holistic business model, able to address global challenges.
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1. Introduction

Nowadays it is becoming increasingly apparent that the multitude of environmental, social, and economic challenges that the world is currently facing arise from the existing modes of production and consumption and have their roots deep in business-as-usual models, aimed at maximization of profits. Thus, calls for a fundamentally different approach to conducting economic activities are being heard more often. Although the search for alternatives is fueled by the urgency, scale, and increasing complexity of the problems, no unified solution has been agreed upon by the participants of the discourse, including civil society, policy makers, academia, international organizations, and representatives of the business sector. However, some valuable insights have emerged in this discussion: most importantly, it is now clear that more and more people are willing to align their economic choices with their values and are searching for ways that would allow them to do so (see, for instance, Cone Communications-Ebiquity, 2015; Nielsen 2014; Nielsen 2015; Porter & Kramer 2006). Among the models that have appeared as alternatives to business-as-usual, social entrepreneurship has been one of the most prominent, receiving notable attention from the general public, researchers and policy makers.

Private sector is currently recognized as a key partner to the achievement of the universally adopted Sustainable Development Goals (SDGs). The SDG funding gap is currently estimated at $2.5 trillion per year for developing countries and it cannot be closed by development aid alone (UNDP, UNCTAD). High hopes of prominent international organisations, such as the United Nations Organisation (UNO or UN), Center for Global Development, Innovations for Poverty Action, Evidence Action, etc. are often directed at social entrepreneurs, who are put forward as key drivers of change. Moreover, some UN agencies have already proclaimed that there is a strong connection between the sustainable development goals introduced by the Agenda 2030 for Sustainable Development, which have been unanimously adopted by the international community to address the main challenges faced by the humanity as a whole, and the work done by social entrepreneurs (SEs) that presumably (explicitly or implicitly) aims to achieve the SDGs. Although the idea of connecting the SDGs and social entrepreneurship is
quite new, several initiatives have already emerged within different agencies of the UN. Starting from 2016 the United Nations Industrial Development Organization (UNIDO) set in place the initiative “Entrepreneurs for social change”, a one-year training programme for young social entrepreneurs, focused on the Euro-Mediterranean region. The United Nations Educational, Scientific and Cultural Organization (UNESCO) is organizing the Youth Citizen Entrepreneurship Competition where participants are invited to submit their innovative ideas and projects with a societal impact, which champion and implement one or more of the 17 SDGs. There are also initiatives that are not directly aimed at social entrepreneurs but support small and medium enterprises and youth enterprises that align their economic activities with achieving the SDGs or have a potential to do so, e.g. initiatives by United Nations Development Programme (UNDP) and UN Youth Envoy. The discourse on the existence of a linkage between social entrepreneurship and achieving the seventeen SDGs goes beyond the United Nations, with research on the potential connection between the two done and presented by others, including, for example, research done by the British Council, Utrecht University, and other entities.

Accordingly, our research paper will explore the connection between social entrepreneurship and the SDGs. The central aim of our study will be to answer the following research questions:

- Does the private sector in the form of social entrepreneurship contribute to the effort of addressing (global) societal problems and how?
- Do social enterprises connect their work to the Agenda 2030? How and why?

After conducting background research, we will empirically test the following hypotheses:

- H1: Social enterprises are contributing to the achievement of the SDGs by tackling the challenges directly related to the SDGs.
- H2: Social enterprises connect their work to the Agenda 2030.
- H3: The formulation of the Agenda 2030 has influenced the work of social enterprises.

Amid the central role given to the private sector in the fulfillment of the 2030 Agenda and the search for alternative business models, our study on the role of social entrepreneurship is attempting to contribute to cutting edge research in this area.

The first part of the paper aims to discern the narrative on the connection between social entrepreneurship and the SDGs by reviewing the literature on social business and social impact evaluation, and by exploring the state of affairs regarding the contribution of the private sector to the achievement of the SDGs. In the second part, based on our findings, we determine our working definition of social entrepreneurs and use a case study approach to empirically test our hypotheses and draw conclusions.
The remainder of the paper is structured as follows: the following section introduces the theoretical framework and addresses the controversies existing in the social entrepreneurship debate, such as a common definition and social impact measurement. Further on, the research methodology and research design are described. Finally, we present our empirical findings and draw conclusions about the validity of our initial hypotheses.

2. Theoretical background

Prior to approaching the general question about the existence of a linkage between social entrepreneurship and SDGs, we appeal to existing literature and research in order to have in place certain clarifications on the actual concept of social entrepreneurship, which, although commonly drawn upon, remain vague. First of all, what is a “social” enterprise and how can we define social value and social impact? Second, we assume that in order to establish whether the impact of social enterprises is indeed falling within the scope of the Agenda 2030, it needs to be somehow measured. Thus, other questions central to our study would be, what are the measurements of social impact that are already in place, how effective are they, and what are the outcomes of their application?

Social enterprises are traditionally seen as an intermediary point between regular businesses and non-profit organizations, such as charities, NGOs, etc., whose central purpose so far has been filling in the gaps produced by the current tendency of ‘hollowing-out of the state’ and by the markets. Traditionally, the most vulnerable parts of societies are largely ignored by the private sector, and especially by large corporations, as targeting populations with low income requires overcoming extra logistical barriers, inadequate knowledge of preferences, and their low purchasing power (Wongtchowski, 2015). The government also often fails to fulfill its obligations, as the welfare state is limited in its scale, scope and continuity - if present at all. Similar to regular entrepreneurs in a Schumpeterian sense (Schumpeter, 1965), social entrepreneurs are conducting a creative search for unfulfilled opportunities: the difference is that social entrepreneurs mainly look for such gaps in the society and not in the market. What also distinguishes social from traditional entrepreneurs is that they measure their success in terms of improving social well-being and not monetary returns (Yujiuco, 2008). In doing that, they are supposed to re-invest their profit into advancing social impact.

2.1 Definition of social entrepreneurship

Formulating a unified definition for social entrepreneurship is a challenge for researchers: multiple definitions exist which vary in their scope, depth and among the entities and actors that they include in the realm of a social enterprise. The main difficulty revolves around the
term “social”, the understanding of which is crucial to grasp the meaning of the concept per se. Surprisingly, even some well-recognized definitions of social entrepreneurship seem to be quite vague, such as the one proposed by the European Commission, which overlooks the issue of defining “social”, making this definition circular (see for instance: Hummels, 2018: 13):

“A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives” (European Commission, 2018).

At the same time, there are also scholars who claim that all business is inherently social (Shane & Venkatamaran, 2000) and that there is no such thing as a non-social enterprise (Santos, 2012), which distinctly resembles a common interpretation of Adam Smith’s argument about the butcher, brewer, and baker benefiting the society by pursuing their self-interest (Smith, 1776). However, such considerations do not help in understanding the concept of social enterprise which is, by definition, not the same as business-as-usual.

Making connections between the capability approach and social entrepreneurship can be helpful in grasping the difference. First introduced by Amartya Sen in the 1980s and further developed by Martha Nussbaum, as well as other researchers, the capability approach was further adopted by the UN development framework and underpins the human development index, as well as several other capability-based indices. Moreover, capability based approach to development was also essential for the formulation and monitoring of the SDGs. The capability approach highlights the importance of functional capabilities, or “substantive freedoms”, that people have reasons to value (e.g. the ability to lead a long and healthy life) as they let them achieve certain functionings: what a person does (or can do) with the commodities of given characteristics that they come to possess or control (Sen, 1985).

Both the capability approach and social entrepreneurs draw upon the Aristotelian concepts of chrematistics and oikonomía, with the latter being mostly concerned with wealth creation around human needs and the former about personal financial gain. Modern economics resembles more of chrematistics, as it largely overlooks matters of social justice (Yujuico, 2008), which is represented both in the business-as-usual model and in the traditional income-based approach to development and well-being. Thus, while the capability approach attempts to move away from the centrality of commodities and brings back the human with his or her basic needs into the well-being and development discourse, social entrepreneurship is motivated by social returns more than by financial profits. This makes the concept of oikonomía applicable to social entrepreneurship. Moreover, the concept of a social entrepreneur goes against the paradigm of a rational homo oeconomicus with primacy of self-interest and utility maximizing behaviour. Therefore, traditional concepts of neoclassical economics are unable to explain the notion of social entrepreneurship.
Another essential concept embedded in the capability approach is one of “basic needs”. Basic needs are usually defined as “services or qualities that are essential to life and the development of this life” (Feinberg, 1973). Basic needs are also central to the idea of sustainable development and to the idea of development in general: if basic human needs are not met, a society fails (Nussbaum, 2003). Thus, a society, with all the entities it includes, should aim at enabling people to develop their capabilities and fulfill their basic needs (Hummels, 2018: 30). This is also strongly relatable to the concept of social entrepreneurship: according to Hummels, an entrepreneur can be called “social” and produce a social impact, if his or her activity contributes to improving the capability of humans to fulfill their basic needs (Hummels, 2018: 11). Thus, introducing an economic element into the definition, social entrepreneurs’ role can be described as optimizing others’ capabilities in the face of resource constraints (Yujuico, 2008: 501). Yujuico also outlines the spaces for social entrepreneurial activity: removing the hindrances that prevent people from living good lives and creating interventions that allow for the achievement of certain functionings.

Thus, having previously defined the term “social” by referring to the capability approach and Hummel’s interpretation of it, for the purposes of our paper, we decided to adopt one of the most internationally recognized definitions of SE from the Social Entrepreneurship Initiative of the Utrecht University as our working definition, as it seems to cover the issues that we have briefly described above.

“Social entrepreneurship comprises the recognition of a social problem, with regard to which opportunities for the creation of goods and services are explored, evaluated and developed, with the primary goal of establishing a social change in an innovative way. In short: social entrepreneurship deals with individuals who discern opportunities for social renewal and realise this with a philosophy that does justice to all parties concerned.

It is stressed that social goals prevail over financial goals. Social entrepreneurship therefore comprises more than Corporate Social Responsibility (CSR). At the same time it is emphasized that the realisation of profit is fully acceptable. However, the philosophy in general will be such that profits are invested to further stimulate the envisaged social changes”.

2.2 Measuring social impact

Measuring social impact is another controversial issue related to social entrepreneurship, which is, nevertheless, of crucial importance: if we are to determine whether social enterprises contribute towards the achievement of SDGs and draw any conclusions, we also need to find a way of measuring and assessing the social impact they produce. As described in the previous section, the “social” aspect is difficult to even define, let alone measure. Some experts point out that since the attempts to estimate social impact are usually extremely costly and the results are never completely reliable, it might be reasonable to not measure it at all (Wongtchowski, 2015: 11) and devote the resources to actually developing the enterprise. Indeed, existing social
impact measurements (e.g. OASIS, EROI, REDF, etc.) have been criticised in a number of ways. Common limitations include the general tendency of converting social benefits into monetary value and judging success in terms of completed tasks and achieved milestones – not by estimating whether actions that had been taken actually translated into social changes. Randomized control trials (RCTs) are often applied to measure effectiveness of social enterprises and are considered to be some of the best possible solutions to the problem of measurement within the field. However, there are several issues with RCTs. For instance, many of the RCTs are not necessarily generalisable even if they do get positive results in their sample (Vivalt, 2018). An example can be the famous microfinance intervention, which has demonstrated positive results in some areas, yet when replicated in other countries, did not have the same positive effect or even had no results, such as in the case of South Africa (Roodman, 2011). Another problem is the one of partial attribution: focusing mainly on evidence-based programmes can encourage conducting measurements only in the areas that are easily comparable before and after an intervention. This can lead to neglecting impact-driven programmes that are trying to achieve less tangible and immediate results, but where the potential for doing good maybe even greater (Pritchett, 2017). In general, the problem is that although traditional measurement methods are much less dubious as they consist of readily quantifiable financial indicators such as return on assets (Chrisman & Patel, 2012), sales (Greve, 2008), sales against an organisation’s own historical performance (Greve, 1998; Massini, Lwein, & Greeve, 2005), or the performance of industry peers (Mishina, Dykes, Block, & Pollock, 2010), defining and measuring societal impact can be much more challenging.

However, amid all the criticism, impact measurement remains still highly relevant for policy makers, as without evaluation it becomes impossible to identify the flaws in business models and introduce or foster positive changes.

In conclusion, we can dismiss the idea of fully measurable social impact. Accordingly, the scope of our research does not include conducting actual measurements of SEs’ effectiveness or evaluating the methodology of impact measurement provided by SE-related foundations and SEs themselves. Instead, in the empirical part of our research (case-studies), we will analyse SEs that fall within the scope of our working definition established in Section 2.1 and examine whether they aim at tackling the societal challenges established by the SDGs as far as their identity, mission and entrepreneurial activity is concerned. Later on, we will evaluate the available data and determine whether the enterprise under examination is indeed contributing towards the achievement of the SDGs.
3. Research design and methods

The aim of our paper is to analyse the extent to which SDGs relate to social entrepreneurship (and vice versa). For this purpose, we first review the existing literature on social business and social impact evaluation, exploring the state of affairs of the contribution of the private sector to the achievement of the SDGs. According to that, we determine our working definition of social entrepreneurs and develop our research hypotheses. To empirically test our hypotheses, we employ a case study approach, combining (a) website research and (b) in-depth interviews with SEs.

For the purpose of the empirical investigation, we first define a sample of thirty SEs (see: Appendix). In particular, we select only businesses which already frame themselves as social enterprises and have characteristics that correspond to our working definition, with the aim to exclude from our research businesses that misuse the term and/or the practice of social entrepreneurship. It is essential that such enterprises have a website, and communication and understanding may be conducted in one of the following languages: English, Russian, Italian, German, Slovenian, Bosnian, Croatian, Serbian, and Greek. In our search for case studies we made use of the information provided by various initiatives and platforms connecting social enterprises and recognising their work; therefore, most enterprises that we have analysed have already reached a certain level of visibility. That is, our empirical research does not employ a randomized sample but focuses on best practices. This will allow us to draw conclusions about the contribution of SEs to the achievement of the SDGs in this broad and still highly unexplored field of study and derive recommendations on how to strengthen this relation.

To best answer the research questions, our study will make use of qualitative analytical methods. It needs to be said that some studies in the field strongly stress the importance of quantitative impact analysis. While we acknowledge the importance of impact as well, quantitative-only measurements of social impact and assessment of the achievement of the 2030 Agenda present some shortcomings. From the theoretical standpoint, there are many debates among scholars about how to objectively and effectively measure social impact (see Section 2.2). From the practitioners’ point of view, there is no unified way of how SEs produce – if they do – data about their social impact either. Moreover, the 2030 Agenda consists of as much as 17 goals, 169 targets and 100 corresponding indicators (Global Monitoring Indicators), to be further complemented with some Complementary National Indicators (around 230 indicators in total). Besides the large scale of the field – which goes far beyond the the scope of this paper – there is also criticism about the effectiveness and completeness of these indicators to assess the achievement of the SDGs (see, among others: Jerven 2017; Freistein 2017). Consequently, these controversies and the absence of systematic quantitative data on both social impact measurements and SDGs-related indicators have to be recognised.
Differently, we direct our study to the goal of deriving the connection between SEs and SDGs in a qualitative manner. We proceed as follows:

(a) Firstly, we derive textual data about the SDGs, based on the official formulation of each goal and its related targets, as reported on the UN “SDGs Knowledge Platform” (https://sustainabledevelopment.un.org/sdgs). Likewise, we generate data from each case study based on a thorough website research. In this case, we aim at gathering general information about the enterprise and examine the formulation of its entrepreneurial mission and social impact. Then, we run a qualitative content analysis of the collected textual data, i.e. exploratory text mining (see for instance: Yu et al., 2011), starting with the SDGs-related data and moving on to the data from the websites of the enterprises in our sample. We manually select the keywords, condense them and organise them into categories; the information is then arranged in a predetermined table to facilitate the identification of common patterns and the comparison process. If necessary, categories could be added, deleted, and revised along the comparison process to maximise mutual exclusivity and exhaustiveness. Finally, we cross the results from the text mining processes and drive conclusions about our first and, partially, second hypothesis (H1 and H2).

(b) Secondly, we select three enterprises from our sample and conduct semi-structured interviews with them. The enterprises had to address different problematic areas. Additionally, to conduct a better qualitative analysis, we decided to focus on social entrepreneurs with whom we could speak in their (and our own) native language. The aim is to explore some areas of interest more in depth, such as the vision of the enterprises, social impact and its assessment, challenges and incentives related to their business model and field, and relation to and influence of the Agenda 2030 on their entrepreneurial mission and activity. The interviews are then transcribed in the original language and sections of the text, relevant to the qualitative content analysis, are translated into English and examined. This allows us to address the second hypothesis (H2) in greater detail and also test the third hypothesis (H3) in order to see whether the formulation of the Agenda 2030 has influenced the work of social enterprises.

4. Research findings

4.1 General traits of the sample

For the purpose of the empirical investigation and according to the criteria we have mentioned in the previous section, we have defined a sample of thirty SEs. We covered case studies from many countries and different regions of the world, in particular: Austria, Croatia, Greece, India, Italy, Jordan, Kenya, Netherlands, Nigeria, Russia, Slovenia, South Korea, Switzerland, Tanzania, Uganda, UK, and USA. The majority of them (11/30) have been operating between
3 and 6 years at the time of the investigation, i.e. September 2018. A smaller part of 8 enterprises has been operating between 7 and 12 years, while the other 7 for more than 13 years. Only 3 enterprises are in a start-up phase of their entrepreneurial activity (0-2 years). No information about the year of foundation of one enterprise in the sample was available on the website.

4.2 Social entrepreneurship and its relation to the Agenda 2030

After having conducted the website research, it has become clear that the majority of the SEs in our sample refer neither to the 2030 Agenda nor state explicitly on their website that they are working towards the achievement of certain SDGs. Only 4 out of 30 analysed SEs explicitly claim that they are working towards the SDGs, while 5 of 30 mention the SDGs on their websites. At the same time, according to the results of our text mining, all the SEs in our research implicitly cover the SDGs in their work and very often it is more than just one goal: actually, the average number of SDGs covered by one enterprise in our sample is 6.7.

This discrepancy between the actual SDG-coverage and the information provided on the website was further looked into during the qualitative in-depth interviews and the received explanations varied between different standpoints. Tagsport (see Box 1) mentioned not being previously aware of the SDGs’ existence which confirms the fear that the 2030 Agenda still remains unknown to a number of important stakeholders.

Box 1.

Tagsport is an inclusive football academy operating in Moscow, Russia, for more than five years. “We have changed the image of children’s football in Russia, we have shown that anyone can play without having the fear of being laughed at. Equality starts from the childhood”, - says Vladimir Dolgy-Rapoport, co-founder of the Academy. Tagsport now enrolls more than a thousand children, offering inclusive training programs for children with disabilities as well as providing free trainings to children from economically disadvantaged families. Girls are also strongly encouraged to join. According to Mr. Dolgy-Rapoport, although Tagsport initially did not come up as an inclusive project, it has developed fast in this direction as a response to existing societal problems. Among the main obstacles currently faced by the Academy are shortage of qualified personnel, high operation costs, and lack of systematic financial support.
On the other hand, an enterprise may not be publicly referring to any of the SDGs but may still be applying the indicators for internal training and impact measurement. This is the very case of Libera Terra (see box 2), according to which “There is awareness of the goals, there is a desire to measure on that scheme, but we are a little behind, we must help the cooperatives a little to align themselves with this approach”.

**Box 2.** Libera Terra is a network of agricultural social cooperatives operating in areas with a strong mafia presence in the Southern region of Italy. Initially starting in 2000, the network now counts nine cooperatives and the consortium Libera Terra Mediterraneo, a common operational tool the cooperatives decided to adopt in 2008 to increase the effectiveness and efficiency of their entrepreneurial activities in the field of food production and responsible tourism. Their work is made possible by an Italian law that provides for social reuse of the assets confiscated from mafia organisations: as Valentina Fiore, CEO of Libera Terra Mediterraneo, tells us - the real peculiarity of Libera Terra lies in the choice to return the confiscated assets to the local communities through the instrument of social entrepreneurship. Reintegration of disadvantaged people into the labour market, recyclable packaging, local variety of the agricultural products and recipes, building synergies with similar social realities and engaging in research and activism: according to Valentina Fiore, these are all typical ways for Libera Terra to operationalise and promote its mission on a daily basis; initiating paths of economic, social and especially cultural change.

As further explained in the interview, the current challenge of the enterprise is to address the educational and cultural diversity present in the cooperatives, in order to bring each member on the same level of understanding. Therefore, the consortium, as a common operational tool of the cooperatives, is providing internal training with the goal of sensitisation “not only about the technical aspect of how the indicator is used, but also about the importance of doing it”.

According to the experience of Libera Terra, the added value of the SDGs-related approach lies in providing SEs with communication and social impact measurement schemes which can be easily and uniformly understood by everybody. As explained by Valentina Fiore (CEO of Libera Terra Mediterraneo), this relates to the fact that SEs in general encounter struggles in public communication. This is due to the reason that there is a certain degree of complexity in holding together the “identity” (mission) and the “activity” of the enterprise in their narrative,
in a way that makes it understandable for a wider public. In fact, communication is also fundamental for what Libera Terra defines as their “political role”, that is, demonstrating that social entrepreneurship is a credible, self-sustainable instrument of social reuse of confiscated assets. This, despite being strongly related to the specific Italian political scenario, suggests that all social enterprises play a "political role" in the sense of demonstrating that the social business model can be successful, from both an economic and social point of view.

On the other hand, as far as the global societal goals set by the 2030 Agenda are concerned, the interview with Libera Terra highlights a very clear standpoint: they are not a novelty. As Valentina Fiore put it, “it is not that we start to work because of these goals [see SDGs]. There is a piece of our mission-identity that is definitely already within that scheme. So it's a matter [...] of reasoning within that scheme, not of reasoning about those topics”. In line with these findings, in the case of Tagsport, although previously not aware of the SDGs’ existence, having studied the list of SDGs that we presented to him, the interviewee confirmed that their enterprise is working towards the achievement of certain goals in the list, naming the same SDGs as we have assigned to it as a result of our text mining. Thus, as was also underlined by the results of our content analysis, SEs already recognise and contribute to the effort of addressing certain (global) societal problems, i.e. the same ones as identified by the 2030 Agenda.

Another interesting answer was given by the Institute WCYCLE Maribor (see box 3) which directly identifies itself within the conceptual and operational framework of the 2030 Agenda and sees the upcoming necessity to explicitly connect each of its activities to the SDGs for the reasons of funding - such as funding from the EU programmes they referenced. This may indicate how far external constraints and incentives set by major institutions could push SEs to familiarise themselves with the 2030 Agenda even more and to establish their activity within its framework. However, this type of motivation also implies the risk to move too far away from the altruistic approach (i.e. profit invested into social good) back to the predominantly market-driven one. Interestingly, WCYCLE commits itself to awareness-raising campaigns and actions, directed primarily at the business partners and contractors, but also to the general public. For instance, they exhibit a board with the SDGs at the entrance of the institute where they receive the business partners; they have set a set of rules framed vis-à-vis the SDGs for their contractors; they have been renting advertisement-billboards around the city to promote the goals among citizens. They see this commitment in line with their mission of achieving a cultural change in society, from a linear to a circular culture, in economic as well as social thinking. According to the interviewee, “the sustainable development goals are one of the possibilities of raising this awareness”.

Box 3.

The mission of the Institute WCYCLE Maribor in Slovenia is the development of the circular economy from the city perspective. They aim at re-organising the public sector according to the principles of circular economy for the successful closing of material loops within the functional areas of the city. The institute operates predominantly at the developmental and research level with the purpose of creating development-oriented resource management of oil, energy, water, etc. in an economically and environmentally responsible manner. Activities from WCYCLE Maribor's Institute support the emergence of new business opportunities that will enable Maribor, and its wider surroundings, to create quality, predominantly green jobs and added value, while emphasizing the involvement of different actors (i.e. Collaborative Economy).

Igor Kos (strategic consultant) also emphasized the importance of inclusion in their work:
“Challenges always arise when you are doing something new and trying to change the system. Some consequences are unavoidable, meaning that someone who has prospered in the previous system and did not adjust might not prosper anymore. It is necessary to make sure that those who would potentially lose in this new narrative are given the opportunity to adapt and to get involved, to become a part of this story.”

4.3 SDGs coverage by the SEs

Another interesting pattern has emerged after analysing the frequency of the actual coverage of SDGs by our sample of SEs. Graph 1 shows frequency of the SDGs in our sample of SEs. As a result, we could see that an overwhelming majority of enterprises in our sample (22 out of 30) is covering SDG 12 “Sustainable Consumption and Production”.
A possible explanation to this finding is that “sustainable production and consumption” is at the core of the social business model per se. Starting from the three-pillar modelisation (https://www.un.org/ecosoc/en/sustainable-development), it understands sustainability as a close interlinkage between the economic, social and environmental dimensions of sustainability. What is also worth mentioning is the high interlinkedness of SDG 12 with other goals: this goal is directly connected to 14 other SDGs through its targets, which places it at the core of the 2030 Agenda (UNDESA, 2015).

Other SDGs that are in the “top 5” by coverage are - in the order - 10, 8, 4, and 11 (Picture 1).
The least covered SDG is 17, “Partnership for the goals”, which could also be explained by its very nature: SDG 17 implies strengthening global institutional partnerships, which is far beyond the scope of the work of many social enterprises (Picture 2).

Despite this finding regarding SDG 17, when it goes down to the enterprise level, 22 enterprises of our sample have proven to have at least one partner they are collaborating with. Additionally, the qualitative interviews have shown that support from and to partners which operate in the same field (more broadly defined) or geographical area seems to represent a source of strength for all three enterprises we interviewed. Most importantly, the choices in building partnerships seem to be always strongly connected to value-related factors. In other words, the three SEs were looking (very often, inactively) for partners who understand their own mission and operational approach in the same way. The type of partners our interviewees mentioned was varying a lot: from some major institutional and non-institutional actors (such as FIFA, European Commission, ministries of the respective countries, large corporations), to minor subjects from the third sector (such as NGOs, small contractors, local public administrations, other social businesses). The motivation for the different partners may also vary, as they will be able to provide different types of support, such as financial support, visibility, implementing capacity, larger networks for leverage, etc.

In the case of the Institute WCYCLE Maribor, which according to our text mining covers SDG 17, it is possible to identify an innovative approach in building partnership between the private and public sector: WCYCLE operates on the market as a social enterprise but, in fact, with its work it serves the need of developing and implementing the principles of the circular economy from the perspective of the public sector (i.e. the municipality of Maribor). Peculiar to their activity, the enterprise does not fear changes in the political structures (e.g. new elections) as they believe in the quality of their action and the ability of good governors in recognising it, apart from political affinity.

Moving forward with the results of our text mining procedures, some of the studied SEs (i.e. Treedom and Teenab, which make 2 out of 5 SEs that mention the 2030 Agenda on the websites) cover different SDGs from the ones stated on their webpages.

In the case of Teenab, in their choice of the SDGs to display, they decided to focus their attention on the economic impact benefiting the workers and their families, in a region (Jordan) with few earning opportunities. Therefore, SDG 1 “No poverty” is mentioned. Similarly, SDG 10 "Reduced inequalities" is mentioned probably referring to the fact that they employ young women, sometimes coming from difficult life situations (e.g. refugees). As a result of our qualitative content analysis, SDG 5 "Gender equality" rather than SDG 10 is
being covered by the SE, as far as the social and economic empowerment of female workers is concerned. Additionally, according to our analysis, they cover SDG 4 “Quality education”, as it is repeatedly mentioned in the textual data from their commitment in providing training and capacity-building for their own employees. Overall, the number of the covered SDGs remains the same.

Looking at Treedom, the enterprise covers one goal fewer than stated on the website. In particular, they mention their contribution to SDG 5 but there is no reference to any special commitment to gender equality or women empowerment (as coded in our content analysis) in the textual data. Same holds true for SDG 17. Moreover, from the results of our analysis, they additionally work towards SDG 11, as far as the (rural) community-based aspect of their work is concerned.

These findings also indirectly reaffirm the idea that there is a lack of complete understanding of the 2030 Agenda and the sustainable development goals by social enterprises.

4.4 Other aspects of SEs’ activity: impact reporting, scale, employment policies and funding

Alongside with exploring the direct connection between the 2030 Agenda and social entrepreneurship, during our website analysis we also looked at several other aspects relevant to the work of SEs. Namely, we collected the data regards to their impact reporting practices, the scale of the enterprises in our sample, as well as applied employment policies (Graph 2).

![Graph 2. Findings from the website research](image_url)

As a result, we have discovered that although many SEs produce impact reports (23 out of 30) or somehow measure their impact and reflect the results of the measurement on their websites, very few of the analysed SEs (namely 4) claim to employ standardised measurement techniques. Valentina Fiore, from Libera Terra, explained that they were initially not looking for
any social reporting tools. At a later time, they became interested in employing such tools as for comparison with (and somehow, validation of) what had been their reporting system until that moment. Now they do actually employ such measurement standards (i.e. GBS Standards - Gruppo di studio per il bilancio di sostenibilità and GRI Standards - Global reporting Initiative) as they recognise their usefulness in better structuring measurements. Moreover, Valentina Fiore sees the indicators of the Agenda 2030 as a useful opportunity to measure their impact on a new scheme.

Our analysis also showed significant similarities among SEs with regards to employment-related policy patterns: 15 out of 30 SEs in our sample claim to have a special employment policy introduced for at least one of their activities, i.e. they employ people that have any type of disadvantage on the labour market. In particular, the categories of disadvantaged workers employed by our sample of SEs are the long-term unemployed, refugees, people with disabilities, women-survivors of violence, as well as other vulnerable population groups (Graph 3). Thus, through the introduction of these measures these SEs are particularly contributing to SDGs 5 “Gender equality”, 8 “Decent employment and economic growth” and 10 “Reduced inequalities”.

In doing that, SEs often outperform other private sector enterprises in fulfilling targets set by law in the countries where regulations on social entrepreneurship (if present) provide for a certain percentage of disadvantaged workers. In the case of Libera Terra, for instance, where the Italian law obliges SEs to reach the 30% (however, based on the number of persons and not worked hours of the total), the enterprise actually counts more disadvantaged workers than “able-bodied” ones, caring not only about the quantity they have to attain to, but also about the quality of the employment.
Interestingly, despite the commonly existing assumption that SEs are only fit to produce impact locally due to the nature of their work (challenges of scalability and replicability are often brought up in relation to social entrepreneurship e.g. OECD, 2016; Vickers, 2010), our findings have shown that the scale and scope of SEs is not solely limited to local. Thus, 20 out of 30 enterprises are working on a larger scale and generate their impact beyond just their local surroundings – some SEs, especially the ones connected with fair trade and global supply chains (e.g. Seeme, Impossible Foods, Fairphone, Ekologi brez mej) produce their effect nationwide or even beyond their base country.

An interesting insight regarding scalability has emerged in the interview with the co-founder of Tagsport. Having grown from a small hobby group into an inclusive football academy with over 1000 children involved, despite multiple opportunities for opening up a national franchise, it has not yet exceeded the local scale: “The project can grow to infinity, it’s just a very expensive growth. We want to do it, but we don’t have our own money to finance this. This should be under our control, only then we are interested”. According to the co-founder, in their case there is a clear quality-quantity trade-off involved in the dilemma of scalability, which can be overcome provided that there are funds: growth is possible but it requires significant investments in order to maintain the quality.

According to the strategic consultant of WCYCLE, instead, as far as the scale of their activity is concerned, they consider their activities as “pilot projects” (the enterprise is operating for one-and-a-half year now) not applicable to the whole system, until optimal conditions are reached. The previous experience has taught them that “actually oversizing certain systems” in the presence of poor adaptive capacity has led to unprofitable conditions. However, they see themselves growing in the future. For instance, from the actual 5-10% of the materials they are able to return to the source of the economic and resources cycle in Maribor, they are aiming at successfully closing the material loop within the functional areas of the city (they refer to municipal waste, waste water, building materials such as asphalt, greenery waste, etc.).

Based on the interview and website research, the work of Tagsport seems to be, and has so far been, very responsive to external demands of growth: starting with a relatively small activity (in terms of participants and trainers), Tagsport grew over the years starting from necessities they were directly – and sometimes accidentally – confronted with. In this way, for instance, they developed additional programmes directed to children with special needs, low-income children, or women over 18 years old. Similarly, Libera Terra has gone beyond their main agricultural activity and developed a new branch of responsible tourism after acknowledging the growing demand for it, and built new synergies with local actors, i.e. providing jobs for working-age minors with a criminal or migration background, trying to compensate the lack of opportunities for these categories of population. Although Libera Terra has employed disadvantaged people in the cooperatives since the very beginning, these were not traditional
targets of its special employment policy. This seems to confirm the theory we referred to in section 1 of this paper: along looking for gaps in the market as other enterprises do, SEs conduct a creative search for unfulfilled opportunities in the society and try to satisfy them.

In connection with the previous findings and more to the general results of our interviews, SEs appear to face external constraints typical of the third sector, both of the non-profit and for-profit world. For instance, both Tagsport and Libera Terra mentioned the challenge of finding suitable or “systematic” funds, i.e. business or state support. However, WCYCLE did not consider lack of funding as a challenge for the own enterprise: “As far as finance is concerned, it may sound very optimistic; I do not have any major problems. For the right projects, money will be found, we have already proven this by coming through a string of very demanding programmes”. This may indeed be related to the branches of activity of the three enterprises. In particular, the growing interest in green economy and business innovation in the areas of energy conversion, green waste and water management, and similar, could explain the availability of economic resources in the case of WCYCLE. However, it is necessary to acknowledge that SEs operating in a similar field in different economic contexts will still have to struggle with financing their activity.

5. Discussion of the results

As briefly discussed in the previous section, the results of our analysis of the textual data from the interviews and website research have confirmed the theory that SEs are very responsive to external demands of growth in terms of fulfilling gaps in the society, which otherwise would remain unsatisfied. In this sense, social enterprises have a particular sensitivity to identify societal problems that need to be addressed and try to tackle them. In doing so, their work is in fact primarily motivated by social returns more than by financial profits. Taking their mission and their operational capacity into consideration, social enterprises represent an innovative and holistic business model able to address global challenges.

Most importantly, we have come to the general conclusion that the societal challenges SEs are tackling within the scope of their activity correspond to the ones identified by the Agenda 2030. Based on the results of our text mining procedures, all the SEs implicitly cover the SDGs in their work and are frequently contributing to the achievement of more than one goal. Therefore, we can confirm the first hypothesis (H1) we formulated at the beginning of this paper.

Despite this finding, based on our website research, few social enterprises explicitly connect their activity to the SDGs. Thus, our second hypothesis (H2) can be rejected. Nevertheless, the
results from the qualitative content analysis of the interviews could help us to better understand the previous finding. It seems to be the case that a number of enterprises openly refer to the SDGs in their work, while some of them are not fully aware of the 2030 Agenda. Others are indeed aware of it but it currently serves exclusively for internal organisational scope and impact measurement, and the connection has not been publicly communicated yet.

As for the impact of the 2030 Agenda on the SEs’ activity, although the SDGs themselves did not shape the direction and scope of their work, they are still considered to be a powerful instrument of communication, raising public awareness, connecting key stakeholders, and, in some cases, fundraising. Consequently, we can partially confirm our third hypothesis (H3).

The major contribution of this paper is to draw conclusions about the role of SEs in the achievement of the SDGs in this broad and still highly unexplored field of study. In conclusion of our study, we can thus affirm that the private sector in the form of social entrepreneurship is substantially contributing to the achievement of the goals set by the 2030 Agenda, as SEs are taking part in the global effort of facing the most urgent societal problems. The formulation of the Agenda 2030 could, at least partially, support them in their work by providing powerful means for communication, raising public awareness, connecting key stakeholders, and, in some cases, fundraising.

Finally, some limitations of our research paper have to be recognised. Given that our sample was not representative of all SEs, there are some constraints in the generalisability of our research findings. Among other important ones is the fact that the information presented on the websites was taken as granted, and only in 3 cases supplemented with the data from in-depth interviews with the employees of the SEs. The research approach in future studies could be improved by organising more in-depth interviews, which would enable getting a more nuanced picture and valuable insights from social entrepreneurs. This was not possible within the scope of our paper because of time constraints and limited available resources. In addition to using website analyses and interviews, we could further supplement our findings by individuating additional methods of gaining data about the enterprises, contexts in which they operate and their activities. The sheer scale of our website research could be greatly improved with the use of a software that would automatically analyse the websites. We decided against using this technique due to lack of resources. Given that most of the social enterprises included in our website analysis are based in Europe, we could have placed more emphasis on including more social enterprises from developing countries. In particular, due to our lack of competences in Spanish, we ended up in not covering at all the geographical area of Latin America in our sample. In fact, analysing the extent to which SEs potential can be harnessed in the progress of the Agenda 2030 in the Global South could be a promising field for future research. Further investigation could be done taking into consideration the legal framework of social entrepreneurship in the countries of reference, as well.
6. Recommendations and Conclusions

We covered many countries from different regions of the world: despite very different external conditions, the nature of social entrepreneurship and its relation to SDGs seem to be very much the same. Based on the results of our background research, website review, and in-depth interviews, we have come to the general conclusion that albeit the fact that few social enterprises explicitly connect their activity to the SDGs, social enterprises represent an innovative and holistic business model, able to address global challenges. While a number of enterprises do openly refer to the SDGs in their work, it also seems to be the case that many of them are not fully aware of the 2030 Agenda. Others are indeed aware, but it currently serves exclusively for internal organisational scope and impact measurement, and the connection has not been publicly revealed yet. As for the impact of the 2030 Agenda on the SEs’ activity, although the SDGs themselves did not shape the direction and scope of their work, they are still considered to be a powerful instrument of communication, raising public awareness, connecting key stakeholders, and, in some cases, fundraising.

As a result, one major recommendation which can be presented is the necessity of making the 2030 Agenda even more visible for social entrepreneurs themselves and encouraging SEs to openly connect their activity to the SDGs. Especially taking into account the fact that, according to the findings, SEs are indeed contributing to the achievement of the SDGs. Possibly, it needs to be presented more explicitly that there is a whole global community working towards the same goals and support programmes that social entrepreneurs pursue. This creates a possibility to connect to these global efforts and make the efforts and achievements more visible to other stakeholders, including the wide public.

The familiarization with and embracement of the Agenda 2030 principles and objectives can be promoted by the UN through multiple initiatives targeting various groups of social entrepreneurs. Many such initiatives are already in place. However, what is important is the necessity to go beyond mere awareness-raising: SEs that are not yet fully involved need to realize that the Agenda 2030 has a certain value added for their on-going activity. As it has emerged from our study, SDGs have a potential to improve communication between the public and the enterprise, bring together stakeholders, and attract funds. This needs to be communicated to a wider number of enterprises which can be possibly done through creating programmes or activities centered around helping the SEs realize a particular advantage of the Agenda-centered approach.
References


## Appendix

Sample of the thirty enterprises for the website research. The three enterprises selected for in-depth interviews are indicated with a star (*).

<table>
<thead>
<tr>
<th>Name of the enterprise</th>
<th>Website</th>
<th>Year of foundation</th>
<th>Where based</th>
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<td>Big Life Group</td>
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<td>2012</td>
<td>Manchester, UK</td>
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<td>Buy Social</td>
<td><a href="http://www.buysocial.me">http://www.buysocial.me</a></td>
<td>2016</td>
<td>Moscow, Russia</td>
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<td>Chistoe Delo</td>
<td><a href="https://www.chistoevelo.org/">https://www.chistoevelo.org/</a></td>
<td>2013</td>
<td>Dolgoprudny, Russia</td>
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<td>D-REV</td>
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<td>Ekologi brez meja</td>
<td><a href="http://ebm.si/">http://ebm.si/</a></td>
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<td>Fairphone</td>
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<td>2013</td>
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<td>Hansalim</td>
<td><a href="http://eng.hansalim.or.kr">http://eng.hansalim.or.kr</a></td>
<td>1988</td>
<td>Seoul, South Korea</td>
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<td>Humana Nova</td>
<td><a href="http://www.humananova.org/en/home/">http://www.humananova.org/en/home/</a></td>
<td>-</td>
<td>Croatia</td>
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<td>Impossible foods</td>
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<td>2011</td>
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<td>Institute Wcycle</td>
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<td>Maribor (*)</td>
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<td>Just</td>
<td><a href="https://justforall.com">https://justforall.com</a></td>
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<td>San Francisco, USA</td>
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<td>KOISPE</td>
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<td>1999</td>
<td>Leros, Greece</td>
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<td>Kralji Ulice</td>
<td><a href="http://www.kraljiulice.org/">http://www.kraljiulice.org/</a></td>
<td>2005</td>
<td>Ljubljana, Slovenia</td>
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<td>Libera Terra (*)</td>
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<td>2000</td>
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<td>2012</td>
<td>Vienna, Austria</td>
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<td>markta</td>
<td><a href="https://markta.at/vor-ort-nbh">https://markta.at/vor-ort-nbh</a></td>
<td>2017</td>
<td>Vienna, Austria</td>
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<td>Razdelni Sbor</td>
<td><a href="https://rsbor-msk.ru/">https://rsbor-msk.ru/</a></td>
<td>2011</td>
<td>Saint Petersburg and Moscow, Russia</td>
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<td>SeeMe</td>
<td><a href="https://seeme.org">https://seeme.org</a></td>
<td>2016</td>
<td>Amsterdam, Netherlands</td>
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<td>Tagsport &amp; GirlPower (*)</td>
<td><a href="http://tagsport.ru/">http://tagsport.ru/</a></td>
<td>2012</td>
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<td>Teenah</td>
<td><a href="https://teenah.org/">https://teenah.org/</a></td>
<td>2017</td>
<td>Irbid, Jordan</td>
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<td>The Orenda Tribe</td>
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<td>2016</td>
<td>Jordan</td>
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<td>Treedom</td>
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<td>2010</td>
<td>Florence, Italy</td>
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<td>ZEF</td>
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<td>2014</td>
<td>Zagreb, Croatia</td>
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<td>Zum gutem Heinrich</td>
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