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ABSTRACT

Social Enterprises are created as vehicles for entrepreneurs to make a social impact on society and its needs, using their strengths, business skills and vision. However, of the approximately 3,500 social enterprises in Switzerland, only 41% have more than 50% of their revenues coming from the sale of products and services on the market, or 'earned-income'. A critical review of the current literature on social enterprises, profit models, ideas of earned-income and the specific situation of the Swiss social market (both third sector and fourth sector) was carried out. That literature allowed the problem to be researched in order to find successful factors and business modes.

The dissertation used primarily secondary data on nine of the most successful award-winning social enterprises, leading their respective industry in term of quality in Switzerland, augmented by written exchanges and one interview with the researched company. The secondary data included ETH Zurich, other Swiss University and the Social Archives in Zurich, as well as University of Cumbria online library and company web resources. While it was recognized that such data is always susceptible to various biasing effects that may limit reliability, the need to obtain data about a small sample of SEs, widely distributed across Switzerland meant that the research of diverse type of SEs that are not necessarily comparable provide a many different example of successful SEs. Through this dialogical process, the secondary findings were presented to the researched companies, and their comments, corrections, answers to further questions were included in the analysis.

From these results, a limited model is proposed that is designed to be broadly applicable to social enterprises in Switzerland. This model suggests that it is indeed possible to have market-leading, award winning, high quality social enterprises.

DECLARATIONS

I declare that the material contained in this project is the end result of my own work and that due acknowledgement has been given in the bibliography and references to **ALL** sources be they printed, electronic or personal.

And that:

The Word Count of this Project is14,775.....

SIGNED:.....

DATE:1 May 2017.....

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1. Introduction

Social Enterprises (SEs) are a growing part of the economy and they are here to stay. Given this growth, SEs are becoming more and more a popular topic for research and policy purposes.

Notwithstanding this growth, researchers have rarely focused their attentions on the analysis of SEs primarily financed through earned-revenue, especially in a developed country like Switzerland. Compared to their European counterparts, Swiss SEs are more dependent on state subsidies (direct, indirect and paid wages funded, for example, through government grants) and hence less market and risk-oriented. Swiss initiatives in this field issue from a historical legacy that is quite specific.

1.1. History of Swiss social landscape

In the Middle Ages, charitable foundations were established, mostly by religious organisations, soon followed by secular charitable organisations, such as the Inselspital in Bern in 1354 (Helmig, et al., 2009).

Cooperatives (banking with Raiffeisen in 1899, retail shops with Swiss Coop in 1890, as well as religious charitable organisations such as Caritas in 1901) may plausibly be thought of as direct antecedents of the modern SE, but many have become mostly market-driven and have lost their social priority (Helmig, et al., 2009).

Switzerland was the first country to take steps in providing a government framework for mandatory unemployment insurance on the basis of then existing volunteer insurance, provoked by a severe unemployment situation in 1891-1892 (Dawson, 1897).

In 1937, a new constitutional article gave the right for Non-Profit Organisations (NPOs) to be consulted during the pre-legislative process and in 1966, a new law gave environmental NPOs the right of complaint to oppose construction projects (Helmig, et al., 2009).

1.2. Current security system

Different insurances were developed by the federal state mostly after the Second World War the disability insurance being the last type of social insurance to be created in 1960 (Braun, 1999).

Switzerland has a comprehensive social security system, with the invalidity and unemployment insurances being of particular interest to the Third and Fourth Sector, as they provide integration measures for partially handicapped people to help them into a job, financed by the insurers (Office fédéral des assurances sociales et Secrétariat d'Etat à l'économie, 2016; Braun, 1999).

1.3. Social Economy in Switzerland

Early in the development of Switzerland, the principle of Common Good was established (Dawson, 1897). This is an abiding theme in the public sphere and is explicit in the 1999 revision of the Swiss Constitution. It states that “the strength of a people is measured by the welfare of the weakest of its members” and its goal as to “promote the common welfare” (Swiss Confederation, 2016, p. 1).

This is not however, to be done primarily by the state, but by the society-at-large. This situation is a consequence of the principle of subsidiarity, whereby the state will only be involved when no other social actor is found responsible for that issue and this provides a recognised place for NPOs in many areas of public life, such as vocational education (Helmig, et al., 2009).

Switzerland has therefore a relatively large NPO population. With a limited involvement of the state and a normalised attitude of personal responsibility of a Swiss citizen, the Third Sector is able to develop well, be well respected and function as an appreciated partner with the government in together tackling some of the problems of Swiss civil society (Helmig, et al., 2009).

In 2005, there were 180,000 full time equivalent (FTEs) positions employed in the Swiss Third Sector, 4.5% of the total employee population. Additionally, 1.6 million volunteers, equating to 107,000 FTEs were volunteers, yielding a total of 287,000 FTEs, 6.9% of the active population, even more significant in employment terms than financial services (Helmig, et al., 2011).

In international comparison, this percentage is slightly above the average employment levels of the countries used in the study performed by Helmig et al. (2011) and much below the comparable countries in the liberal groups (such as UK, USA, New Zealand and Australia). 58% of the revenue of Swiss NPOs came from fees, 35% from government and 8% from philanthropy (Helmig, et al., 2011). In comparison with the other liberal countries, philanthropy and government rates are both lower but the share of fees is 1.65 times higher (Helmig, et al., 2011). In Switzerland, 71% of people give money to NPOs, while 34% give time, more than in Germany but less than the UK (The Guardian, 2011). Donations to NPOs increased in Switzerland by almost 6% from 2014 to 2015 after virtually stagnating between 2013 and 2014 (Zewo, 2016)

An important element of citizenship support to social commerce is Fair Trade. During 2015, the Fair Trade sales volume increased by 11.1%, totalling 574.5 million CHF

(Swiss Francs). That growth has been constant since at least 2011 (Swiss Fair Trade, 2016).

There are therefore many local NPOs and only a few large ones. Umbrella organisations exist, but do not have much influence (Gonin & Gachet, 2015).

In summary, NPOs in Switzerland are very well established, accepted and supported (Helmig, et al., 2009) - but their mode of financing and mobilisation of volunteer labour are somewhat unusual.

1.4. Nature of the Policy Problem

The trends that the Third Sector is facing are multiple:

The donors are asking for ever greater accountability on a global basis. As Edelman Inc (2016) express it in their 2016 Edelman Trust Barometer: “Trust in institutions and their license to operate is no longer automatically granted on the basis of hierarchy or title, rather in today’s world, trust must be earned” (Edelman Inc., 2016, p. 1) and this also applies to Switzerland. For this purpose, the association of Swiss NPOs, Zewo, has created a set of quality standards called “the 21 Zewo Standards” which cover accountability, ethics, governance and financial standards (Zewo, 2015).

Simultaneously, right wing political parties are demanding cost cuts from social spending and are pushing for privatisation (Hofstetter & Wächter, 2004).

Several social insurance enterprises are making some severe losses, such as the invalidity insurance firms with 700 million CHF loss per annum (Braun, 1999). Such outcomes may be interpreted as being reflective of poor or inefficient financial management.

Pierre Bossard, director of a right-wing think tank expressed the opinion that people are encouraged within the current system to abuse the system and the tax-payers have eventually to pay the bill and considers that NPOs and local communities should be much better managed (Geiser, 2014). Knöpfel (2015) confirms that the pressure on NPOs is increasing and that a growing part of the population believes that people in impoverished situations are in such situations due to their own fault.

Under evident pressure from New Public Management ideologies and Public-Private Partnerships to seek subsidies, the state has even outsourced some of its long-established functions to NPOs. The NPOs, for their part, have been engaging in rapid institution-building. This includes NPOs created by the state, such as Pro Helvetia, and many NPOs had to merge to remain competitive (Helmig, et al., 2009; Helmig, et al., 2011; Gonin & Gachet, 2015).

Due to decentralised boundaries in the federative Swiss landscape, many different practises and regulations exist in Switzerland and no overall framework exists. Initiatives that have been taken at the federal level are being rejected locally and the cantons have pursued few specific initiatives in the field of social enterprises (Gonin & Gachet, 2015).

The legal boundary that defines the sector is that NPOs may generate profits, but those are not allowed to be distributed to their members or owners. All funds collected by an NPO must only be used for the stated purpose, even after the dissolution of the legal entity (Helmig, et al., 2009).

Tax-free status can only be obtained on a case-by-case basis, after the public utility and the non-distribution of profits have been checked, as there are no standard tax exceptions for NPOs (Helmig, et al., 2009). At the same time, there is also no legal status for social enterprises (SEs), as is the case in the United Kingdom (Gonin & Gachet, 2015).

Helmig et al (2011) consider that the boundaries between commercial and NPO sectors are becoming less clear due to the fact that NPOs, mostly membership based, are also providing services and therefore competing with commercial providers. This condition of direct inter-sectoral rivalry is what will be evaluated in this Dissertation under the label of the Fourth Sector, composed mainly of SEs.

The Fourth Sector therefore finds itself in a conflicting situation between the expectation to decrease public social spending and at the same time having no measure with which to engage in rivalrous competition. SEs could, under defined conditions, fulfil citizens' expectations and deliver the promises of privatisation.

1.5. Research Question and Objectives

The goal of this research is to analyse aspects of Swiss SEs earning at least 50% of their revenue from sales of products and services to other entities than public (governmental) agents. The Dissertation will also seek to discover through these inquiries SEs' elements of success and then derive a model for critical success factors for those social enterprises that are focused on earned-revenue. This general goal can be reframed as a basic research question to be answered in what follows.

The question is:

What business model is most suited to Swiss social enterprises seeking to finance their ventures from earned-revenue sources?

This overall question will be explored by responding to three more narrowly defined research objectives. These are:

- To explore the possible business models of the SE
- To evaluate what differences mark out the SEs from the non-SEs in their industry
- To analyse successful methods that may be used to support an earned-income model of sustainable growth
- To establish model options for SEs wanting to predominately be financed through earned income.

1.6. Specific Interest of the Researcher in this issue

Even before studying the topic of Social Enterprise during the MBA Programme, the Researcher already had the interest and the passion to link business skills and social impact. At a dinner event, the Researcher was sitting next to one of the leaders of the church he is attending, a church leader with a passion for assisting unemployed youth, and who was able to inspire the organization to start a Social Enterprise to be focused on preparing targeted young persons for apprenticeship (using vocation training also called bi-vocational training). The targeted individuals would otherwise have no other choices due to their poor school performance and/or social problems. Although being an executive in a conventional for-profit company, the Researcher was committed to studying Social Enterprises and had already used the sector in one of the MBA assignments.

The Researcher was there interested in further study of Social Enterprises in a developed country, especially with earned-revenue-based sustainable SEs.

1.7. Potential Value of Proposed Research

Most SEs are financed through direct or indirect state subsidies. The purpose of this dissertation is to evaluate what makes an earned-revenue SE successful and identify how such an SE may increase its earned-revenue share or start an earned-revenue SE.

1.8. Dissertation Structure

This dissertation opened with this introduction. This is to be followed by a critical review of the available literature on relevant topics. Chapter 3 sets out the description of the methodology. Chapter 4 communicates the research findings, while the final Chapter 5 reports the conclusions (including providing an answer to the research question articulated above) and recommendations.

2. Literature Review

In order to recommend a suitable earned-income focused approach, the following literature review will formally define SEs and their importance and explain the earned-revenue approach. This literature review will start with a brief history and appraisal of the socioeconomic significance of social enterprise. It moves on by detailing the different elements forming the understanding of SEs. The chapter continues with a discussion on funding options and revenue-generating capacity of social enterprises and ends with an analysis of the situation of SEs specifically in Switzerland.

Materials were obtained by searching among peer-reviewed journals and references, as well as current research books and papers. Searches were made using the University of Cumbria's online libraries, ETH Zurich's and various other Swiss university libraries as well as the social archives of Switzerland with terms such as "Social Enterprise", "Social Economy" and "Social Enterprises in Switzerland". Specific direct internet searches were done on topics like the social security system of Switzerland and NPOs. The highest priority searches were among current journal articles, reflecting their relative currency and peer-reviewed (white) literature status.

2.1. Defining the Social Enterprise

The idea of improving the lives of citizens in their community has existed for a long time, but has become more explicit in the last decades (Bornstein, 2007; Nicholls, 2006). Social entrepreneurship was first noted in the 17th century, with the need to provide "regenerative tissue" for communities whose seemingly natural tissue had become ragged.

This was done by providing social, medical, and education services which sought to follow the Enlightenment and the charity of churches (Aygören, 2014), addressing social needs that are not fulfilled by the state or by the business community (Ray & Gosh, 2014; Woolley, 2014).

Compared to long established non-profit models where income is provided mostly from grants or donations, the SEs are able to generate revenue and use those revenue flows for developing and implementing social projects (Bornstein, 2007). Those enterprises can come from the larger population of non-profits (Bornstein, 2007), but they are distinct from them in this matter of where resources are to be invested. SEs are able to promote social change, as well as innovate in the ways new business models are created (Ratiu, et al., 2014). They are therefore explicitly developmental.

The business model of the social enterprise is made of several building blocks, which are described in the sections that follow, starting with the definition of an entrepreneur.

2.2. Entrepreneur

Baptise Say, considered as the creator of the term “entrepreneur”, defines the later as a person who “shifts economic resources out of an area of lower and into an area of higher productivity and greater yield” (Bornstein, 2007, p. 2). A more recent definition is from the work of Bordsky (1996, cited in Boschee, 2006, p. 360): “entrepreneurs have the ability to take a business to the point at which it can sustain itself on internally generated cash flow”.

The role of an entrepreneur as creator of new ideas and concepts is famously summed up by Schumpeter as being the source and agent of “creative destruction” (Bornstein, 2007; Nicholls, 2006; Battle Anderson & Dees, 2006).

The different models of company social impact are reviewed in the next section.

2.3. Corporate Social Responsibility, Shared Value, Inclusive Business and Economy of Communion

Many private firms have endeavoured to include some social goals in their objectives and values. This revaluing of the corporate – social relationship forms a key part of the commitment to Corporate Social Responsibility (CSR). Such a move presents, however, an issue of tension between the financial contribution expected by the shareholders and the social goals (Porter & Kramer, 2002). “Double bottom line” (simultaneously pursued financial and social goals) or “triple bottom line” (equivalent to a double bottom line but with added environment goals) models seek to address that tension by hypothesising a new balance (Yunus, 2010; Yunus, 2007). It is clear, though, that customers and employees of companies formally committed to achieving social goals have become more sceptical about CSR when it appears to be done only for publicity purposes – so-called ‘greenwash’ (Mulgan, 2006).

Creating Shared Value (Porter & Kramer, 2011), also called Corporate Shared Value (Del Baldo, 2014) (CSV), focuses on integrating a concern for social welfare into a firm’s competitive and profitability goals and this move has increased the available ways to collaborate. CSV concerns “expanding the total pool of economic and social value” (Del Baldo, 2014, p. 199). Exactly how this is to be done requires the development of new business models to direct the conduct of corporate activity.

Some companies go one step further in the development of these novel business models, by denoting themselves as an inclusive business. Such a business deliberately provides opportunities to the poor and underprivileged in developing countries – opportunities that are created in the firm’s core business and are not an after-the-event distribution of the surplus (Del Baldo, 2014).

The idea of an Economy of Communion (EoC) takes the logic of this position even further. Its goal is for the entrepreneurs and investors to share their resources with outsiders who are then no longer considered to be third parties and is to improve the lives of those living in the community (Del Baldo, 2014). The ontological structure changes in consequence.

2.4. Citizen / Third Sector

The interlinked ideas of a “third sector”, “citizen sector” or “third alternative” (Yunus, 2010) all attest to a belief that the existing alternatives for pursuing socio-economic development are too limited – that structural alternatives are needed. Traditionally, a duality is presented as between NPOs and profit-making companies.

NPOs are benefiting from the generosity of givers around the world (including donating governments), but a policy concern is that these contributions may not be sustained, fund raising activity has to be permanent and they are therefore not likely to be entrepreneurial (Boschee, 2006). Tending to their existing activities and finding revenues to support those activities may cause more ambitious, novel and inherently risky activities to be suspended indefinitely. More NPOs are seeing the benefits of creating SEs that generate profits that can then form an alternative source of income with which they may experiment and engage in some creative destruction of the old with the new.

They may therefore consider diverting some of the donors' contributions towards such SEs (Yunus, 2010) - but they then run the risk of failing to meet their accountability obligations.

Secondary research has also found in relation to sectoral development trends that a government can delegate some of its citizen-oriented services, not to profit-making enterprises (privatisation) but to SEs (Yunus, 2010).

The result of these multiple developments is a spectrum of organisational forms which seek to transcend the historically received duality. These different types of enterprise can be summarised in the figure 1 below:

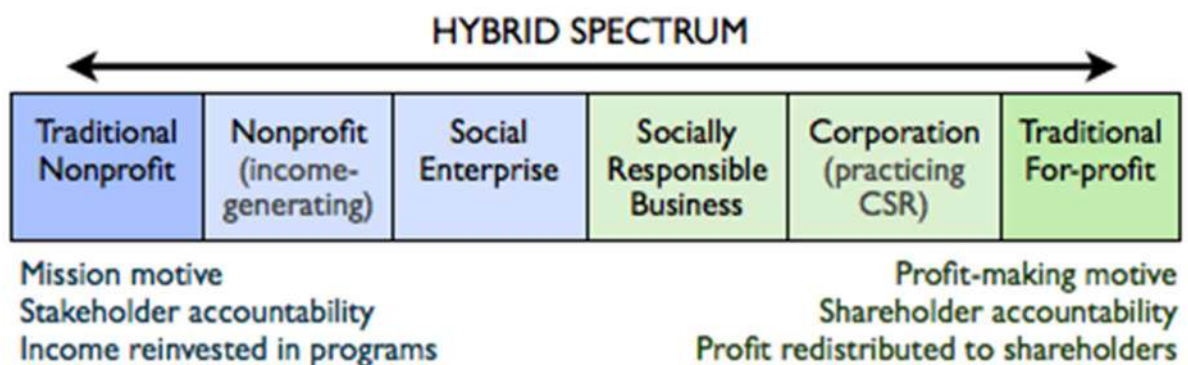


Figure 1- A Spectrum of Enterprise and Organisational Forms (Greene, 2012; Monroe-White, 2014, p. 93)

Another way to look at the positioning of different type of social players and companies is by using a triangle adapted by The International Comparative Social Enterprise Models Project (ICSEM) from the original triangle from Pestoff (1998 as cited by Gonin & Gachet, 2015) as shown in figure 2 below:

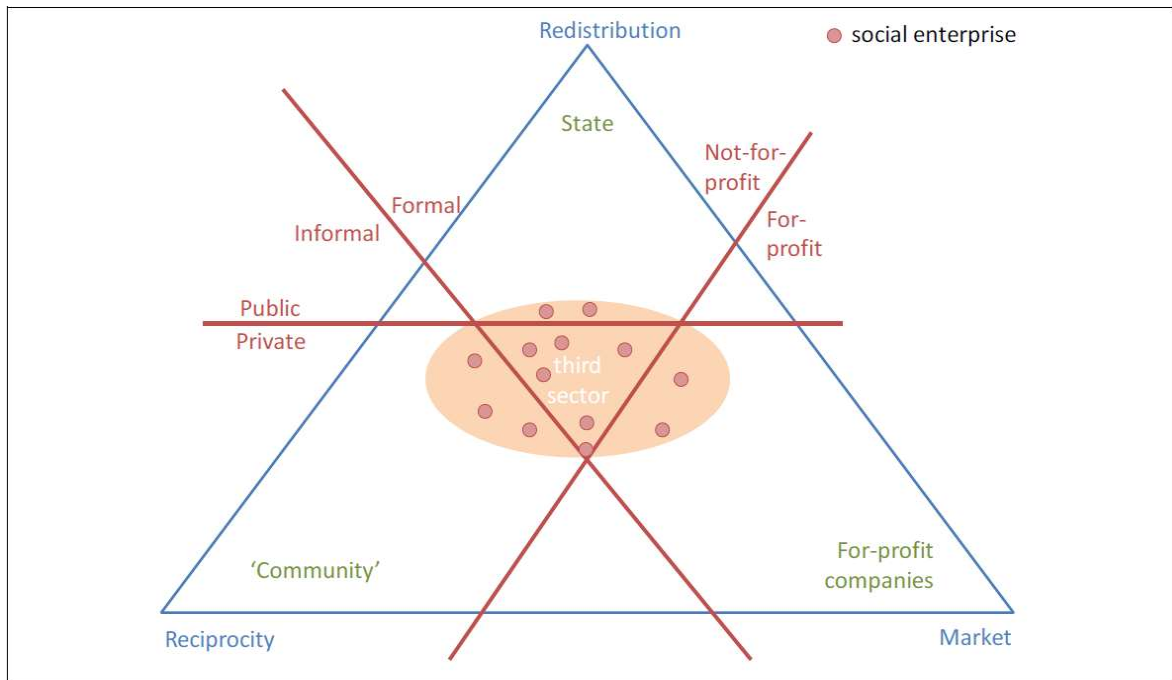


Figure 2 - The ICSEM triangle, adapted from Pestoff (1998)
(Gonin & Gachet, 2015, p. 6)

The next section reviews in detail what a Social Entrepreneur actually is.

2.5. Social Entrepreneur – Fourth Sector

The ICSEM definition of social enterprise include the notion of economic activity as being risk-taking, innovative and having continuous production, hence the major difference between a third and fourth sector is the ability to function as market-oriented, risk-taking actor (Gonin & Gachet, 2015).

Artin (2010, p. 4) define the SE, that he calls “social venture” as “a business enterprise that also has, as one of its goals, some type of social impact on individuals, communities, or society”.

Therefore, many NPOs (located in the third sector) have started being actors also in the fourth sector (by founding SEs), to provide new incomes to fulfil their social goals (Gonin & Gachet, 2015).

The shape of a Fourth Sector can be seen in these organisational innovations. At the heart of this Fourth Sector is the person of the social entrepreneur. Nicholls (2006, p. xlix) defines social entrepreneurs as “the practical dreamers who have the talent, the skill, and the vision to solve the problems, to change the world for the better”. This social goal however has to be of “general interest of the community” and not only to a tightly focused group (Crivelli, et al., 2012, p. 1), as serving the general interest through economic work is what some consider as the defining quality of the Fourth Sector (Del Baldo, 2014).

Another definition contends that “social entrepreneurs and their networks demonstrate an unrelenting focus on systemic social change that disregards institutional and organizational norms and boundaries” (Nicholls, 2006, p. 10). This interpretation again highlights Schumpeter’s contradictory idea of disruption or innovation as agent of creation (Nicholls & Hynbao Cho, 2006, p. 102). Many companies claim to have a social impact. However, this impact for social betterment does not seem always so evident.

The academic network, EMES has established six criteria to classify an organisation or company as a social enterprise. These are (Crivelli, et al., 2012, p. 6; Défourny & Nyssens, 2012):

- *explicit aim to benefit the community or disadvantaged people*
- *high degree of autonomy*
- *continuous production of goods and/or provision of services*
- *contribution to social cohesion and local development*
- *significant level of economic risk*
- *participatory and democratic nature.*

Before looking at how an SE is funded, it would be appropriate to explore the skills and social profile required for social entrepreneurs.

2.6. Skill and social profile of social entrepreneurs

To create and lead a social enterprise requires social innovation. This section looks in more detail at the social entrepreneur's required skills and social profile or identity.

The secondary research identifies nine competencies of the social entrepreneur:

- Creativity (Bornstein, 2007; Yunus, 2010)
- Skills and talents (Nicholls, 2006)
- High motivation and commitment (Bornstein, 2007; Drayton, 2006; Fayolle & Matlay, 2010)
- Vision for the future (Nicholls, 2006; Ratiu, et al., 2014)
- Strong belief in social value (Fayolle & Matlay, 2010)
- Solution oriented (Nicholls, 2006)
- Humility - accurate self-assessment, appreciation of others' strengths and contributions, teachability, low self-focus, good listener, not dominating, team player (Ratiu, et al., 2014; Leadbeater, 2006)
- Well networked (Leadbeater, 2006)
- Credibility (Fayolle & Matlay, 2010)

In terms of leadership theory, these skills and capacities place the SE leadership towards the understandings of both Purposive and Ethical Leadership (Heinecke, et al., 2014).

A Social Entrepreneur needs a SE as a vehicle for his/her endeavours and ambitions. A social enterprise can then be seen in general terms as the organisational and governance solidification of social entrepreneurship.

An important question for the SE is the way it is funded, since resources are important in gauging collective competences. This is covered in the next section.

2.7. Different types of funding

Raising funding for a social enterprise is usually a great and often continuing challenge, as it is rare for such an enterprise to receive credit offers, as SEs are considered too risky for conventional funders (Nicholls, 2006). The funding options social enterprises have are therefore:

- Philanthropy (Boschee, 2006; Woolley, 2014)
- Subsidies or grants (Boschee, 2006; Woolley, 2014)
- Endowments (Battle Anderson & Dees, 2006; Woolley, 2014)
- Earned-income (Bornstein, 2007; Nicholls, 2006; Drayton, 2006; Mulgan, 2006; Boschee, 2006)

Boschee (2006) argues that many SEs are aiming at a combination of philanthropy, subsidy and earned-income to achieve financial sustainability; however, SEs looking to achieve primarily self-sufficiency may consider earned-income only. These observations underscore the significance of ends - means relationships.

Another aspect of financing of importance are of the investors into the social business and their goals. Woolley (2014) sees three type of investors, those without financial return expectations, those with reduced financial return expectations and those with market-rate financial return expectations.

Now that sources of funding have been discussed, an important question is the source and flexibility of revenue streams, which will be discussed in the next section.

2.8. Revenue-generating social enterprises

Boschee (2006) argues that only social enterprises funded by earned-income entirely support the operations of social entrepreneurs, earned-income being defined as the “sales of goods and services” (Crivelli, et al., 2012, p. 1). Crivelli et al (2012) agree, by stating that SEs should be mostly funded by earned-revenue and directed (empathetically) by the entrepreneurial focus that is the key differentiator between the fourth-sector and the third-sector.

In order to be profit-making, a SE has to be market-oriented, to increase the likelihood that a customer might choose the SE’s product over that of other firms. Often, a purchaser will have a choice of where to buy a similar product, but that might lead to some ethical issues for a suitably sensitised consumer (Nicholls & Hynbao Cho, 2006). Such an option is considered by Battle Anderson & Dees (2006, p. 147) to provide “greater sustainability, financial freedom, and scalability” to the SE. Yunus (2007) states that the social enterprise is then dependant on the generosity of a few donors and can be in competition with these substitutes if the needs the SE seeks to address suddenly increase – such as in a time of crisis and disaster. However, Battle Anderson & Dees (2006) argue that such a revenue stream is not necessarily less reliable, using the example of universities such as Harvard in the US, having endowments of \$22 billion or Ford Foundation with \$10 billion. Given the fact that most SMEs (not only SEs) have an average lifespan of 12.5 years (Battle Anderson & Dees, 2006), it is plausible to argue that their fates are not necessarily more secure compared to grants or endowments. The revenue source does not necessarily provide the social enterprise with sufficient freedom to pursue its social goals (Battle Anderson & Dees, 2006).

Bruno et al. (2014) disagree and found the opposite to be true, stating that SEs using donations or grants have a lower failure rate than the average and that the earned category licensing and franchise relations provide the least failures (Bruno, et al., 2014).

Earning-income SEs do have, however, generally more options to market their products than subsidised non-profits. Fair Trade is a good example of such earning-income flexibility (Nicholls, 2006). Earned sources can also become licences or franchises, in the form of transaction fees, sales of products or subscription fees (Bruno, et al., 2014).

One challenge that SEs have is that the public sees them as what Artin (2010) calls “training business” and are expecting a lower personal or collective return, or may feel that they are doing a favour by choosing the SE over competitors. Some of the customers are so convinced of the cause that they tend to support the SEs regardless of the quality or the price (Artin, 2010).

The cause the SE is supporting should not be a reason to choose the company, as its quality and price should be competitive (Artin, 2010). In fact, as SEs are created with a passion “to make the world a better place” (Schwartz, 2010, p. 120), that same passion can be channelled (via, in economic terms, a higher producer surplus) to provide a comparatively better service to the customer.

As Greyston Bakery argue: “We don’t hire people to bake brownies; we bake brownies to hire people” (Lynch & Walls, 2010, p. 21), so the reason for the existence of the company is the social mission, but the product (the brownies in this case) should be competitive in terms of quality and price.

A SE generating a revenue endeavours to make a profit. Is it even ethical to make a profit? This question will be discussed in the following section.

2.9. The profit-making social enterprise

Is it ethical for the owners or investors to make a profit when dealing with poor people as customers? Yunus (2010, p. xvii) advocates that the investors should “help others without making any financial gain himself (sic.)”. He prescribes the model where the profit is split between reinvestment in the business and allocation to reserves. This begs the question: where does benefit to society come from here? It is clearly not to be found in the distribution of a surplus. Such a firm with this distributional settlement he calls “non-loss, non-dividend company” (Yunus, 2010, p. xvii) or “profitable, but not profit distributing” (Nicholls, 2006, p. xxxv). Yunus (2010) thus adopts a seemingly narrow and rigid notion of distributional issues, visible, for example, in the statement that “the notion of personal financial benefit has no place in social business” (Yunus, 2010, p. 2).

The investment capital to be used in such a firm can be derived either from investors or from beneficiaries. In the latter case, the flow of investible funds model is called Type 1 (Yunus, 2010, p. 1). Where funds are sourced from investors, Yunus styles the firm as a Type 2 enterprise. In both cases, the owner can actually obtain a share of profits and this must take the form of a social benefit that accrues to them. Type 1 enterprises are also called community-based businesses (Yunus, 2010; Del Baldo, 2014).

Where revenue is derived from the beneficiaries themselves, this typically means providing services to poor people and deriving a revenue stream from those transactions. Yet, selling to the poor presents another ethical issue. Yunus (2010, p.

13) believes that “it is immoral to make a profit [...] from the poor”. His injunction concerns, though, deriving profit from sales to poor people, which is a specific allocation of a surplus, not the principle of a surplus in and of itself.

Moving on from the abstract theoretical concepts in SE research, the next section will discuss the specific situation of the Social Enterprises in Switzerland.

2.10. Social situation of Switzerland

The employment situation in Switzerland is among the most favourable in the OECD as a whole, with 80% of people in working age in employment in 2014 (OECD Better Life Index, 2014). However, Switzerland also experiences a large income gap between rich and poor inhabitants, as the 20% richest part of the population earns more than four times what the 20% poorest part of the population earns (OECD Better Life Index, 2014). In 1995, 30% of workers had an income below the taxable level and the 60% of poorest people in Switzerland only owned 10% of the taxable wealth (Levy, 1998). Levy (1998) observes that the inequalities between white-collar and blue-collar workers, as well as between genders, are in fact increasing.

3% of the population (250,000 people) are drawing social benefits and this rate has more than doubled since 1990, while poverty affects a larger number of people, approximately 7-8% of the population (580,000 people). This calculation is based on the minimum incomes of 2,250 Swiss Francs per month for a single person or 4,050 Swiss Francs for a family (Federal Statistics Office quoted in Geiser, 2014). On the causes of poverty, Stream (cited in Geiser, 2014) found that limited education and professional training generates a three-fold risk of needing social benefits.

Switzerland enjoys a higher rate of job integration of disabled people than other European countries. Thus, the estimated 1 million disabled people in the country in

2008 constitute about 14% of the population. Of this group, 59% are integrated into the labour force and have a job, but there is still a need to converge on the employment rate of the general population, standing at 84% (Leybold-Johnson, 2008). In 2012, the rate of employment for the general population was 79.4%, with 4.3% unemployment. Yet in 2011, the employment rate for disabled persons was 69.6% compared to 84.8% for the non-disabled population. The unemployment rate stood at 4.1% for disabled persons, compared to 2.9% for the non-disabled (Champion, et al., 2014). The limited social support in Switzerland (noted in Chapter 1) comes from a relatively weak state culture, but the country also has a well-functioning third sector and civil society and suffered a more limited economic crisis compared to other countries (Helmig, et al., 2009) – a reflection of the underlying strengths of the Swiss economy.

2.11. Social Enterprises in Switzerland

CSR is strongly encouraged by the Swiss government. In its position and action paper, the Federal Council (Confédération Suisse, 2015) highlights the importance of CSR for the society-at-large, for the companies themselves and their international competitiveness. It however “encourages”, “sensibilises”, and “promotes” (Confédération Suisse, 2015, p. 3) measures in order to explain the importance of self-regulation, all indirect terms that reflect a desire not to over-regulate matters. Indeed, it uses the phrase, “expect the company to fulfil their obligation” (p. 5) with minimal support from the government, rather than through strict regulations. The exception is by public tendering processes, where stricter rules can be applied, as is also the case within the governmental agencies themselves.

Due to Switzerland's dynamic economic and social situation, the SEs are not as advanced, numerous or widespread as in other European countries (Crivelli, et al., 2012). There is no official definition, framework, support or financial support for SEs as such. The government, whether at national or state level, has little involvement except supporting some research, seeing its role as providing the social support system and leaving the economy to find economic solutions (Crivelli, et al., 2012; Gonin & Gachet, 2015; ICF Consulting Services, 2014). Several umbrella organisations have been created but they also use different definitions (Gonin & Gachet, 2015). Since the late 1970s and mostly in the French and Italian-speaking parts of the country, many organisations with different legal statuses and definitions, often initiated by NPOs, were created. The aim was to provide jobs to vulnerable people, firstly unemployed and subsequently disabled. Those organisation are now called Work Integration Social Enterprises, also called WISE (Crivelli, et al., 2012) and they are still prominent in the social economy of Switzerland (Gonin & Gachet, 2015). Their positioning on the Pestoff triangle is shown in figure 3 below:

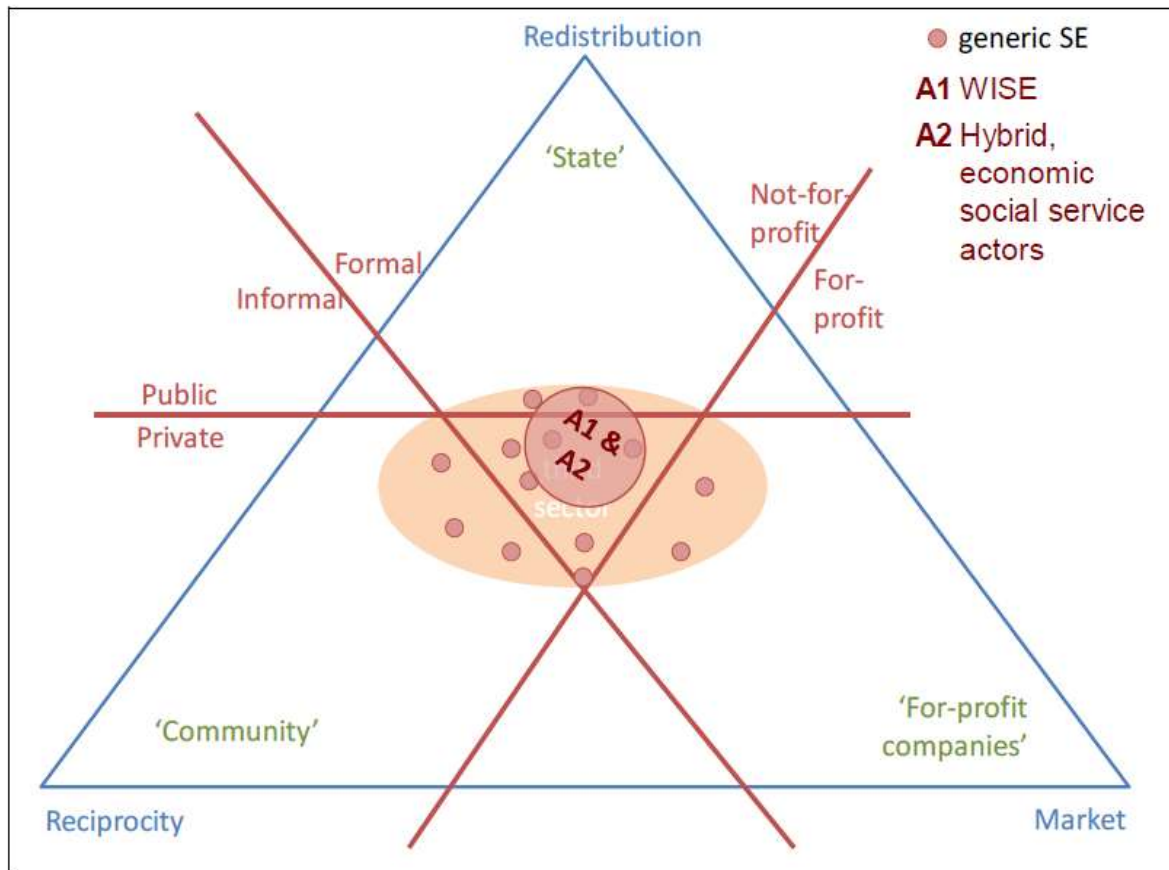


Figure 3 - Position of the two original SE models in the adapted Pestoff triangle (Gonin & Gachet, 2015, p. 17)

In 2012, the Swiss Confederation mandated the largest Swiss work integration umbrella organisation to organise a conference for the French-speaking social enterprises. The result was called the Consensus of Sierre, which added its own Swiss-influenced definition. It offered the following criteria and spectrum:

Table 1- Consensus of Sierre Criteria & Spectrum

Criteria	Spectrum
Target groups	Mix of disadvantaged employees – focus on specific groups
Markets	Competitive – non-competitive
Integration support and learning opportunities	Marginal - extensive
Entrepreneurial attitude	Weak – strong
Market orientation	Weak – strong
Remuneration	No pay – half pay – performance-based payment
Autonomy	Autonomous – part of an organization

Source: (Adam, et al., 2015, p. 10)

These integration firms (Adam, et al., 2015) are, as this term suggests, dedicated to bridging the poorly separated worlds that currently characterise social life. In 2007, criteria were defined by laying out a minimum wage (3,500 CHF per month), a non-permanent employment condition, and selling products and services that are not conflicting with product and services sold by public services or commercial companies (Adam, et al., 2015).

The focus in the literature discussing SEs in Switzerland is mostly on these integration organisations. The present research seeks to discover and analyse those SEs that have broader goals. There is, as this chapter has sought to show, little discussion of the (non-economic or redefined economic) success factors facing social enterprises, both globally and locally in Switzerland. A Bachelor Thesis (Essig, 2010) looked at 5 social enterprise in the German-speaking region of Switzerland and established four success factors. These were establishing a unique selling proposition, training and coaching employees, obtaining start-up funding, and having relevant business knowledge. An unpublished master-thesis (Stalder, 2010) states that “no studies were published about social entrepreneurs in Switzerland” (p. 35).

Stalder's research analysed six SEs in the relevant cantons, but concludes only with theoretical propositions for further research.

By 2014, there were an estimated 1,000 WISEs, of which 90% are eligible to be considered as SEs. Additionally, 1,000 out of 20,000 Swiss foundations and 1,600 out of 10,000 cooperatives are also eligible to be considered as SEs. This makes a total of an estimated 3,500 SEs in Switzerland (ICF Consulting Services, 2014).

Between the French-speaking and German-speaking regions, there are, though, two very different traditions. French-speaking SEs are based on social interventions and work in the solidarity economy (these are called SSE). In the German-speaking regions, they are instead based on the twin concepts of the common good (where they are called ECGs) and volunteering. Both present a different perspective than the SE concept as it is understood in Anglo-Saxon countries (Gonin & Gachet, 2015).

SSE members have adopted the following principles and slogans:

Table 2-The Swiss SSE Chambers' principles and related slogans (Gonin & Gachet, 2015, p. 23)

Principle	Slogan
Social wellbeing	To be, not to have
Participative citizenship and democracy	Each voice counts
Ecology	Produce to live, don't live to produce
Autonomy	Autonomous but not individualistic
Solidarity	1 + 1 > 2
Diversity	Rich in our differences
Coherence	Say what we do and do what we say

Why are the slogans/straplines significant? While the ECG have the following principles of “human dignity, cooperation and solidarity, ecological sustainability, social justice (including minimization of dividends paid) and democratic co-determination transparency” (Gonin & Gachet, 2015, p. 25) and recognise the key stakeholders as “suppliers, investors, employees (including business owners), customers and partners and social environment (region, electorate, future generations, civil society, fellow human beings, animals and plants)” (2015, p. 25). The positioning of these different models can be seen in figure 4 below:

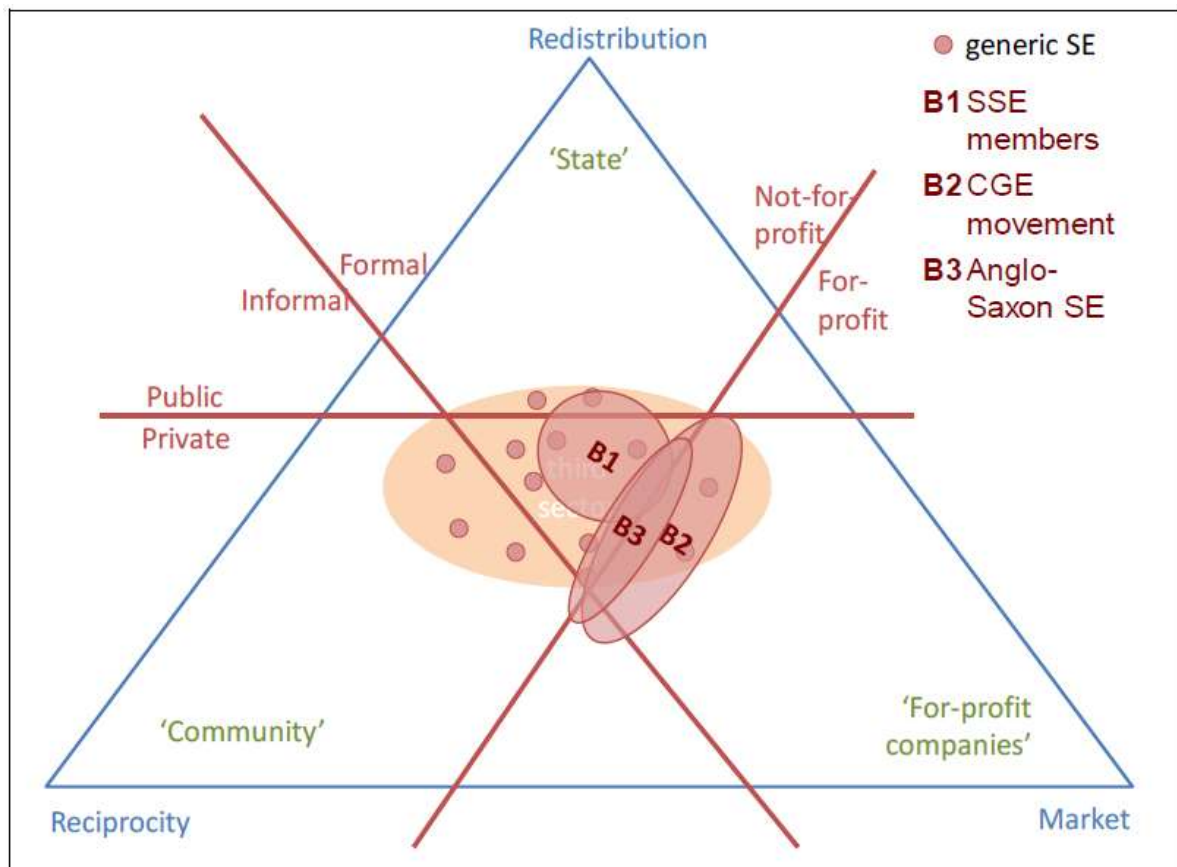


Figure 4 - Positioning of the three SE models (Gonin & Gachet, 2015, p. 21)

Switzerland forms the specific location in which this research is set. It should be noted that the country has some of its largest companies as cooperatives (for exemple, Migros, Coop, Mobiliar and Pax).

When they were founded, mostly at the end of the 18th century, these were the original hybrid organisations pursuing both community and economic goals (Gonin & Gachet, 2015; Helmig, et al., 2009). To what extent may such co-operatives be considered as social businesses? A cooperative is a for-profit business which is owned by its members and which gives them a share of the profit. In that sense, a cooperative is funded by the cooperative’s members in their role as investors. However, the relevant question here is: what social needs do they address (Yunus, 2010)? The large cooperatives are open to the entire Swiss population and therefore do not specifically target socially disadvantaged persons. They are therefore not considered here as SEs. They having as a major goal the “economic interests of their members” rather than a social aim (Gonin & Gachet, 2015, p. 45).

Crivelli et al’s (2012) survey shows the respective importance of the EMES criteria.

The results are as follows:

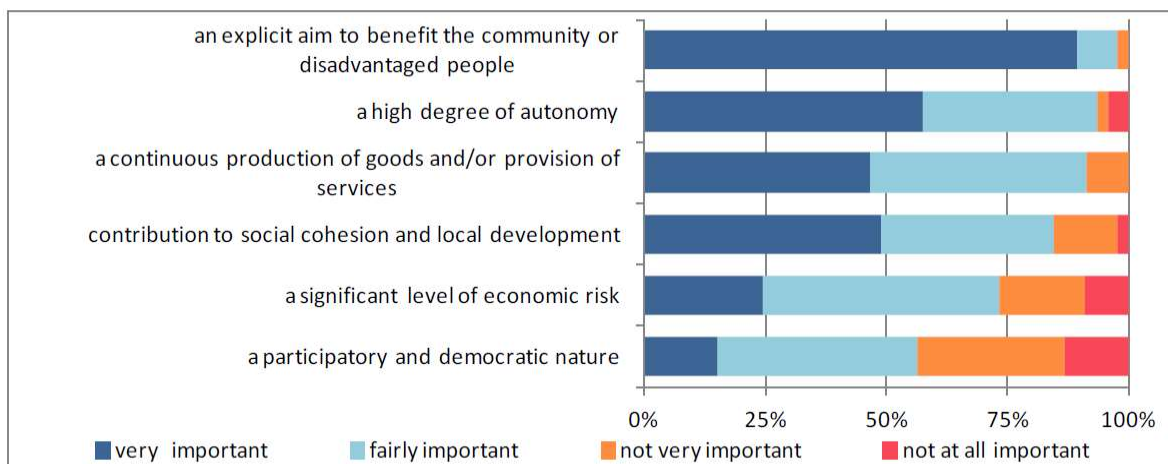


Figure 5 - The organizations' view of what constitutes a social enterprise (Crivelli, et al., 2012, p. 6)

As can be seen from figure 5 above, two of the areas that are considered as the least important are contradictory, the economic risk and the participation of stakeholders in governance.

Traditionally, SEs are WISE and (more often than their European counterparts) linked to subsidies granted from a public entity. However, European SEs beyond Switzerland tend to more than benefit from contracts from public entities (Crivelli, et al., 2012). Only 41% of the survey SEs are self-financed (Crivelli, et al., 2012). A summary of the revenue sources can be seen in the figure 6 below:

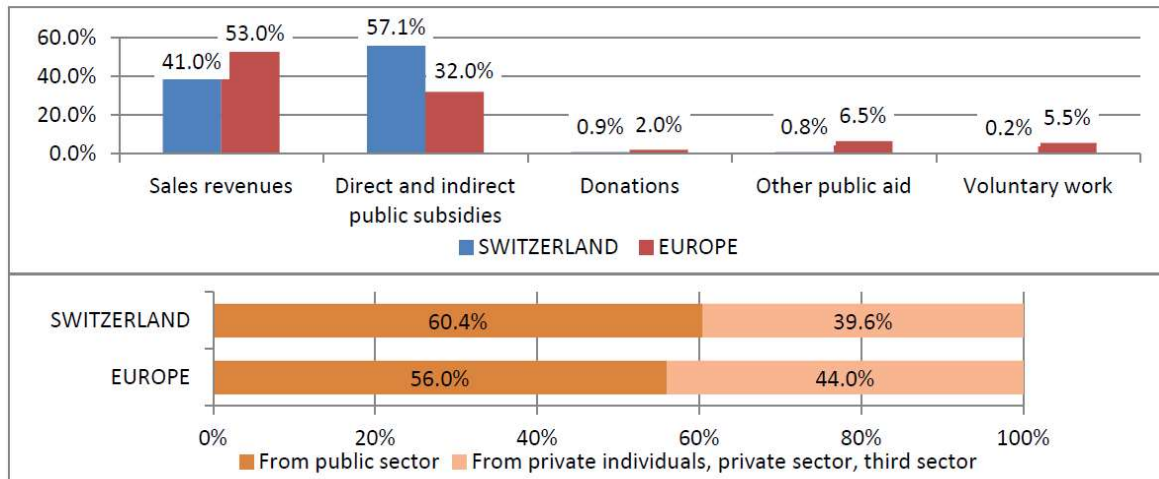


Figure 6 - Type of resource mobilization in Switzerland and Europe (European data, Gardin (2006 p. 115 and 121) cited in Crivelli, at al., 2012)

A survey done in 2013 on 700 WISE showed that 57% of WISEs have income derived from sales and that nearly all of them received subsidies or contributions from public entities. Only a third of them derived more than 50% of their revenues from sales of products and services. In Geneva, a French-speaking canton, 35% of SSE members received no public contribution and are therefore fully funded by earned-revenues (ICF Consulting Services, 2014).

One point that should be highlighted is that the fact that several WISEs are not paying the protected workers, as they are already covered by the social insurances. The revenues are used to cover the infrastructure and support costs of the workers and for this reason, those companies are sometimes not allowed to compete with non-social companies (Crivelli, et al., 2012; Gonin & Gachet, 2015).

Although Bouchard & Rousselière (2015) consider that the Swiss SEs are not essentially dependant on subsidies, Crivelli, et al. (2012) conclude that in order to increase the level of autonomy from public funds and self-financing, the SEs need to be more focused on open markets. In order to do so, the public direct or indirect subsidies and paid wages, as well as competition and restriction, need to be eased and public support provided in the form of contracts. They conclude that “the acceptance of a more business-oriented approach is compensated for not only by lifting of the restraints on competition but also by the right to keep surpluses (or a proportion of them) within the enterprise, to give the enterprise greater flexibility and enable it to invest for the future” (Crivelli, et al., 2012, pp. 16-17). In the next section we will draw your conclusion of this literature review.

2.12. Conclusion

SEs are a growing part of the economy, responding to the expectations of the public to have social benefits served as the same time as the economic ones. CSR, CSV are only fulfilling this need partially. On the other hand, NpOs provide for social needs but are dependent on donation, grants and these are not as sustainable as the sale of product and services. The SE is the model that may combine an entrepreneurial drive to innovate and build business, together with a social mission. In practice however, striking that right balance is challenging. Artin (2010) even considers that it is not possible to perfectly balance mission and venture and that only an ideal, not a practical compromise can be found (Artin, 2010). The SEs specialised in integrating unemployed or handicapped workers, called Work Integration Social Enterprises (WISEs), tend to depend on subsidises and are limited by those contributions in their ability to compete in the open market.

In the primary research to be described in the next chapter, companies that have succeeded in striking and maintaining that balance will be analysed and the reasons for their success identified.

3. Research Methodology

3.1. Introduction

The methodology of a research study includes several interconnected aspects that have to be defined before the said research can be robustly conducted. The research philosophy, design, methodology, instruments and data collection processes are all part of this defined and explicit process of framing methodology. The research has to first define a philosophy which is described in the next section.

3.2. Research Philosophy

A part of the process of selecting an appropriate philosophy is the need to select from among the paradigms, and in particular, dealing with the ontology, and the epistemology of an inquiry (Sutrisna, 2009; Wahyuni, 2012). The ontology is considered as comprising of an understanding of the (multiple or singular) reality that the research used through assumptions (Sutrisna, 2009) and an ontological choice is defined as “the position on the nature of the reality” (Wahyuni, 2012, p. 70). Particularly important is the nature of the said reality and, in order to do justice to that positioning on reality, several (typically dualistic) positions have to be defined (Sutrisna, 2009).

The first of these is objectivism versus constructivism. While objectivism, also called realism, assumes that the reality exists independently from the actors and their interpretation processes, constructivism, also called nominalism, considers that such reality is being continuously influenced by the actors, hence being experienced differently by each of those actors, due to their influence (Sutrisna, 2009; Wahyuni, 2012).

Epistemology is concerned with how knowledge is sourced, understood and used and considered valid. Wahyuni's definition (2012, p. 70) is "the view on what constitutes acceptable knowledge". While positivism, mostly used for the physical sciences, considers that there only a single 'truth' that can be observed and comprehended through its customised (non-reflexive hermeneutical) instruments, interpretivism assumes that the reality has to be 'interpreted' by the research in order to derive its own contextualised truth (Sutrisna, 2009; Wahyuni, 2012).

The next point to define is reasoning. The most common way to define the reasoning process is through either a deductive or an inductive approach. Deductive reasoning means using an empirical approach starting with a literature analysis, statement of a particular problem, deriving a related research question where additional answers are needed, proposing a hypothesis and developing a model in order to verify it (Sutrisna, 2009). The inductive approach, to the contrary, is less structured and learns through the research itself. Inductivism adjusts knowledge requirements based on the findings and observations (Sutrisna, 2009), in what then becomes an iterative process.

The research proposed here will use nominalism, interpretivism and an inductive approach. This is because a business model (the central ontology in the foregoing) is not based on a right or wrong approach, but rather on a constant discovery process, based on the ongoing experiences of the participants.

3.3. Research Design

The research design is a research process that supports the strategy of the research and consists of design principles, data elicitation, data analysis and knowledge interests (Bauer, et al., 2000).

The design principles will be based on description of the description of interviewed company, drawing on comparison of key company metrics. Data elicitation will be done through individual interviews. Data analysis will be conducted with content analysis and coding of words used. Finally, the knowledge interests will concern a consensus of successful factors and SE models.

3.4. Research Method

When collecting and analysing data, the approach required is different as between qualitative and quantitative methods. With a qualitative method, the analysis is focused on the qualities of the phenomena and not mathematical measurements, while also looking at the complex and complete context. It therefore develops its findings based on the results being gathered and analysed; it is therefore considered as inductive (Sutrisna, 2009; Taylor, et al., 2016). The proposed research uses the observed people's own words, whenever spoken or written, substantiated by their behaviour as observed by the researcher and attaching particular attention to the meaning of the expression (Taylor, et al., 2016), whether that expression is verbal or non-verbal. This describes what Bauer et al (2000) call "interpreting". Bauer et al (2000) consider that the requirement for researcher detachment is the major issue of social research inquiry and understanding the position and context of the information collected is very important.

A qualitative research inquiry yields its results through finding patterns in what Strauss (1967, quoted in Taylor, et al., 2016, p. 8) names "grounded theory", a theory that is building on the results of the qualitative result, rather than seeking to verify a hypothesis, proposition or thesis.

The interview is an important method for pursuing qualitative research and is conducted, as far as possible, like an ordinary conversation (Taylor, et al., 2016).

Brewer (1983) considers qualitative data as complementary to quantitative data and an evidence source in relation to the latter.

Collecting social data takes two forms, informal and formal. The informal approaches are spontaneous, open and have little structure. Included in these are interviews, drawings, singing and noises. Formal collection follows a standard and uses a “rule of the trade”. Techniques include disciplined use of newspaper articles, radio reports, pictures, photography and music (Bauer, et al., 2000). These formal tools represent the point of the view of the audience reached by the newspaper, or the radio and needs to be evaluated for its context (Bauer, et al., 2000). Bauer et al (2000) also consider it important to not follow only a specific tool for itself. Such single-minded pursuit runs the risk of making the researcher fit the answer to the model. Instead, being open minded on the method and evaluating methods used based on their strengths and weaknesses is more important.

3.5. Data Collection Method

The most commonly used empirical methodology for data collection for social science is interviewing (Gaskell, 2000). Farr (1982, cited in Gaskell, 2000, p. 38) describes qualitative interviewing as “essentially a technique or method for establishing or discovering that there are perspectives or viewpoints on events other than those of the person initiating the interview”. Understanding the worldview of the respondents and the background of those persons is a very important element of interviewing (Gaskell, 2000).

According to Deutscher et al. (1993, quoted in Taylor, et al., 2016, p. 10), if researchers only focus on getting the right answer, they will “pursue an incorrect course with a maximum of precision”. This observation begs the question: how valid are the answers? Validity contains two parts, the internal which concerns the correct “causal inference” of the result of the study; and the external, focusing on the degree to which the results are generalisable to other defined situations. In fact, both validity tests are difficult to balance and trade-offs are inevitable; ultimately, internal validity has priority (Brewer, 1983). Focus on data is indeed important but validity is not the main goal. Rather, reliability and replicability are the end goals here (Taylor, et al., 2016). Good!

A loosely defined topic guide will orientate the research and make sure that the relevant and necessary topics are covered (Gaskell, 2000). For this research, the guide is as follows:

- Value and mission
 - What are your core values?
 - What is the mission of the company?
- Legal, governance and pay
 - Do you have limitations on the scope of your trading activities? If so, where do these limitations come from?
 - What is the governance model for the organisation as a whole? For the discretionary revenue part of the organisation?
 - What is your pay policy? Do people have different conditions than those imposed by a non-social company operating in a similar activity?

- Leadership
 - What would you define as the leadership characteristic of the CEO and/or the chairman?
 - What are the most important value(s) that you are looking for when you are hiring a leader?
 - In the experience of the company, what is the most successful leadership characteristic?
 - What are the most difficult leadership characteristics to find?
 - How do you develop leadership in the company?
- Revenue and pricing
 - Approximate revenue per year/ recent trends in revenue?
 - Approximately how much revenue is derived from sales of products and services?
 - How did your earned-revenue part of the business evolve in the last years?
How do regulators and auditors account for the social value creation?
 - How many clients do you have? Do a small number of clients dominate revenue streams?
 - What is your pricing policy?
 - Is there any price difference compared to non-social enterprises operating in the same segment? If so, approximately how great is the percentage difference?

The research process is as follows:

1. A research study will be performed on the focal company, using secondary data in order for the researcher to obtain knowledge on the said company, its history, activities and key data.
2. Writing to the researched company to seek their approval for research participation and also for ethical reasons. Writing again for corrections and answers to the submitted questions.
3. If answers are received, these answers are compiled and a final draft resubmitted to the company for their approval
4. Whenever needed and logistically possible to organise a deep interview will be done as a phone call or face-to-face meeting to focus on the remaining topics. In this case, again a final draft interpretation will be resubmitted to the participating organisations for their approval.

At any time, the company will be offered the option to withdraw any of their answers, which will revert the research to a reliance on the secondary data alone or to be removed from the research.

When no answer will be receive and therefore no approval received, for ethical reason, the company will be also removed from the search.

In terms of targeting persons for involvement in this study, Gaskell (2000) rightly prefers “selecting” to “sampling” (which is more linked to surveys).

SEs for this research were identified using the following guidelines:

- Being in traded activities for more than 3 years without interruption (arising from, for example, bankruptcy or closure)
- Being not more than 1,000 employees in size (in order to remove the very large cooperatives)
- Having at least 50% of earned revenue coming from market activities
- Have an annual revenue of at least 1M CHF

Some 12 organisations were identified across Switzerland as possibly meeting these criteria. This task was done using research into academic papers on SEs and web search on Fair Trade companies. The organisations identified for potential research are described below with their outcome:

- Alternative Bank Schweiz with validation and correction by email by Martin Rohner, CEO
- jobfactory with detailed answer by Heinz Wiedmer, Assistant project of the CEO
- DASBREITEHOTEL with detailed email and interview with Philipp Roggensinger, CEO
- Verei Fiwo without answer and therefore removed from the research
- Blindekuh without answer and therefore removed from the research
- diesozialfirma validated by email with Marcel Morf, CEO
- BlueOrchard with approval to publish results without review
- ResponsAbility with corrections and detailed answers by Danielle Brassel, Research Analyst
- Claro with review, corrections and details answers from Marie-Claire Pellerin, CEO

- ECLOF International with validation, corrections and questions answered by email by Barbara Doswell, Project Coordinator
- Remei with validated and corrections by Salome Tscheulin, Marketing & Corporate Communication
- Stiftung Föderraum who chose to not answer based on limited time and language issues, therefore removed from research

All these organisations were approached to participate, while 9 of them ultimately agreed. This sample was divided across at least three categories of WISE (Work Integration Social Enterprise), social finance and Fair Trade, with at least two organisations being initially placed in each category.

The CEO was asked to review and correct the description of the company and answer additional questions. This was sometimes delegated and many times, as the bulleted list set out above indicates, the questions themselves were not answered, either as being too detailed or confidential. ABS, jobfactory and diesozialfirma agreed to an interview, but due to the researcher challenges to find flexibility with his job, an exchange of documents by email was agreed, like it was done with the other companies. Only one interview was performed with DASBREITEHOTEL, as the CEO offered to be available by phone for further details and a physical meeting could be arranged. This was undertaken (when, where) and lasted about one hour.

Documents were sent to the Interviewee for validation purposes.

3.6. Research Ethics

The goal of the research was explained at the beginning of the interview and the interviewee's agreement reconfirmed. Both confidentiality and possibility to review the draft of their company description and interview summary was offered, as well as the possibility to withdraw their participation until the end of March 2017.

The exercise was communicated for the purpose of a master thesis only, and for a possible publication and distribution beyond of the scope of this dissertation, their agreement will be requested.

4. Research Results

4.1. Introduction

This chapter will describe each of the companies researched and the findings. This section will proceed to the first researched company, Alternative Bank Schweiz.

4.2. Alternative Bank Schweiz

Narbel (2014) considers Alternative Bank Schweiz as the “leading provider of ethical banking services” (p. 2) and the pioneer, it was founded in 1990, of social and ecological banking standards in Switzerland. This suggests a niche market leadership position that is recognised by peers. Reflecting this, Alternative Bank Schweiz placed a higher priority on ethics and transparency goals than on profit, which it nonetheless considers necessary to fulfil the mission of the company. The Bank sees itself as a provider of sustainable finance – with equivalent emphasis placed on both parts of this descriptor. This is accomplished through loans for the purpose of housing, both affordable and ecological, renewable energy, organic farming and to support organisations who have a relatively modest social or ecological impact (Alternative Bank Switzerland, n.d.).

The social-economic achievements of Alternative Bank Schweiz were confirmed and validated by the Sustainable Banking Scorecard, managed by the Global Alliance for Banking (GABV), which Alternative Bank Schweiz is a member of. This Scorecard demonstrated that Alternative Bank Schweiz achieved a very positive 82% rating, as well as winning the “Sustainability Innovation Award” from Business School Lausanne as well as Zürcher Kantonal Bank award for transparency, sustainability and ethics in 2012 (Banque Alternative Suisse, 2016; Narbel, 2014).

Alternative Bank Schweiz's reports provide metrics and reporting on its social, ecological and financial impacts (Narbel, 2014) and can therefore be considered a textbook example of the application of a triple bottom-line. It also fulfils the terms of a social enterprise as defined in this dissertation, with the addition of very high ethical standards and transparency.

The key issue within the governance of Alternative Bank Schweiz is to keep alignment on the part of its management or shareholders to the goals of the company and this is done through the control of share ownership. Not only does the acquisition of shares have to be validated by the Board of Directors, but if a present shareholder does not share Alternative Bank Schweiz's values, the bank is allowed to buy back the shares concerned (Narbel, 2014; Rohner, 2017).

The company was established on the basis of self-participation and democratic principles, but it has proven more complex to maintain these principles in practice than expected, in particular in case of regulatory changes. The planned democratic and participatory governance had therefore to be more centralised in practice compared to original intentions (Narbel, 2014; König & Wespe, 2015).

Employees at Alternative Bank Schweiz are paid market-competitive salaries, the only difference being that they are not getting a bonus (Wurlod, 2016).

Alternative Bank Schweiz organises internal training sessions on the topics of ethics and sustainability, as those topics are considered as significant as banking skills (Banque Alternative Suisse, 2016). The Bank also claims to have a very flat hierarchy and high participation of staff at all levels in the discussions and decision-making process.

It also shares information widely, like the minutes of the executive board and board of directors, as well as information on the salaries (Alternative Bank Schweiz, 2017).

Alternative Bank Schweiz describes its leadership requirements as integrity, engagement and practising the principles of the bank (Alternative Bank Schweiz, n.d.).

Due to the high ethics and transparency, it can be reasonably asserted that the bank commands greater trust than traditional banks (Narbel, 2014).

As a result of the 2008 global financial crises, a large number of clients turned to Alternative Bank Schweiz for their financial needs (Narbel, 2014).

Alternative Bank Schweiz's Strengths, Weaknesses, Opportunities and Threats (SWOT) is shown in figure 7 below:



Figure 7 – SWOT Alternative Bank Schweiz (Source of template: BOYHD, nd)

4.3. DASBREITEHOTEL

DASBREITEHOTEL is 3 star hotel with 36 rooms, 54 beds and is operated through ecological principles (Pauletto, 2008; Bertels, 2008).

In 2010, because of financial problems, it was acquired by the foundation Weizenkorn (Stiftung Weizenkorn) and a new CEO was brought in, Philipp Roggensinger (2017). He reorganised the company to provide balanced finances through refinancing of the mortgage on its property, delegating some supporting functions such as HR, accounting and social support to the mother company, Stiftung Weizenkorn (Roggensinger, 2017).

Although the Stiftung Weizenkorn does not separate P&L for each company, Roggensinger (2017) believes that DASBREITEHOTEL is profitable.

The hotel can be considered as a protected workshop, with the goal to enable targeted people to gain marketable experience working at the hotel of such quality as to enable them to move into a normal (market-based) job (Roggensinger, 2017).

It currently employs 40 people with various disabilities, including 4-6 apprentices and 20 staff members. Among the latter are 8-12 social workers. Due to the integration and employability commitments of the hotel, it has five time more employees than a broadly comparable for-profit normal hotel (Pauletto, 2008; Roggensinger, 2017).

Non-disabled employees deserve to receive pay similar to or even slightly higher than in other hotels (Roggensinger, 2017; Roggensinger, 2017).

The CEO considers that the recognition of the value of the employee is the main priority of the hotel but stating “our main currency is not Swiss francs but the appreciation”. What the employees appreciate particularly is that there is less time pressure than in a typical restaurant or hotel. This reflects a deliberate strategy on DASBREITEHOTEL’s part and this is the main reason for the high friendliness, quality and consequently customer satisfaction (Roggensinger, 2017).

DASBREITEHOTEL is not subsidised as such. The government only provides financial compensation for the costs of the social workers who are supporting the disabled employees. These payments account for 1/3 of the revenues of the hotel, hence the research consider that 66% is the rate of earned-revenue used for comparison reasons in this research. The disabled employees with disabilities are there not paid as such, but get a small compensation (Roggensinger, 2017).

Turning now to leadership issues, Roessinger (2017) defines the leadership value as: “it is not a business, it is a heart thing” – not mainly cognitive, more emotional in nature. This shows that the desire to support the hotel’s values and vision and support its attitude to multi-stakeholder learning is closely related to its ability to reach its goals. He also highlights, reflecting this commitment, that Emotional Intelligence is equally critical. The most difficult leadership capability to find is suitable humility and the absence of selfish personal goals (Roggensinger, 2017).

The goal of the CEO of DASBREITEHOTEL is to develop the employees so that they move on to an ordinary, market-based job. Achieving this is regarded as the highest compliment and most profound measure of outcomes. On the other hand, there are no systemic and relevant leadership training programmes and, despite the rotation being low, employees are not really interested to move on to a leadership role elsewhere, therefore most team or department heads from outside the company.

However, finding competent people outside the company who are ready to accept the salary level is often a challenge and requires a substantial identification with the goals and the vision of the hotel (Roggensinger, 2017).

In 2009, four years after its opening, DASBREITEHOTEL was named the best hotel in Basel by the online portal Trivago (Masek, 2009). It has also received the TripAdvisor certificate of excellence in 2013, 2014, 2015 and 2016 and awarded to the top 10% hotels in Switzerland (DASBREITEHOTEL, 2013; Roggensinger, 2017). Likewise in 2012, hotel.de named DASBREITEHOTEL the 3rd best business hotel in Switzerland (DasBreiteHotel, 2012; Stampfli, 2012). In 2015, it also obtained a gold medal for Friendliness from Switzerland Tourism (Stiftung Weizenkorn, 2016).

In 2010, 63% of the returning customers chose DASBREITEHOTEL (DASBREITEHOTEL, 2010). However, clients rarely come for the first time because of the social side of the hotel and some clients are surprised to be served by disabled and even react sometimes strongly against it, as in some countries, disabled as considered to be 'unclean' (Roggensinger, 2017).

The client base is well spread with hundreds of customers, the prices are constantly optimised with a competitive revenue management system and are therefore in no way different than the other hotels of a similar profile and location (Roggensinger, 2017).

The SWOT of DASBREITEHOTEL is shown in figure 8 below:



Figure 8 - SWOT DASBREITEHOTEL (Source of template: BOYHD, nd)

4.4. jobfactory

The purpose of jobfactory is to provide a practical training to prepare young people to have better chances to get started in the job market and obtain a position as apprentice – the Swiss vocational or dual-learning system (jobfactory, 2016).

jobfactory is self-financed at 80% (jobfactory, 2016), the 20% remaining representing the coaching to the junior, and which is financially supported by the state and some private donors (Masek, 2010; Feusi, 2010).

It was founded in 2000 by the foundation Stiftung Weizenkorn, and still owned by them, with the goal to solve social issues through the strength of the market (Jenny, 2009).

The finding that even in a highly developed country like Switzerland 25,693 young people have no work has been the main motivation to start the company (SECO quoted in Jenny, 2009).

The vision is to reduce the billions CHF spent on social programmes, as well as reduce the dependency of these young people on social support (Feusi, 2010).

jobfactory has been selected as the first “Social Entrepreneur” by the Schwab Foundation of Social Entrepreneurship (Masek, 2010; Feusi, 2010).

The “juniors”, as the young workers are called, have to learn precision, punctuality, independence and perseverance and their school knowledge will also be deepened (Feusi, 2010).

The fixed employee (not the junior) are paid at market rates (Wiedmer, 2017).

The CEO is expected to represent and live Christian values and the leadership style is expected to be collegial and based on mutual respect (Wiedmer, 2017).

From leaders at all levels, the expected values are openness, fairness, respect, reliability and if possible Christian values and the support of the vision of the company, the latter being the hardest to find (Wiedmer, 2017).

The leadership is developed mostly through the lived example of the CEO and the executive board (Wiedmer, 2017).

In 2015, jobfactory achieved a revenue of 13.7 million CHF (jobfactory, 2016).

Robert Roth, CEO and Founder of jobfactory, claims that there is plenty of work and customers; and that the diversity of activities, fifteen in all, is one of the factor of success, the customer base being well distributed across these activities with no price difference towards the competition (Masek, 2009; Wiedmer, 2017).

SWOT of jobfactory is shown in figure 9 below:

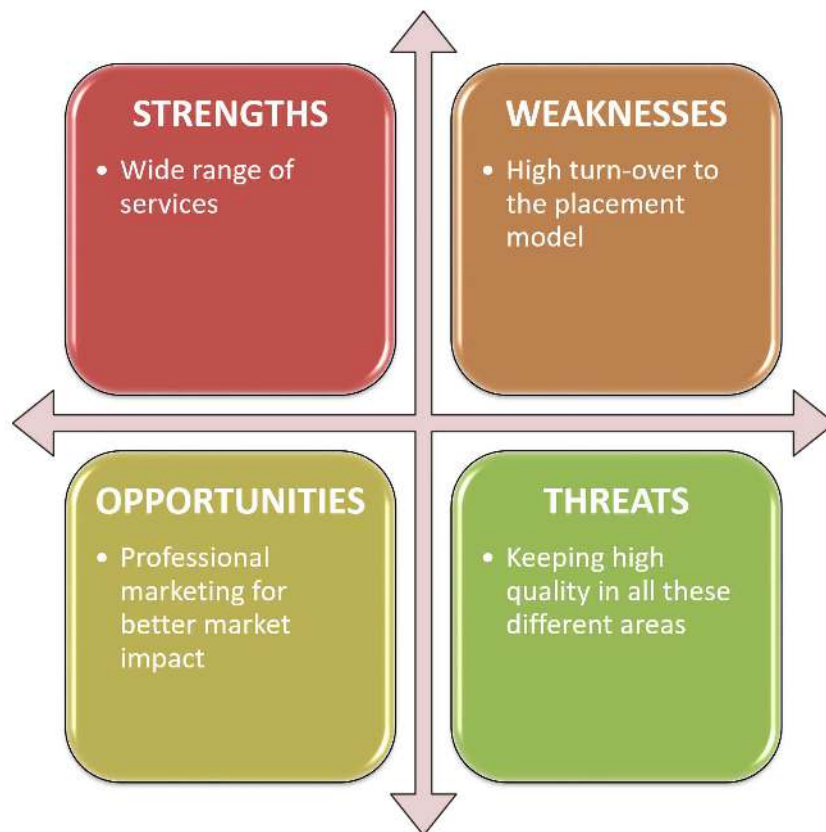


Figure 9 - SWOT jobfactory (Source of template: BOYHD, nd)

4.5. Claro

Claro, whose slogan is: “Fair, with love & care, since 1977” (Claro, 2014, p. 6), is a Fair Trade distributor with a range of products including tea, honey, rice, chocolate, dried fruits, coffee, and many other organic products. Traditionally made objects such as wooden toys, baskets, towels, kitchenware, decoration articles are also included in the range. Resellers are Magasins du Monde, 100 independent Claro shops and Claro’s own UNICA shop, as well as exports to shops and organisation worldwide (Claro, 2016).

Claro's CEO Marie-Claire Pellerin defines the core values as "best quality of products, very long term business relationships, transparency, 100% Fair Trade, decision made because of development of community and not for financial reasons" and its mission as "giving access to southern producers to the northern countries by creating revenues enabling education and development of communities in the south" (Pellerin, 2017).

The employees of Claro are paid below the rate of the retail and trading industry (Pellerin, 2017).

The desired quality for the position of CEO are the high ethical values as well as good trade competences. When hiring leaders, the expected qualities are a passion for Fair Trade as well as professional experience, the most important characteristic by all employees being the self-responsibility and most difficult to find being effectiveness. Leadership is developed by learning-by-doing and by regular feedback (Pellerin, 2017).

The differential point between Claro and growing supermarket Fair Trade product range is that Claro aims at having of its products with 100% Fair Trade (Claro, 2014).

Claro CEO's, Marie-Claire Pellerin, confirms that 100% of revenues, 13.3M CHF for the exercise 2015/2016 are realised by the sale of Fair Trade product and indicates that the client base is made of over 200 clients (Pellerin, 2017).

She also explains that the purpose is not the profit and therefore the policy is sell at real cost. The price sold to the producers are based on a list price and include a premium to enable real local development. The products are either prepared at the place of production or by a family-run companies in Switzerland (Pellerin, 2017).

Pellerin (2017) estimates that prices of Claro are 20 to 30% higher than the supermarket selling fair trade products.

SWOT of Claro is shown in figure 10 below:



Figure 10 - SWOT Claro (Source of template: BOYHD, nd)

4.6. diesozialfirma

diesozialfirma's services are considered a premium product range, able to command premium prices, and competing with the higher price segment, hence its slogan is "Premium Partner" (Fischer, 2011; Rothacher, 2014; diesozialfirma, 2016). This is mostly due to the twinning of employees, the fact that both employees are checking each other, thus the company can achieve premium services (Facility Services, 2010). diesozialfirma has several brands, such as a cleaning/janitor brand "putzandglanz", a gardening brand "baumundgrün".

In the near future a dog and cat hotel “hundundchatz” as well as a childcare brand to be called “kindundglück” will be introduced (Yoker, 2010).

The vision of diesozialfirma is to develop, support and integrate people with health challenges in the primary market in a sustainable way (Gabler, 2012).

diesozialfirma’s goal is not only to reduce further the cost of the social insurances by having no financial support and having no competition limitations, but also to build the confidence and value of the employees and not stigmatise them, in other words the sustainable integration of the workers in the first market (Mühlegg, 2015; Marquardt, 2016) or as stated by the CEO “turning invalidity insurances beneficiaries into tax-payers” (Petrò, 2012) and therefore also benefiting the public entities, as their social charges will be decreased (Facility Services, 2010).

Recipient in 2011 of the special Integration special award “Start-up Social Entrepreneurship” of the Suva (the Swiss confederation’s insurance accident) (Neue Zürcher Zeitung, 2011; Zürcher Oberländer Anzeiger von Uster, 2011; diesozialfirma, 2016). diesozialfirma, together with its client Medicall AG also received the International Charity Award of International Assurance Group, as well as named as a finalist in the Swiss Ethics Award 2016 (diesozialfirma, 2016; Marquardt, 2016).

The salaries are slightly higher than the market-rate, namely minimum 3,800 CHF per month and include a 13th salary (Yoker, 2010).

All employees, 30-40 in the two developed area, half of them with health challenges (diesozialfirma, 2016) receive the same compensation package (Facility Services, 2010) and work in pair, one employee with health limitation and one employee without, forming a permanent team being perceived as two colleagues rather than a carer and a cared-for (Yoker, 2010).

diesozialfirma's CEO noticed that employees with health challenges are at least as punctual as people without, and this is due to the fact that their job gives them pride and a better social status than as beneficiaries of state support and with a slightly higher salary as the industry average. The consequence is that the company can expect more quality from its workers (Petrò, 2012).

The staff of diesozialfirma considers the CEO Marcel Morf as an ideal boss: always in a good mood, friendly and always a careful listener (Fischer, 2011).

Honest feedback is a basic leadership principle, as well as flexible worktime. In the mouth of one of the employee "we have the best Chiefs" (Mühlegg, 2015, p. 38).

Morf explained that their company has to bring its services to the market, like any other company and that it has additional requirement in support of their staff as well as quality control, hence the service sales doesn't cover the entirety of the costs (Fischer, 2011).

diesozialfirma has no state support and is a self-supported reaching 85% of its income from earned-income, the rest being supported by social private and company partners (Marquardt, 2016) and pays no dividends, all profits been reinvested (Fischer, 2011; Rothacher, 2014).

diesozialfirma's SWOT is as in figure 11 below:



Figure 11 - SWOT diesozialfirma (Source of template: BOYHD, nd)

4.7. Remei AG

The heart of the activity of Remei is the “responsible and organic fashion, traceable back to the farmer” (Tscheulin, 2017) and its philosophy “the respectful handling of people and nature with the production of textiles made of organic cotton” (Remei AG, 2016, p. 18), illustrated by its slogans are “Respectful Organic Cotton” and “Be special using bioRe” (Remei AG, 2016).

The bioRe value are as follow (Remei AG, 2016):

1. Organic cotton
2. Fair production
3. Ecological and gentle on the skin
4. CO₂-neutral
5. Traceable back to the farmer

In 2014, Patrick Hohmann, founder of Remei received the sustainability award eco.swisscanto in 2009 the ZKB sustainability award, in 2006 together with Coop the Swiss Award for Business Ethics and in 2002 the Award for Sustainable Development Partnerships by UN (Remei AG, 2016).

Dividend, on an annual revenue that was 13.35 M CHF in 2015, is being paid, as well as bonuses to the farmers (15% extra on top of the price paid for the good) (Remei AG, 2016).

The differences with Remei compared to their competitors are extensive services provided by bioRe Foundation, unique quality label bioRe, organic growth of cotton by bioRe Foundation, social support to producers and their local economy by bioRe Foundation, the complete traceability with checks at each supply chain stages and the combination of organic and Fair Trade (Remei AG, 2016; Tscheulin, 2017).

One of the latest project is the internationalisation of Coop's brand Naturaline, Swiss most very well-known sustainable brand, starting with the German-speaking countries and Scandinavia (Remei AG, 2016).

Galleries LaFayette and Gerry Weber have joined Coop with private labels sourced through Remei (Remei AG, 2016).

In addition to the private labels, Remei is also offering corporate T-Shirts, polo shirts, sweatshirts and sweat jackets (Remei AG, 2016).

Remei's SWOT is show in figure 12 below:



Figure 12 - SWOT Remei (Source of template: BOYHD, nd)

4.8. ECLOF International

Established in 1946 by the World Council of Churches, ECLOF has a clear vision to support the poor as a social mission (ECLOF International, 2016) and seek to operate in rural areas with vulnerable communities (Doswell, 2017).

ECLOF's mission is to use microfinance to support the progress of social justice and dignity (ECLOF International, 2016), as well as supporting the confidence and self-esteem of the disadvantaged people, such as women, and give them possibility of empowerment (ECLOF International, n.d.).

The values are as follows (ECLOF International, 2016, p. 4):

- Human dignity (access to resources in order to provide for families, employees, churches and communities)
- Social justice (right to food, education, health, secure livelihood and community life)
- Solidarity (improve the lives of the clients)
- Participation (support vulnerable, marginalised groups such as women, girls and young people and promote their leadership and participation)

The chairman of ECLOF, Kimanhi Mutua, highlights that the heart of the activity of ECLOF is the work in the rural areas (56% of clients) mostly low income clients (ECLOF International, 2016).

The difference compared to other microfinance providers is that ECLOF examine their client's lives in a comprehensive way as well as examine ways to improve their lives. This means that ECLOF tend to have more customised products often linked to specific topics (agriculture, education). It also has non-financial services such as training for business, finances, health, home improvement and water (ECLOF International, 2016).

The salaries at ECLOF International are lower than its competitors, the commercial banks (Doswell, 2017).

ECLOF consider leadership as the core of its organisation and needed to provide the energy for social performance management and is seen by ECLOF as required for influence for all stakeholder in order to achieve improvement in line of the mission of the organisation on a continuous basis (ECLOF International, n.d.).

Leaders at ECLOF are required to be an example and handle situation in an ethical way by recognising ethical dilemmas (ECLOF International, n.d.).

ECLOF expect the CEO to be an experienced professional leader with substantial proven experience in the leadership of operations in the microfinance market. The other leaders are expected to bring experience, personal qualities, and decision making skills and be inspirational. The leadership quality that yields the best results is commitment and motivation in promoting social justice and the most difficult to find is the required skills while providing a lower pay than commercial bank (Doswell, 2017).

In 2015, ECLOF realised a revenue of 973,516 CHF (ECLOF International, 2016; ECLOF International, 2016) and has about 137,000 clients in their entire network. The prices, which are in fact fees and interests, are determined by the local ECLOF member in order to achieve sustainability, covering their costs, the goal being not to maximise profits, hence ECLOF classified itself as “non-profit organisation” (Doswell, 2017).

ECLOF's SWOT is show in figure 13 below:



Figure 13 - SWOT ECLOF International (Source of template: BOYHD, nd)

4.9. responsAbility

Created in 2003, responsAbility is one of the largest asset manager for development investments and offers professional-management investments only to private, but also to institutional and public clients. Many famous financial institutions (such as Alternative Bank Schweiz) invest through responsAbility (responsAbility, 2017; Brassel, 2017) and counts among its shareholders Raiffeisen Group, Swiss Re Foundation, Bank Vontobel, Alternative Bank Schweiz and its employees, with a little less as 30% of shares (responsAbility, 2016).

The vision is to be the largest independent asset manager with a specialisation in investments in development of emerging countries in order to support shared prosperity and progress, supporting the lowest paid people to provide economic

growth and ultimately social progress through its investments returning it then to the economy itself (responsAbility, n.d.).

The guiding principles are (responsAbility, n.d.):

- Expertise (specialist knowledge and strong interpersonal skills, environment supporting talent development)
- Integrity (trust as basis for our reputation)
- Innovation (new perspectives and actions out of the box)
- Partnership (balance different interest of the stakeholders as basis for mutual trust and shared success in an open and respectful manner and treated as equal)

responsAbility believes that a dynamic environment with permanent changes attract in fact the right people with the following profile (responsAbility, 2016, p. 7):

- Passionate about development investment
- Thriving on change
- Developing our business
- Acquire new skills
- A systematic spirit of discovery

A differentiator of responsAbility towards other investment companies is the local network and the ability of responsAbility to be the local investor as well. The investments are only done in developing countries and in area of relevant to infrastructure and with benefit to the lower income part of the population (responsAbility, 2016).

responsAbility's SWOT is shown in figure 14 below:

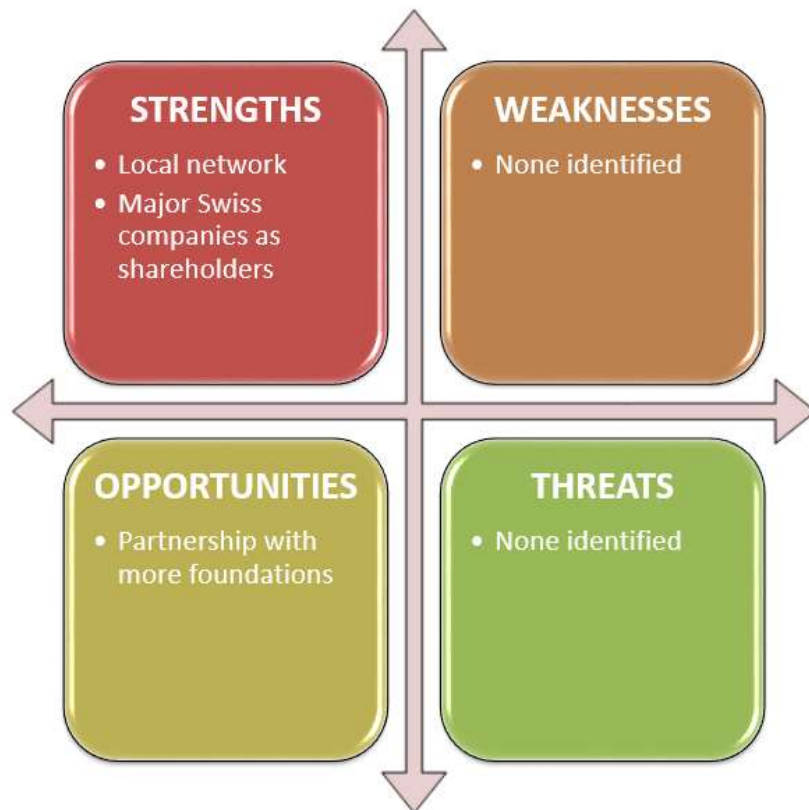


Figure 14 - SWOT responsAbility (Source of template: BOYHD, nd)

4.10. BlueOrchard

Established in 2001 by the United Nations, BlueOrchard is in fact the first manager of the microfinance investment in the world (BlueOrchard, 2016), managing both specialised and thematic funds (BlueOrchard, n.d.)

The slogan is “Helping to end poverty worldwide” and it claims that 30 million people are reached in 70 countries (BlueOrchard, n.d.).

The vision is “providing opportunities to the working poor to improve their lives” and have “significant impact on the lives of the world’s poor” (BlueOrchard, 2016, p. 3)

BlueOrchard considers that a strong network of partners is extremely important to have such impact (BlueOrchard, 2016).

BlueOrchard is clearly committed to responsible finance. All over the world, the team members are dedicated to establishing microfinance as a safe and reliable instrument for financial inclusion” (BlueOrchard, n.d.).

Specific loans products have been created to cover for ecological services such as solar panels, biodigester, ecological cooking stove and education. In addition to financing, BlueOrchard also provide savings and weather insurance products (BlueOrchard, 2016).

BlueOrchard’s SWOT is shown in figure 15 below:

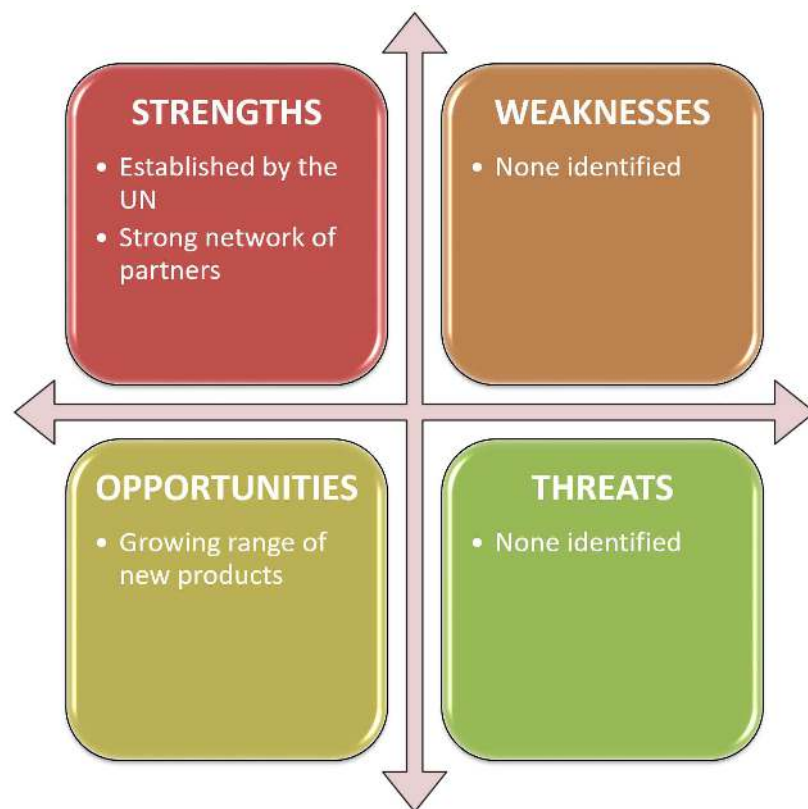


Figure 15 - SWOT BlueOrchard (Source of template: BOYHD)

After this review of companies, the following section will bring key conclusion.

5. Conclusions and Recommendations

5.1. Introduction

In this chapter, key conclusions will be drawn based on the analytical work set out in the previous chapter. These will then be compared with the research literature to identify areas of (dis-)confirmation and apparent disagreement, on which the conclusion will be built and the recommendations derived.

5.2. Conclusions

What fascinated the researcher is that many of the researched companies reached a very high standard in their industry and many of them won multiple awards, their quality being even higher than most non-social enterprises in their industries. It is therefore possible to be both a quality market-leader and a social oriented company.

Most of the researched companies have in common the fact that their quality is at the top end of the market. The reasons are mostly due to the added motivation of the staff as they identify with the mission and values of the company. Additionally, at least for DASBREITEHOTEL, the reduction or even absence of stress and ability to be a little more flexible with their time adds employee satisfaction, therefore better service quality (Roggensinger, 2017).

As may be expected from Social Enterprises, these organisations have social goals at the heart of their vision and mission and all fit the EMES six criteria of social enterprises (Crivelli, et al., 2012, p. 6; Défourny & Nyssens, 2012).

The principle of Double Bottom Line or Triple Bottom Line arguments both states that “profitability is still a goal, but it is not the only goal” (Boschee, 2006, p. 361). The researcher notes, however, that often the social goal precedes the financial cause when making difficult (mission-stressing) choices, as it was voiced by the CEO of

Claro and jobfactory. Financial sustainability is clearly a goal, but not profit maximisation, hence social goals do indeed come before financial goals, confirming Artin's (2010) argument.

Boschee (2006) explains that although sustainability can be achieved through a mixture of philanthropy, subsidies and earned-revenue only when aiming at self-sufficiency. Two foundations, legally NPOs, Weizerkorn and ECLOF have understood this and established SEs at the heart of their activities. One issue that the researcher sees is that such foundations or some other SEs might not share the risk and business acumen that Boschee (2006) describes as needed to run an enterprise. Boschee (2006, p. 366) even says that some SE stakeholders are not comfortable with what he calls "making money".

One question asked in both the questionnaire and interview was about the leadership traits required from the senior leaders of the company, particularly the CEO. The most often mentioned characteristic is that the senior leaders have to provide an example (mentioned by jobfactory, diesozialfirma and ECLOF). Their belief in the values of the SE was also mentioned by two SEs, jobfactory and DASBREITEHOTEL.

When asked what is critical for all leaders, the topic of ethics came first and was mentioned by Alternative Bank Schweiz, Claro and ECLOF. This was followed by identification with the vision of the company by DASBREITEHOTEL, Claro and jobfactory.

The most difficult trait to find is the desire for growth (Alternative Bank Schweiz) and unselfish goals (DASBREITEHOTEL). Especially in companies that pay below market rates, like ECLOF and Alternative Bank Schweiz, it is difficult to find people with sufficient skills ready to accept a lower pay rate.

Most leaders of the researched SEs who responded to the questions emphasised the required leadership qualities of humility, characterised by good listening ability, team playing, the ability to respect other team members and delegation skills (Ratiu, et al., 2014; Leadbeater, 2006).

This research has shown that there is a lack of comprehensive leadership training in the studied SEs, except by ECLOF. Most of the training is done through learning-by-doing and leaders are expected to be mentoring their team members.

All the leaders of the research companies where a detailed description of their style was available also displayed attributes of the three leadership styles described by the Schwab Foundation for Social Entrepreneurship and World Economic Forum, namely ethical, transformational and empowering leadership style (Heinecke, et al., 2014). Particularly important were high ethical standards, role model (part of the ethical leadership style), and inspiring their team with their vision (transformational leaders). The empowering leadership style (building up people to have self-management capacity, development and achieve high performance) is, from the observations of the researcher, the weakest of the three.

Another trait of leadership style that needs to be most developed is what they call transactional leadership (Heinecke, et al., 2014), the managerial part of the leadership practice, including developing systems, and processes.

A SE therefore requires having sufficient professional skills in running the company with the competences required to achieve top quality. This confirms Depedri (2010)'s position that due to the social impact of the SEs the employees are more motivated and this produce more innovation.

SEs are different from other companies. This social difference is sometimes chosen by customers. SEs sometimes even enjoy a niche market. Can they reach the quality levels and command a higher price than comparative enterprises?

Four SEs, DASBREITEHOTEL, jobfactory, responsAbility and BlueOrchard, have the same prices as their competitors, the last two being in a niche market.

Three, Claro, Remei and diesozialfirma, have a higher price are considered as premium.

The SEs do not all raise 100% of their revenue through sales. Some do receive a part of the revenue, between 15 and 33%, from coverage of their social costs by the government or by supporting partner companies or NPOs.

Artin (2010) expresses the view that the customer should not use the social enterprise primarily because of its social cause but that the quality and price should be competitive. This is confirmed by several of the SEs studied that have received awards for their quality and are comparable in terms of price. However, Artin (2010) identifies the passion and motivation of the employee as an additional competitive advantage.

5.3. Recommendations for the stakeholders

The practical implications of the recommended model for a successful earned-revenue social enterprise set out above are as follows:

- Develop strong values and communicate them
- Find a niche market
- Lead staff in a supporting and ethical way
- Hire the right professionals (professionals in marketing and financial and transactional leadership) at near- or full-market rates
- Train leaders within the organisation

The values and vision are central for a SE and they are the focal point for the employees and client alike. Having values and mission clearly communicated is essential to make the SE attractive to its employees who can identify with it and to clients who will be ready to pay even more for its services if they can identify with the values and mission. It is therefore recommended that the senior management and the owners of the SE define and agree the value and communicate regularly to all stakeholders.

Likewise, to command a premium price, the product/service has to be special (having an ethically meaningful and targeted Unique Selling Point) and in a niche segment where competition is not too high and the product not perceived as a commodity. It is recommended that the SE's CEO and the sales and marketing directors(s)/manager(s) carefully craft a unique selling proposition and marketing strategy to reach a premium position and engage whenever needed professional for the required distribution and communication channels.

A supportive, developing leadership will attract employees and will enable them to sustain high motivation, innovation and creativity. The time spent on understanding, developing and supporting employees brings a high value to the quality of the products/services. It is recommended that all leaders of the SE at all levels in the company regularly train themselves in their own leadership skills and apply that knowledge in leading their team and developing the team members.

It is recommended that the SE's human resource director engage recruitment agencies and professional on specific professional skills that need to be procured to the highest standards. To compete with other non-social enterprises in the market, it is very important that Social Enterprises have access to the same talents as their peers. Achieving savings by hiring junior and less experienced marketing and accounting staff resources is counter-productive: a false economy. Professional accounting analysis and controlling is instrumental in making educated choices in the managing of the social enterprise.

A successful social entrepreneur is usually also an inspirational leader, but their abilities in their managerial tasks are often a source of weakness. It is therefore recommended that social entrepreneurs recognise their own limits and hire professionals accordingly. This is an aspect of transactional leadership (Heinecke, et al., 2014, pp. 5-6), where other people act to enable the social entrepreneurs to complement themselves, but qualities of self-awareness, modesty and self-criticism reinforce this core imperative. It is however recommended that the hiring manager, the SE's CEO, pay particular attention on the fully alignment with the SE's missions, visions and values.

Giving additional leadership training to the staff will equip them to climb through the ranks of seniority, providing cost effective leaders who have a historical immersion in the vision and its workings (Heinecke, et al., 2014). It is also important to provide sufficient training in business development, operations and marketing (Boschee, 2006). Developing leaders within the organisation should be one of the key tasks of a CEO (Maxwell, 2011), and it recommended that all leaders of the SE spend a good proportion part of their timing develop the individual in their time, providing mentoring and coaching, supported by external leadership specialists providing an external view and support.

5.4. Limitations and recommendations for future research

This research was performed solely in Switzerland with only nine SEs participating in the research. It was also fully performed only on the largest and most successful SE, in order to show the model in action with leaders of the earned-revenue SEs.

Therefore, this sampling is too small to reach anything but a tentative conclusion. Its findings need to be confirmed by further research work. Future research needs to be done in the following areas:

- Full analysis of leadership styles of social entrepreneurs
- Full analysis of product positioning and pricing comparison
- Effect of a professional financial controlling
- Model of leadership development and training within Social enterprises.

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