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SOCIAL ENTREPRENEURSHIP AS A FORCE FOR MORE INCLUSIVE AND INNOVATIVE SOCIETIES: AN ANALYSIS AND PROFILING OF SOCIAL ENTERPRISES IN SPAIN

EDITED BY TOMISLAV RIMAC AND LUCA MONGELLI

Luca Mongelli

Social Entrepreneurship as a Force
for more Inclusive and Innovative Societies:
An analysis and profiling of social enterprises in Spain

Edited by Tomislav Rimac and Luca Mongelli

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lead researcher in Spain for EC financed FP7 SELUSI project on social entrepreneurship and innovation. Since 2013, he has been a member of the Social Innovation Ambassador Network (SIAN) for the BENISI FP7 project on scaling social innovation. Prior to entering academia, Tomislav held managerial positions in Canadian financial industry and IT and engineering consulting sectors. He co-founded "All Through The House", a social purpose initiative of the "St. Christopher

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Luca Mongelli is an Adjunct Professor at LUISS Guido Carli (Rome). In LUISS he also is the Country Manager for the European Research Project (7thFP) on Social Enterprise SEFORIS (<http://www.seforis.eu/>) and the Executive Coordinator of ERSHub (Ethics, Responsibility and Sustainability). He launched and currently runs the Social Impact Program and teaches in many LUISS ERS Labs.

He got his PhD in Management and during his career he has been visiting scholar at the Royal School of Technology in Stockholm, and at the Stern Business School of New York University.

In LUISS he has been part of the LUISS Task-Force for the EQUIS accreditation, working to the creation and launch of the ERSHub.

His two main research streams are technological innovation, where he studies firms' reactions to discontinuous technological shift; and social enterprises, where he deals with hybrid organizations and institutional logics, in particular with the identification of market-driven activities which allow the empowerment of marginalized individuals.

SEFORİS stands for “Social Entrepreneurship as a Force for more Inclusive and Innovative Societies”. It is a multi-disciplinary research programme, funded by the European Commission, that investigates the potential of social enterprise in the EU and beyond, to enhance the inclusiveness of societies through greater stakeholder engagement, promotion of civic capitalism and changes to social service provision.

This Report presents in detail the results coming from the data collected in Spain. Such a

contribution is unique in its scope and depth – in our (admittedly, lengthy) conversations with participating organizations, since it discussed a whole host of topics, ranging from social enterprises’ innovation habits to their perceptions of the market wherein they operate. It is unique in its methodology - we adopted a special type of snowball sampling method, called respondent driven sampling, which allowed us to survey a representative sample of social enterprises in Spain through tapping into networks of the con-

tacted organizations. And it is unique in its rigor - we took a range of steps to ensure data quality. In conclusion this Report provides a whole set of evidences regarding the novel experimentation carried out by social enterprises and their positive and creative impact in nowadays society in terms of inclusiveness and innovation.

INTRODUCTION

Between April 2015 and December 2015, the SEFORIS consortium surveyed over 1000 social enterprises in Hungary, Romania, Spain, Portugal, Germany, Sweden, the United Kingdom, Russia and China. This means that thanks to the diligent cooperation of social enterprises and funding from the European Union, we have been able to launch the world's largest and most rigorous panel database on social enterprises. This report presents key findings for Spain. Where possible, we compare findings to the 2009 SELUSI survey, the predecessor of the SEFORIS project.

What is the SEFORIS Survey? - The SEFORIS database is unique in its scope and depth – in our (admittedly, lengthy) conversations with social entrepreneurs, we discussed in detail topics, ranging from their innovation habits to their perceptions of the market in which they operate. It is also unique in its methodology – we adopted a special type of snowball sampling method, called respondent-driven sampling, which allowed us to survey a representative sample of social enterprises in each country through tapping into their networks. Finally, our database is unique in its rigour as we took meticulous steps to ensure highest data quality. For instance, our interviewers (analysts) were extensively trained and we conducted ongoing checks to ascertain that interviewers are consistent in the way they recorded the answers of social entrepreneurs.

Who should read this report? - This report is designed to help social entrepreneurs benchmark their organisation against fellow social enterprises in Spain. We hope the report can help social enterprises to better place their organisation (e.g. what makes it distinct; readily spot differences and similarities with their peers). The report will also be useful for support organisations and policy makers to obtain an overview of social enterprises in Spain. If this report can be put to any other good uses, we would be most delighted. Of course a rich database like ours contains many more insights and policy implications, which will soon be published on www.seforis.eu.

Please feel free to contact us with your questions or remarks. Below you will find the contact details of Tomislav Rimac, Principal Investigator and Coordinator for Spain and Marieke Huysentruyt, Principal Investigator and President of the Academic Advisory Board of the SEFORIS Project. Also, if you would like to read the other country reports or find out more about the other research initiatives within SEFORIS, please visit our website: www.seforis.eu.

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SOCIAL ENTERPRISES IN SPAIN

How to read this report?

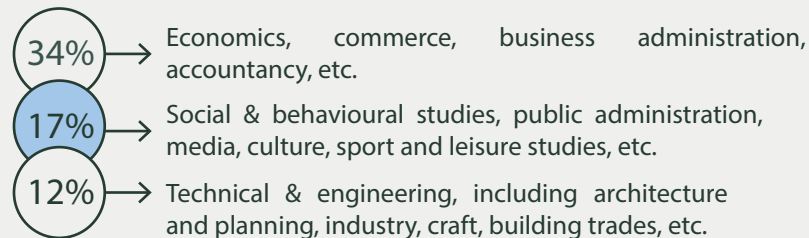
At the beginning of each topic section, we briefly recap what we measured and how to interpret the data summarised in the graphs or visuals. In case you are interested in more detail on how we analysed the information, you will find a more detailed description in the 'methods' boxes. We interviewed 127 social enterprises in Spain. Please note though that the total sample size we base this report on varies slightly across the different sections; this is due to some missing data, some questions not being applicable to all social enterprises, and some questions having multiple answers.

CEO PORTRAIT - SPAIN

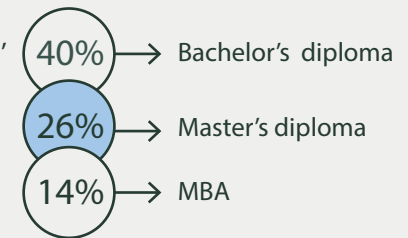
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SEFORIS
2015

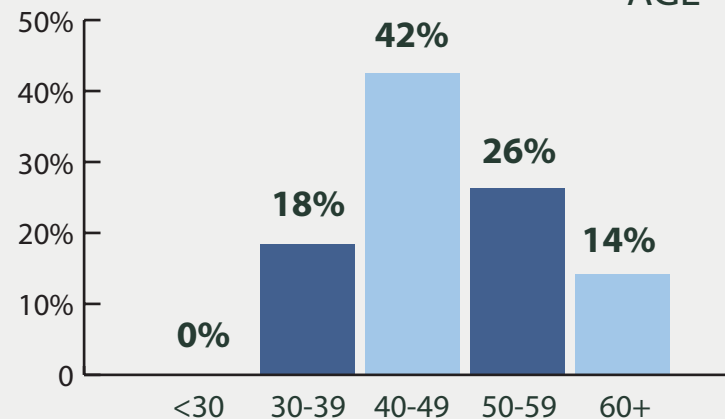
EDUCATION AREA (Top 3)



EDUCATION DEGREE (Top 3)



AGE



48
years

average age

127
social enterprises

GENDER



1. ORGANISATIONAL GOALS: MISSION AND VISION

A distinct feature of social enterprises is their pursuit of social goals. We were interested in capturing the goals that social enterprises aim to achieve more broadly and so asked social entrepreneurs to tell us about their organisation's mission and vision.

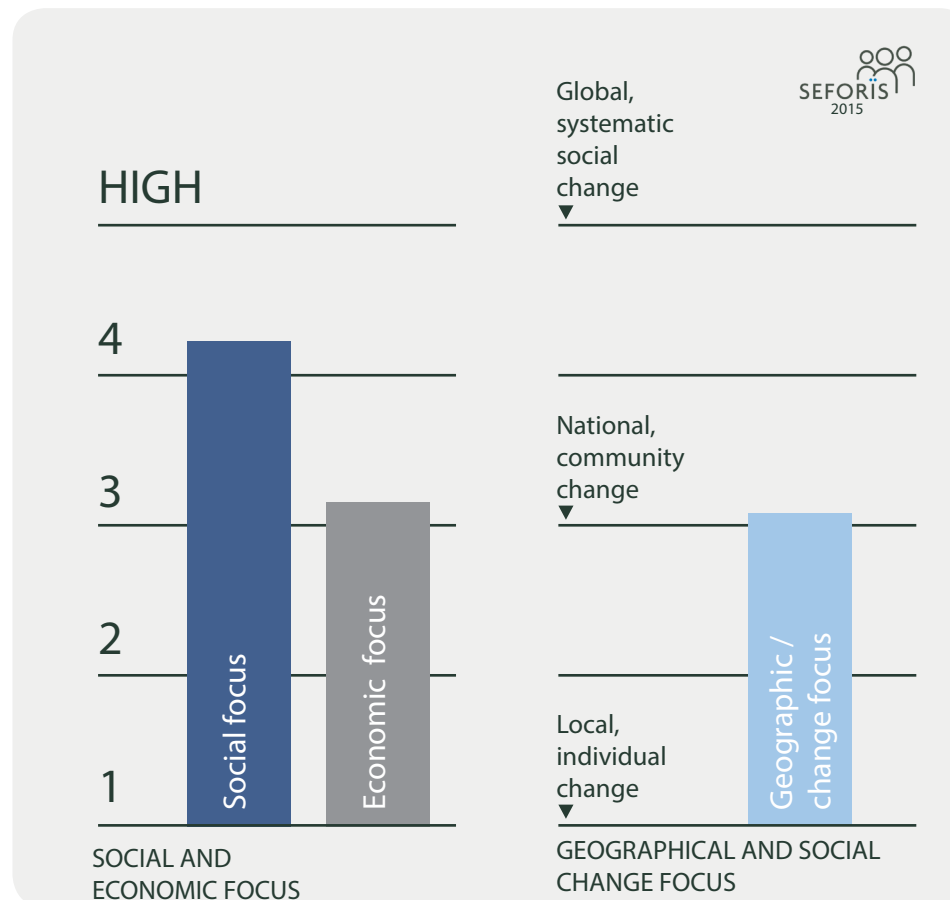
Figure 1 presents evidence on three categories of organisational goals (see also Methods Box A for more detail):

1. Social goals – capturing to what extent an organisation focuses on achieving societal change.
2. Economic goals – capturing to what extent the organisation focuses on economic success and financial viability such as developing revenue-generating activities to cover its costs and generating surpluses.
3. Geographic and social change focus – capturing to what extent the organisation works locally vs. internationally and aims to transform and empower individuals, communities or society as such.

We find that social enterprises in Spain expressed strong social goals as reflected in concerns about well-being of others, environment, and society. However, the

organisational goals also incorporated relevant economic concerns, such as ensuring that the organisation generates income through selling products and services in the market. In other words, there was a relative balance of social and economic goals with a slight dominance of social goals (the ratio of economic to social goals is 1:1,34).

The organisations' efforts were typically focused on the regional and national level, aiming to bring about change for communities and specific groups. These results are comparable to the results obtained 5 years ago during the SELUSI project.



◀ **Figure 1: Organisational Goals – Mission and Vision. Note: N= 112. See Methods Box A for more information.**

METHODS BOX

A

A mission elaborates on an organisation's purpose of being and captures organisational goals, while a vision captures the closely related goals an organisation strives to achieve in the future. SEFORİS analysts scored mission and vision reports of the interviewed social enterprises using a total of 8 rating scales (scores ranged from 1 to 5). The rating scales were developed based on extant

theories of social enterprise and previous research into organisational goals. We factor-analysed the ratings to summarize the 8 scales according to their common underlying dimensions. The three underlying dimensions are: social goals, economic goals and geographic focus. These dimensions are summarised above and are described in more detail below. The dimensions reflect:

1) SOCIAL GOALS

A score of 5 reflects strong social goals, in that the organisations mission and vision centre entirely on the alleviation of a social issue. This is reflected in great concern about the well-being of others, social justice concerns and/or environmental concerns. A high score in this dimension also reflects that the organisation had specified a theory of change, i.e. the logic of how it works to bring about societal change. A score of 3 reflects moderate and less specific social concerns, for instance when the target group or the social issue which the organisation aims to deal with are not clearly specified. A score of 1 reflects virtually no social goals.

2) ECONOMIC GOALS

A score of 5 reflects strong economic goals, in that the organisation's mission and vision put a high emphasis on economic success and financial viability of the organisation, such as earning high profits which can then be used to grow the organisation and scale social impact. A score of 3 reflects moderate economic goals, for example when the organisation addresses a social issue in a self-sustainable way such that it covers all its costs through own revenue-generating activities. A score of 1 reflects low concern for self-sustaining economic success, as is often the case with pure non-profits which are close to 100% grant financed or subsidised.

3) GEOGRAPHIC AND SOCIAL CHANGE FOCUS

A score of 5 reflects that the organisation operates internationally (across continents). Our analysis finds that these organisations typically aim for systemic societal change, i.e. aim to change society as such and in a way that the social issue that the organisation addresses would no longer exist. A score of 3 reflects that the organisation aims at community change, typically at a national level. In other words the organisation seeks to transform a community or segment of the population, with the aim of empowering that group. A score of 1 reflects that the organisation aims to change and empower individuals. These organisations typically work locally, e.g. within a certain city or town (not a region).

2. OPERATIONAL MODEL OF MAIN ACTIVITY

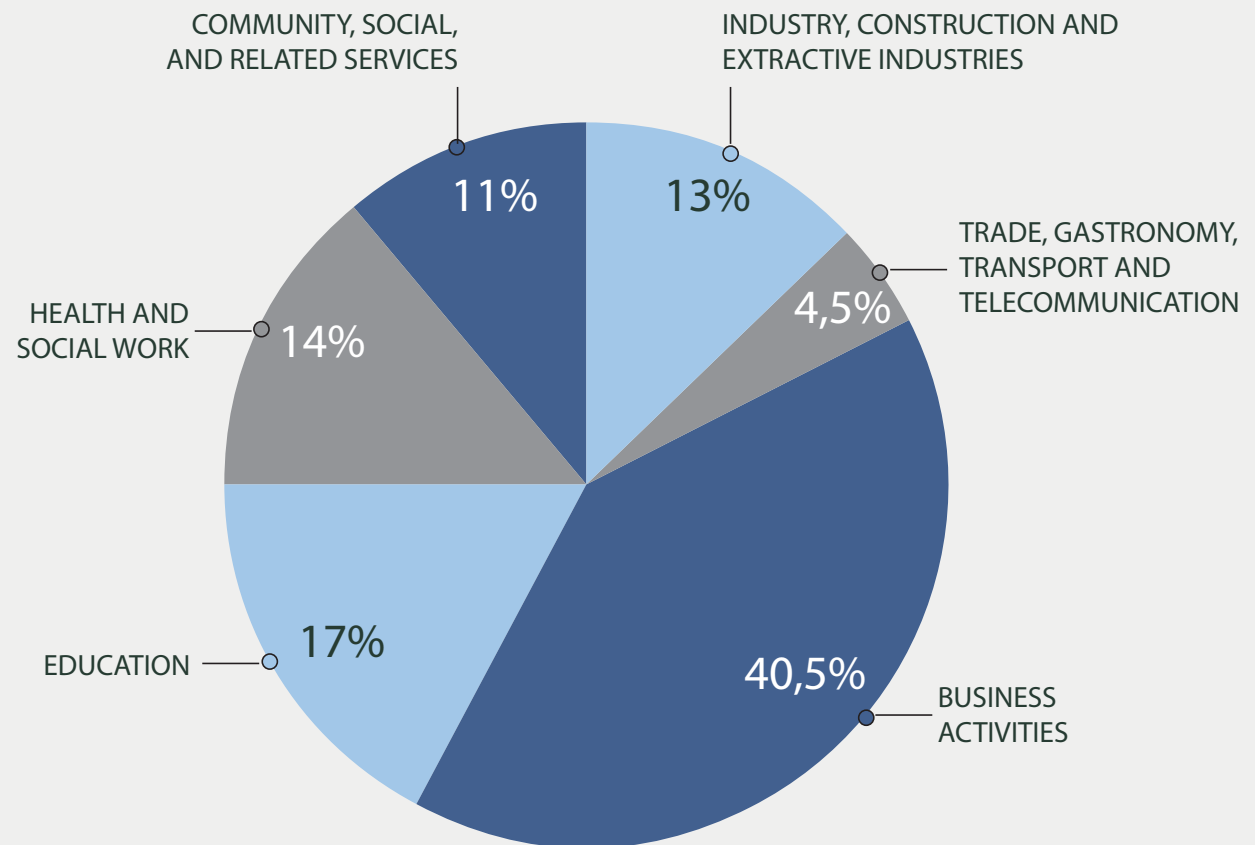
Industrial sectors

In our phone survey, we asked about the products and/or services Spanish social enterprises provide. Specifically, we asked what the organisation does, what its core services and/or products are and how the organisation self-generates revenues. We found that 72% of the interviewed organisations identified their primary business activity belonging to the following 3 industry sectors: 'Business Activities and Business Services' (specifically, business-related services, e.g. consulting, legal advice, advertisement), 'Education' (nursery, kinder gardens, schools, other education), and 'Health and Social Work'. In contrast, 'Trade, Gastronomy, Transport and Telecommunication' sector was the least frequently identified as the sector of the primary business activity. In comparison to 5 years ago, the biggest difference is the entry of 'Health and Social Work Activities' and the exit of 'Other Community and Social and Related Services' from the top-three group. We hypothesize that many social enterprises chose to meet the need created by simultaneous rapid increase in demand for health and social services and by severe budgetary cuts during the years of economic crisis.

Figure 2a: Top Industrial Sectors. Note: N=111. ►
We used the 'Statistical Classification of Economic Activities in the European Community' (NACE). See Methods Box B for more information.

TOP INDUSTRIAL SECTORS - SPAIN

SEFORIS
2015



OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

Social sectors

73% of interviewed Spanish social enterprises identified their primary social activity belonging to the following three social sectors: 'Development and Housing' (30% of which were in the area of 'Employment and Training' and 21% in the area of 'Economic, Social and Community Development'), 'Environment' (including organic goods), and 'Education and Research' (16% of which were active in both 'Primary and Secondary Education', and 'Research', with the remaining 68% in 'Other Education'). The rest of enterprises were predominantly active in 'Health', 'Social Services', and 'Law, Advocacy and Politics'. None of the enterprises identified 'Culture and Recreation' as the sector of their primary social activity. The changes between this years' result and results five years ago were minimal.

TOP SOCIAL SECTORS - SPAIN

SEFORIS
2015

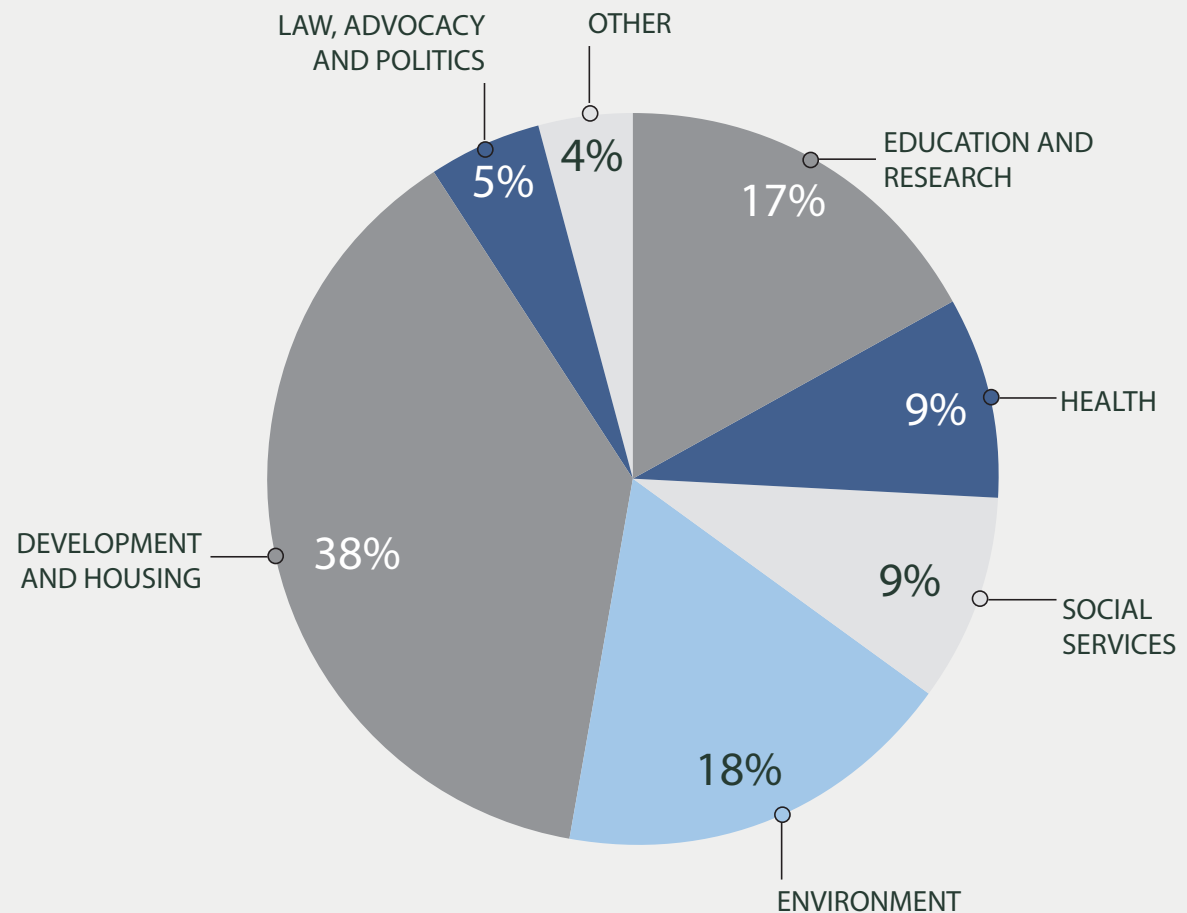


Figure 2b: Top Social Sectors. Note: N=111. We used the International Classification of the Nonprofit Organisations (ICNPO). See Methods Box B for more information.

METHODS BOX

B

Social enterprise represents a unique hybrid organisational form that combines aspects of charity and business at its core. To help give a sense of the range of activities that the surveyed social enterprises undertake, we therefore draw on two established classification systems.

1

Industrial sectors

The Statistical classification of economic activities in the European Community, abbreviated as NACE, was developed since 1970 in the European Union and provides a framework for collecting and presenting comparable statistical data according to economy activity at European and in general at world level.

2

Social sectors

The International Classification of Nonprofit Organisations (ICNPO), was developed in the early nineties through a collaborative process involving the team of scholars working on the John Hopkins Comparative Nonprofit Sector Project and provides an effective framework for classifying non-profit organisations across countries.

OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

Operational models

The two main operational models for Spanish organisations were: 'Fee for Service and/or Product' and 'Employment' (distant second). Organisations also identified 'Entrepreneur Support and Marketing Intermediary, Cooperative', and 'Service-Subsidization' models but significantly less frequent than the first two models. Compared to 5 years ago when it used to be the third most deployed model, 'Fee for Service and/or Product model' has now become the dominant operational model, almost 4 times more frequent than five years ago. The percentage of organisations relying on employment model decreased from 28% to 24%. Another big change was reduction in use of the Service-subsidisation model from 27% to slightly more than 2%. To see a more detailed description of the top 5 operational models please refer to Methods Box C.

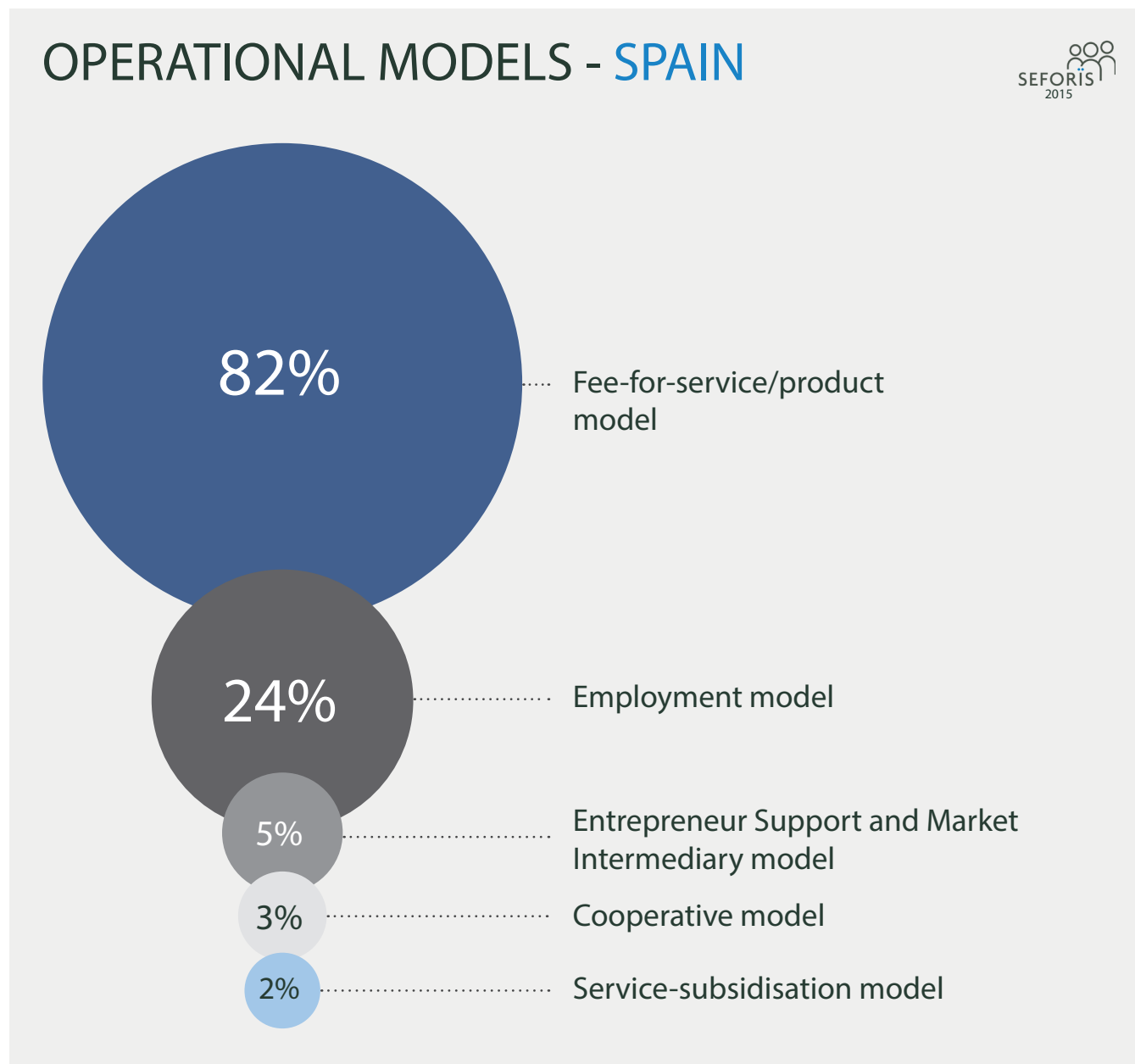


Figure 2c: Top Operational Models ►
Note: N=125. We adapted the typology of operational models developed by Alter (2008). See Methods Box C for more information.

METHODS BOX



Operational models illustrate configurations of how organisations create social value (societal impact) and economic value (earned income). They are designed in accordance with the social enterprise's financial and social objectives, mission, marketplace dynamics, client needs or capabilities, and legal environment. Fundamental models can of course be combined and enhanced to achieve

maximum value creation (Alter, 2008). Our analysts recorded social entrepreneurs' answers verbatim, and used these answers to identify the enterprise's main operational model.

1. Entrepreneur-support & market-intermediary model

a) The Social Enterprise selling business support and financial services to its target population or "clients," which are other self-employed individuals or firms. Social enterprise clients then sell their products and services in the open market. Income generated through sales of its services to clients are used to cover costs associated with delivering the support services and the business' operating expenses.

b) Similar to a), the SE providing services to its target population/clients, small producers (individuals, firms or cooperatives), to help them access markets. The SE services add value to client-made products, typically these services include: product development; production and marketing assistance; and

credit. Unlike a) the market intermediary SE purchases the client made products or takes them on consignment, and then sells the products in high margin markets at a mark-up.

2. Employment model

The Social Enterprise provides employment opportunities and job training to its target populations or people with high barriers to employment such as the disabled, homeless, at-risk youth, and ex-offenders. The SE operates as an enterprise employing its clients and sells products in the open market.

3. Fee-for-service model

The Social Enterprise commercialises its social services, and then sells directly to the target populations or "clients," individuals, firms,

communities, or to a third party payer. Income generated through fees charged for services.

4. Service-subsidisation model

The business and social function of the social enterprise are separate. The SE sells products or services to an external market and uses the income it generates to fund its social programs.

5. Cooperative model

The Social Enterprise provides direct benefit to its target population/clients, cooperative members, through member services: market information, technical assistance/extension services, collective bargaining power, economies of bulk purchase, access to products and services, access to external markets for member-produced products and services, etc.

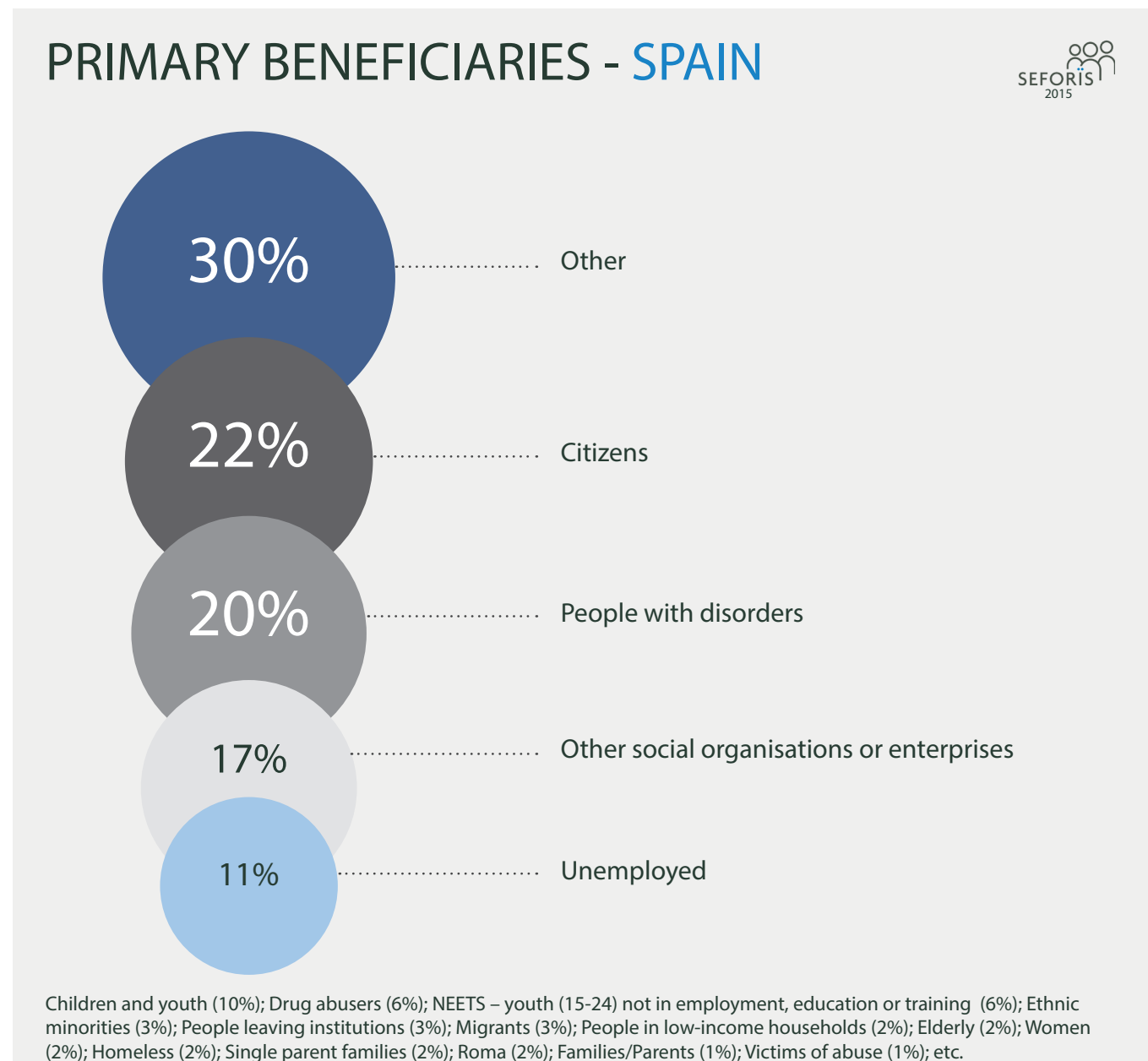
OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

Primary beneficiaries

The top five primary beneficiary groups identified by Spanish social enterprises were: 'Citizens', 'Other Social Organisations or Enterprises', 'People with Disorders', 'Unemployed', and 'Children & Youth'. Also identified, but much less frequently, were 'NEETS (youth 15-24 not in employment, education or training)', 'Drug Abusers', 'Ethnic Minorities', 'People Leaving Institutions', and 'Migrants'.

The focus on citizens, unemployed, and people with disorders is strongly related to the fact that most of the organisations in the sample were involved in the educational sector (training and employment), frequently relying on employment operational model. Additionally, we hypothesize that the focus on other social organisations indicates that the social entrepreneurship sector in Spain still lacks sufficient support of other social actors and relies on mutual support and collaboration among social enterprises.

Figure 2d: Primary beneficiaries ►
Note: N=125.



CASE: GRUPO GUERAK

CEO

Iñigo Oyarzabal Mugica

MISSION

GUREAK is an organisation committed to society, which addresses the challenges of the market, managing employability opportunities for the integration of people with diverse abilities. GUREAK is a diversified and internationalized business group from Basque Country with a presence in industry, services and marketing. Their business activities are highly competitive and pursue the highest levels of social profitability and management efficiency.

ZOOMING IN ON 'PRIMARY BENEFICIARIES'

In 2015, GUREAK employed more than 5000 people of which 84% had some form of disability. More precisely, 37.6% of GUREAK's employees had a mental disability, 23.9% a physical disability, 16.6% had no disability, 15.5% had a mental illness, and 6.8% with sensorial disability. Its annual revenue exceeded 140 million euros. For every euro that Gureak received as a subvention, contribution towards social security or other agreement with the administrations, Gureak returned 3,02 euros to the society in taxes, salaries, and savings in social services. Thus, it is not surprising that in addition to people with diverse abilities, Gureak has identified society and other social organisations and enterprises as their primary beneficiaries.

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All our work is geared towards our main goal – eliminating unemployment among people with disabilities.

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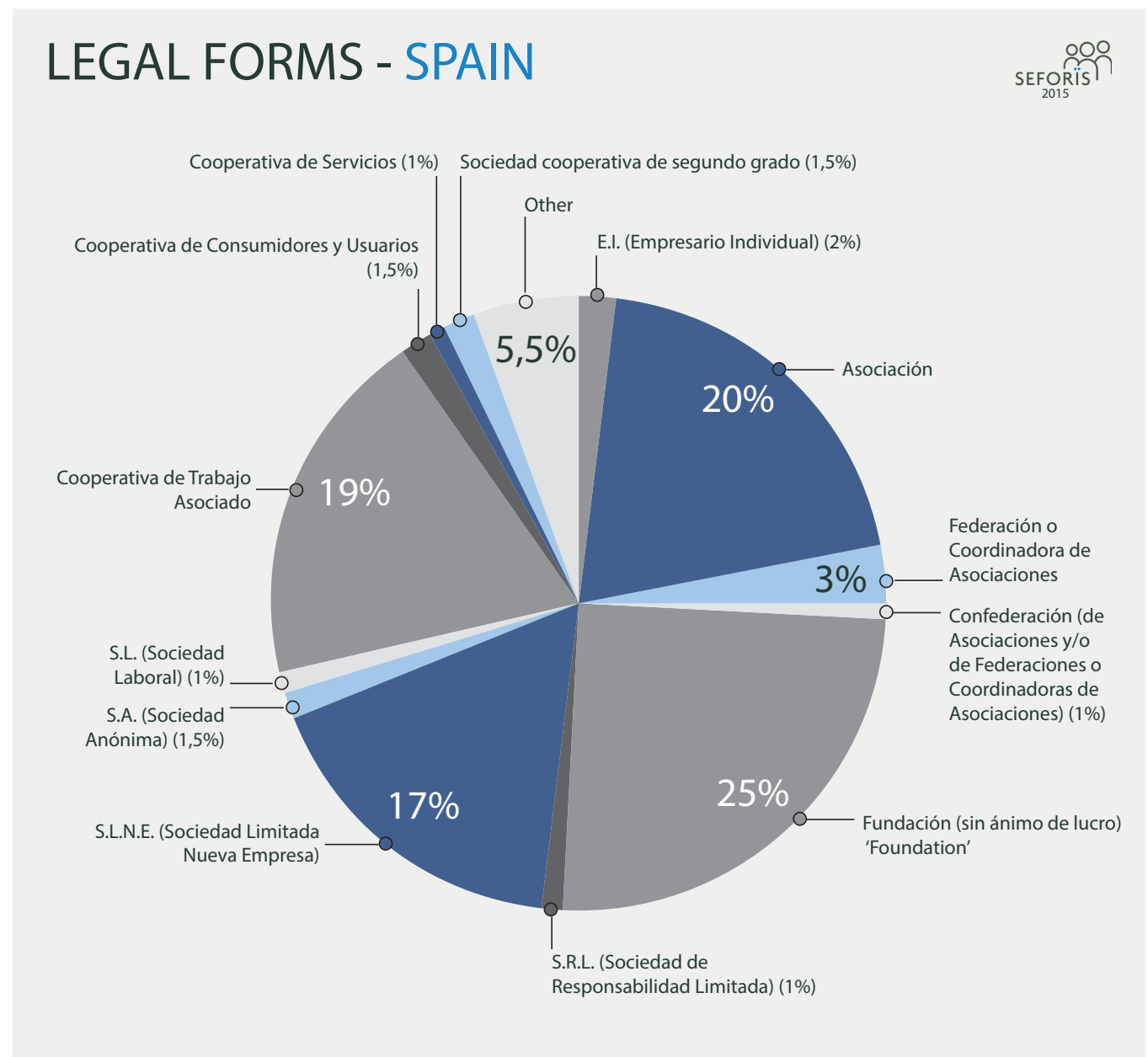
- Iñigo Oyarzabal Mugica, CEO Grupo Guerak



3. LEGAL FORMS

80% of the interviewed Spanish social enterprises adopted one of the following four legal forms (listed from the most frequent to the less frequent form): Not-For-Profit Foundation, Association, Workers Cooperative, and a New Limited Liability Company (S.L.N.E.). The choice of legal form by the remaining enterprises were much less frequent and fairly evenly distributed among the available categories. Although in some countries it is common for social enterprises to have more than one legal form, this is still uncommon among Spanish social enterprises. Only 3% of interviewed Spanish social enterprise identified two different legal forms.

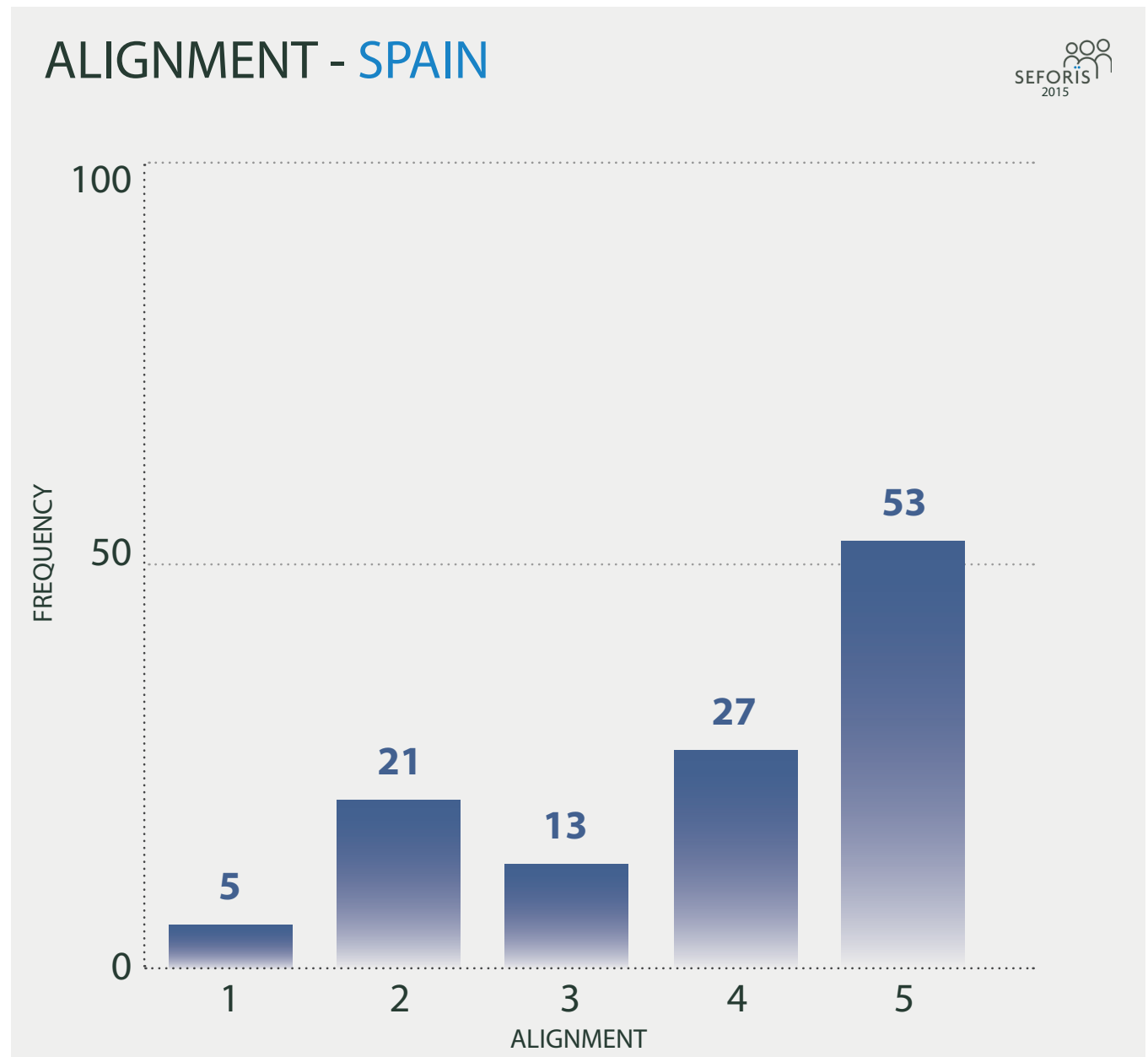
Figure 3: Legal forms ►
Note: N=125.



4. ALIGNMENT

During the phone survey, we asked participating social enterprises to tell us: If they only ran their revenue generating activity, to what extent would they also generate social impact? The answers were given on a scale from 1 to 5, where 1 stood for “to no extent” and 5 for “to the largest extent”. The average score for Spanish social enterprises was 3,86, slightly lower than 4,03 recorded five years ago.

Figure 4: Alignment between Revenue-generation Activity and Social Impact Activity
Note: N=119.

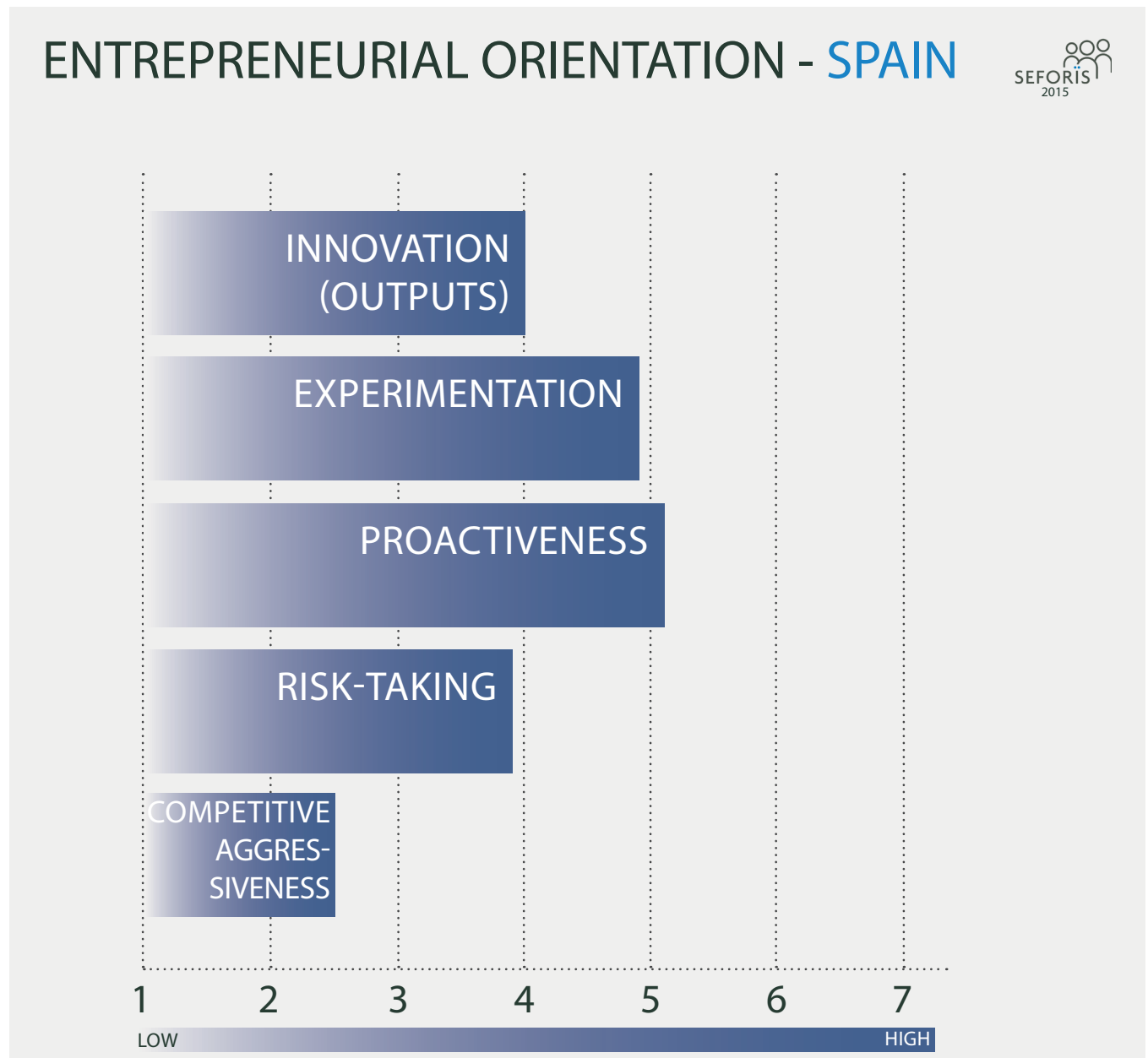


5. ENTREPRENEURIAL ORIENTATION

We also wanted to gain more insight into how 'entrepreneurial' Spanish social enterprises are. In line with the literature, we gathered data on the five main components of Entrepreneurial Orientation: Innovation, Experimentation, Proactiveness, Risk-taking, and Competitive Aggressiveness.

On average, Spanish social enterprises reported that they tend to be relatively innovative and risk taking as indicated by an average score right on or slightly below the scale mean of 4. Furthermore, they reported increased openness to experimentation that is complemented by high proactiveness in the sense that social enterprises are typically introducing products, services and processes ahead of similar organisations and/or competitors. However, they also indicated a low level of competitive aggressiveness, a finding that is consistent with results showing a high collaborative nature of Spanish social enterprises that frequently results in joint projects encompassing a diverse group of actors. There were very little changes (e.g., slightly lower score for Innovativeness) in this years' results in comparison to the results from five years ago. To see a more detailed description of the 5 components of Entrepreneurial Orientation, please refer to Methods Box D.

Figure 5: Breakdown of Entrepreneurial Orientation in its Five Components. Note: N=107. See Methods Box D for more information.



METHODS BOX

D

Organisations are typically understood to have an 'Entrepreneurial Orientation' when they act in the following ways (e.g. Rauch, Wiklund, Lumpkin and Frese, 2009):

Components of Entrepreneurial Orientation (EO):

- 1 They regularly introduce innovations in the market such as new products, services and processes.
- 2 They experiment with new ways of doing things such as developing unique methods and processes to solve problems.
- 3 They behave proactively in the market, i.e. they are typically the first organisations to introduce a new product, service or process in the market – ahead of similar organisations and/or competition.
- 4 They are risk-taking, i.e. have a proclivity to engage in high-risk projects, and don't shy away from bold actions in uncertain situations.
- 5* They have a competitive aggressive attitude, i.e. an attitude that prefers an aggressive stance toward similar and competing organisations rather than collaboration.

Investigating EO in Social Enterprises (SEs):

To obtain data on these four components, Innovation, Experimentation, Proactiveness and Risk-taking, we derived a series of questions from well-established measures of entrepreneurial orientation, commonly used in business studies. Social entrepreneurs were asked to indicate on a scale from 1 to 7 how much their organisation behaved like described in each of those questions. Statistical analyses such as factor analyses confirmed that these four aspects of entrepreneurial orientation were indeed meaningful in the context of social enterprises in Spain.

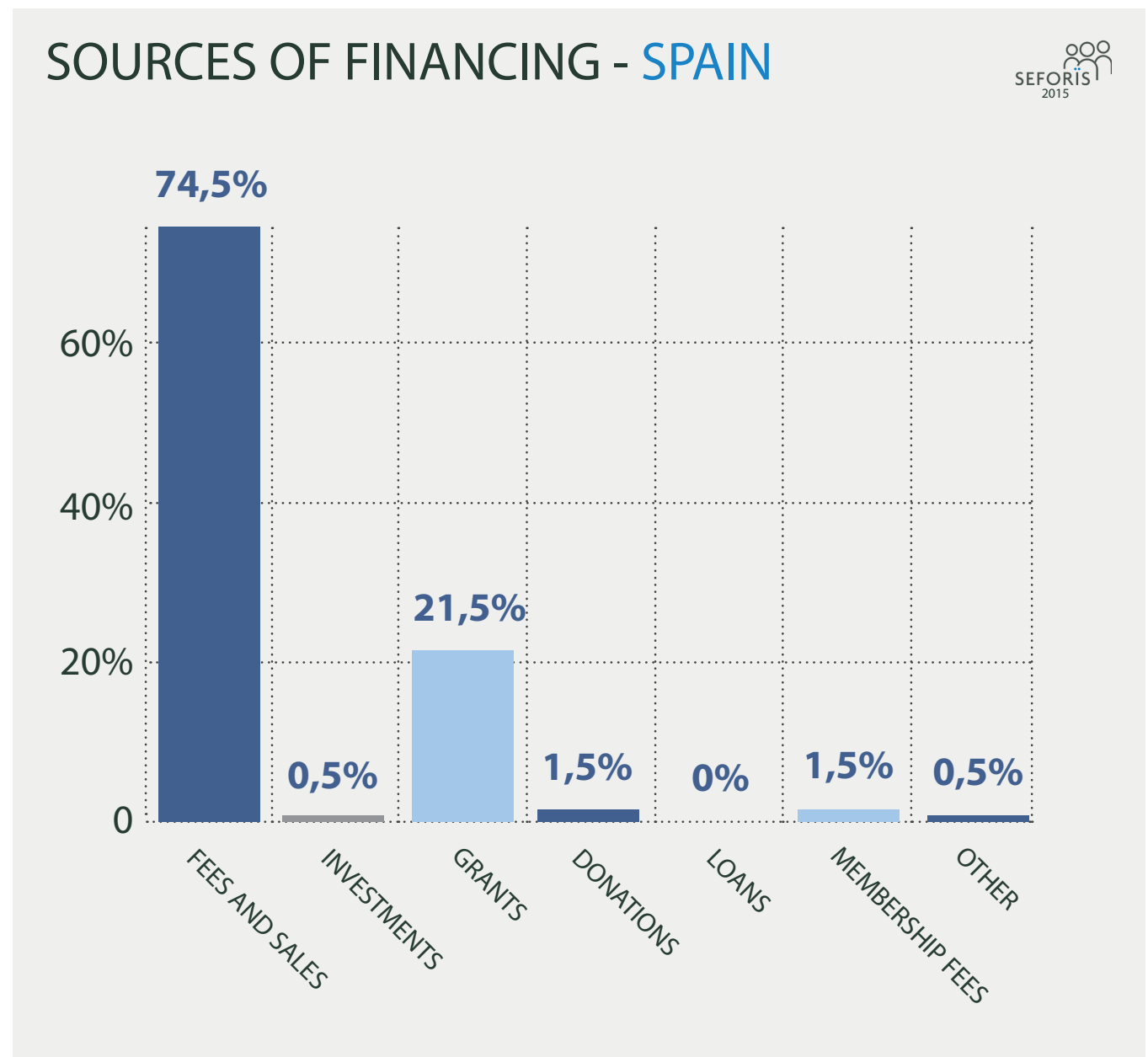
* **Competitive Aggressiveness and SEs**

Interestingly, competitive aggressiveness, emerged as a distinct aspect, not at all associated with the standard four aspects of a social enterprise's entrepreneurial orientation. This suggests that the entrepreneurial orientation profile of social enterprises shares with that of commercial enterprises the emphasis on innovation, experimentation, proactivity and risk-taking, but is also distinct since an aggressive stance towards competition, i.e. one in which an enterprise tries to 'outcompete' and 'fight' similar organisations in a field, is not integral to the entrepreneurial behaviours of social enterprises.

6. SOURCES OF LIQUIDITY

We invited the participating organisations to elaborate on how their organisation has been financing its activities in 2014. For each source of capital, we were also interested to know how much (in percentage terms) this has been contributing to the overall funding of the organisation (again in 2014). These were the broad category types that we identified: 1) Fees for services or sales of products; 2) Investors' capital (equity); 3) Loans; 4) Grants; 5) Private Donations; and, 6) Other. Fees for Services or Sales of Products were clearly the most important source of capital of which 29% came from fees or sales to government and government organisations and 71% to other clients. Still, a significant share of liquidity also hailed from grants. 88% of the grants were provided by governments. The other categories were (on average) only of marginal significance. The Fees for Services or Sales of Products, in comparison to five years ago, has increased from 62% to 74,5%, while Grants fell from 28% to 21,5%. The prolonged economic crisis in Spain has resulted in important reduction in grant funds while at the same time an increased number of organisations have been competing for these funds. As our results indicate, in this situation Spanish social enterprises have been forced to become much more financially self-reliant.

Figure 6: Sources of Liquidity in 2014. ►
Note: N=117.



7. REVENUES

Total revenues in 2014

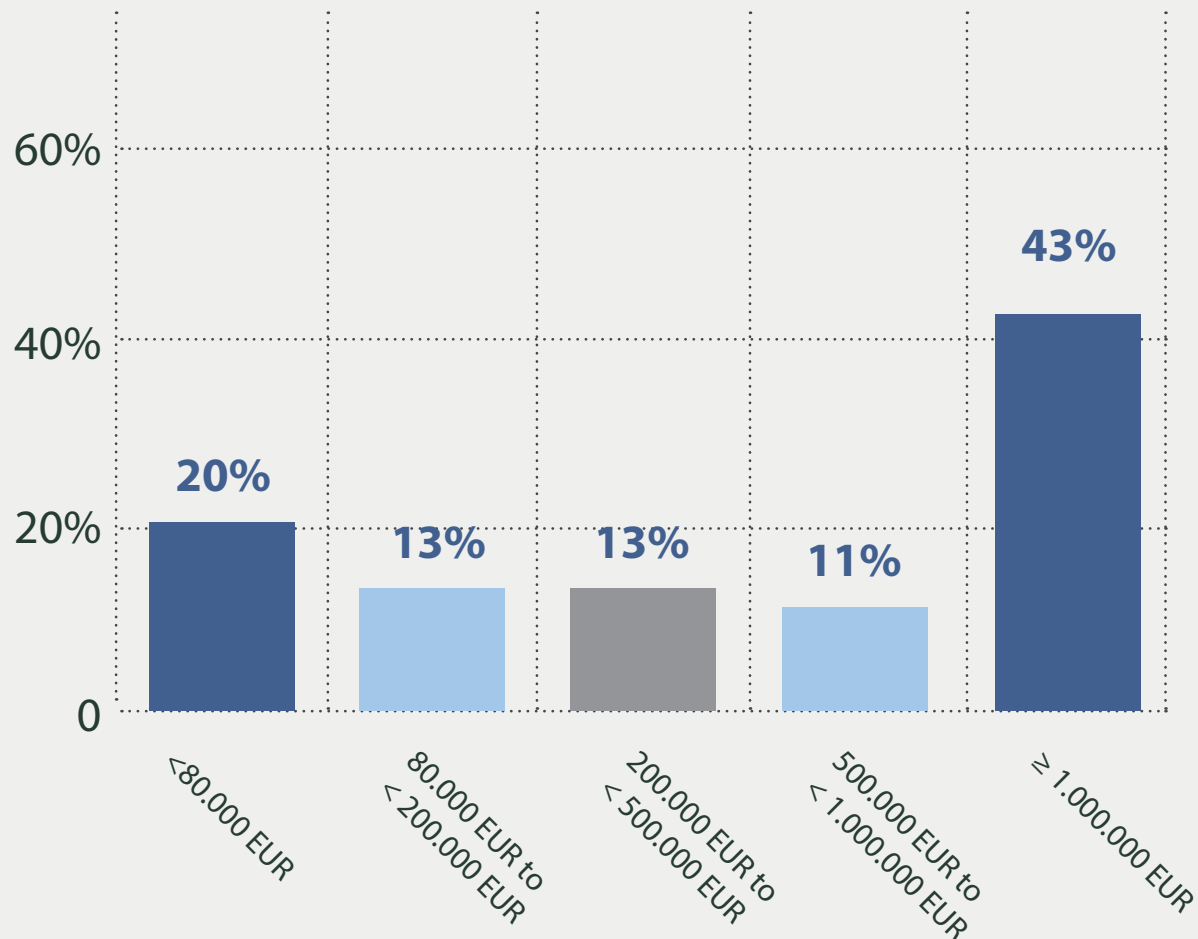
In the phone survey, we were interested to find out the total revenues that the participating organisation generated in 2014 calendar year and percentage change relative to the previous calendar year.

In Spain, the majority of social enterprises interviewed belonged to the highest revenue category, above one million EUR. Still, nearly one fifth of the sample revenues lie below 80,000 EUR, the lowest revenue category. The remaining 37% of the sample was fairly evenly distributed among three central revenue intervals. Median revenues equaled 500,000 EUR, significantly lower than 1.25 Million five years ago. Also, percentage of organisations with more than 1 Million EUR revenue fell from 54% to 43%, while percentage of organisations with revenue below 80,000 EUR grew from 9% to 20%.

Figure 7a: Total Revenues (EUR) in 2014. Note: N=126. Figure shows percentage of social enterprises in each revenue category. Revenue categories were chosen taking into account revenue development across the entire sample of analysed countries. According to Eurostat, GDP per capita in Spain in 2014 was 22.400 EUR or 91% in PPP (percentage of EU28).

TOTAL REVENUE - SPAIN

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2015



REVENUES (CONTINUED)

Change in revenues (2013 to 2014)

Consistent with the return to a robust economic growth in Spain in 2014, after 7 years of almost continuous recession, 72% of Spanish social enterprises reported moderate revenue growth (up to 20%) and 17% reported strong growth (20% to 40% and more than 40%). Only 11% of interviewed social enterprises experienced a reduction in revenues (up to 20% or more). While the shape of the diagram is fairly similar to the one five years ago, it is worth observing that percentage of social enterprises that lost money has fallen from 27% to 11%.

REVENUE DEVELOPMENT - SPAIN

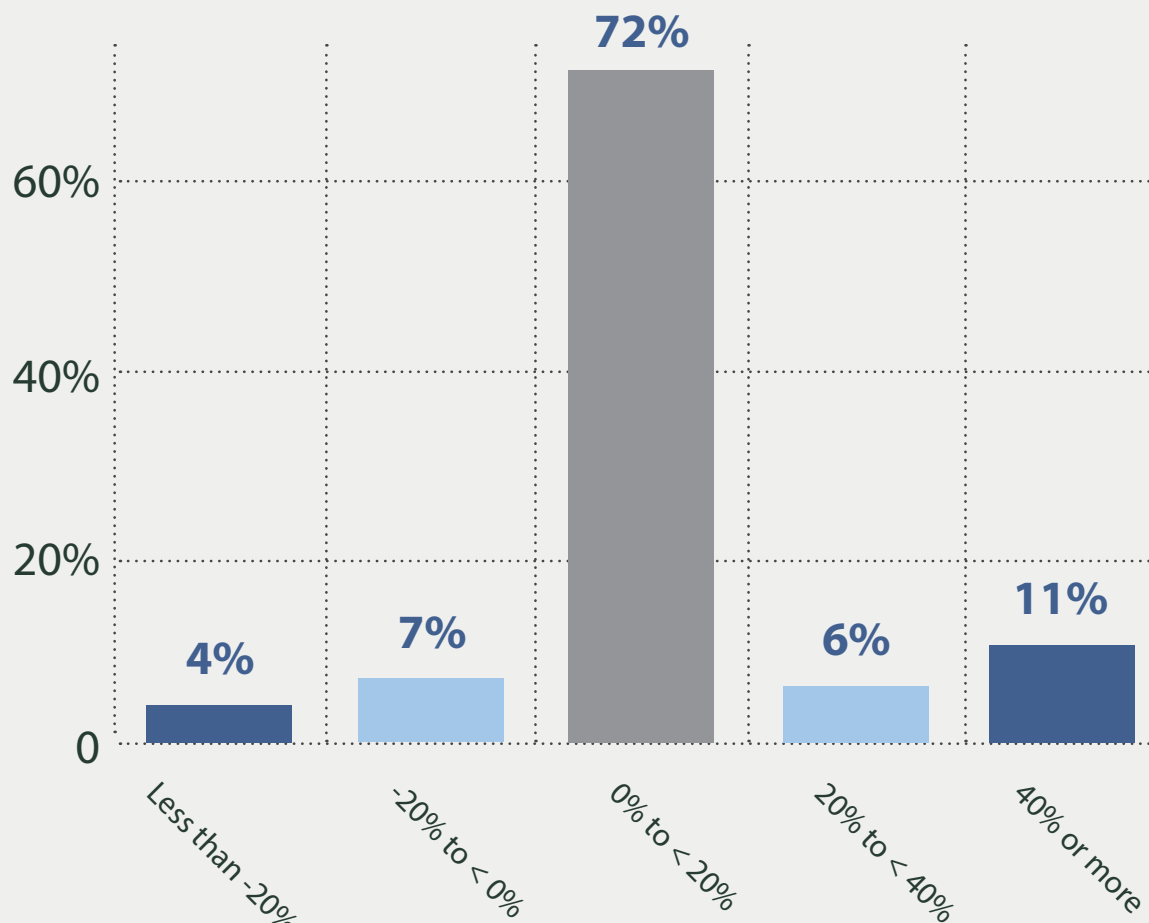


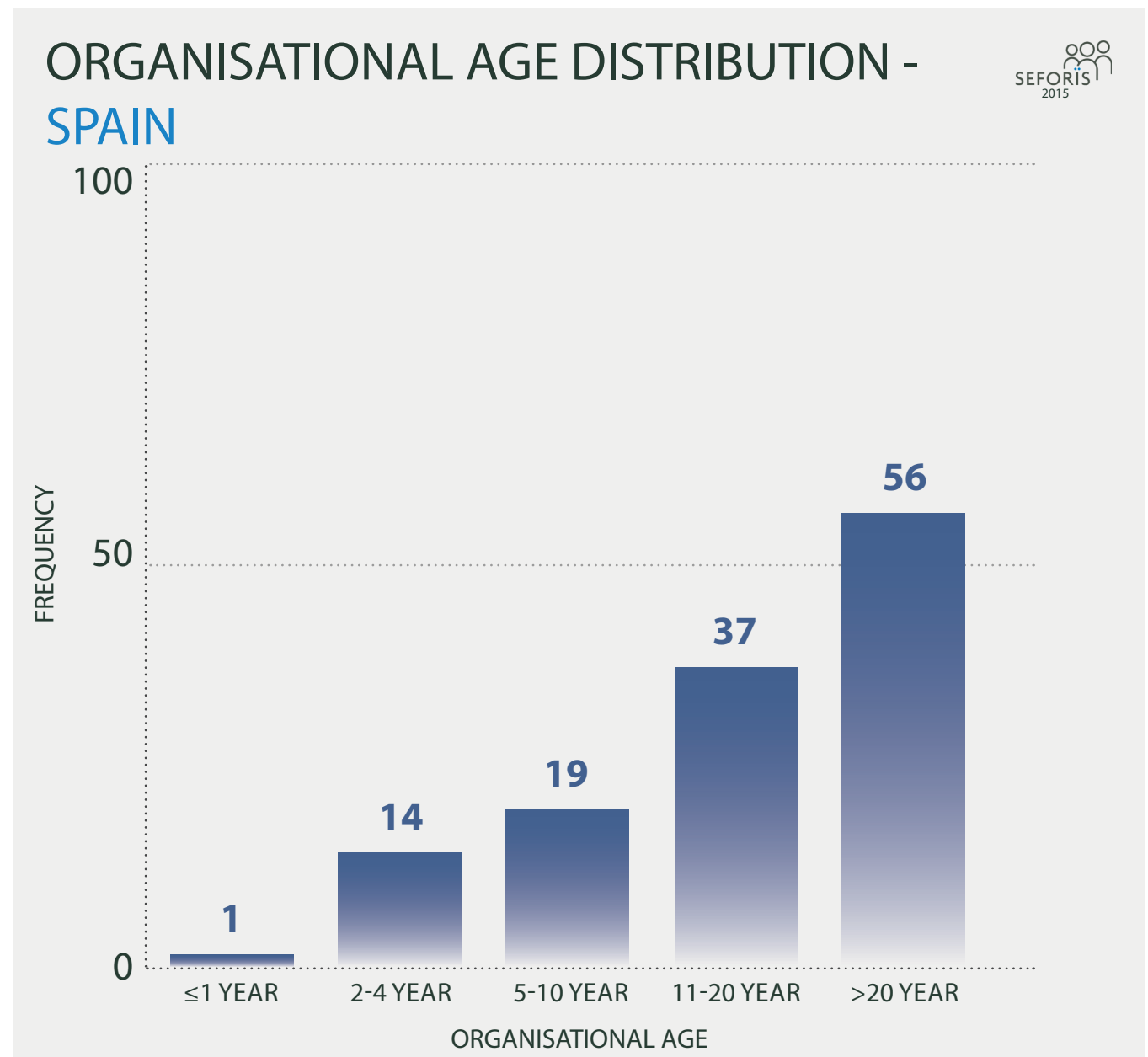
Figure 7b: Revenue Change from 2013 to 2014. ►
Note: N=118. Figure shows percentage of social enterprises in each category. Number of companies for which this question does not apply because they were founded after 2013 is equal to 8.

8. AGE AND LABOUR FORCE

Organisational age distribution

In the survey, we asked the participating social enterprise the year when it was formally established by registering with the appropriate government agency. The average age of the interviewed Spanish social enterprises was of 20 years. Still, 44% of the organisations were 20 years old or older. Only 12% of the organisations were younger than 5 years. Organisations were grouped in 5 age intervals: organisations younger than 1 year, organisations between 2 and 4 years old, organisations between 5 and 10 years old, organisations between 11 and 20 years old, and organisations older than 20 years.

Figure 8a. Organisational Age ►
Note: N=127.



AGE AND LABOUR FORCE (CONTINUED)

Number of Full-Time Equivalents (FTE)

Another more standard, but important measure we enquired about was the (i) number of fulltime equivalents (not counting the owners/guarantors/trustees) that currently work for the enterprise either as wage employees or subcontractors, and (ii) the number of volunteers that currently work for the enterprise.

Nearly half of the Spanish enterprises interviewed employed less than 10 full-time equivalents (FTEs). At the same time, almost 27% of the of the enterprises interviewed employed 50 or more FTEs. In comparison, 5 years ago, 40% of the enterprises employed 50 or more FTEs, and 33% employed less than 10 FTEs.

NUMBER OF FTE - SPAIN

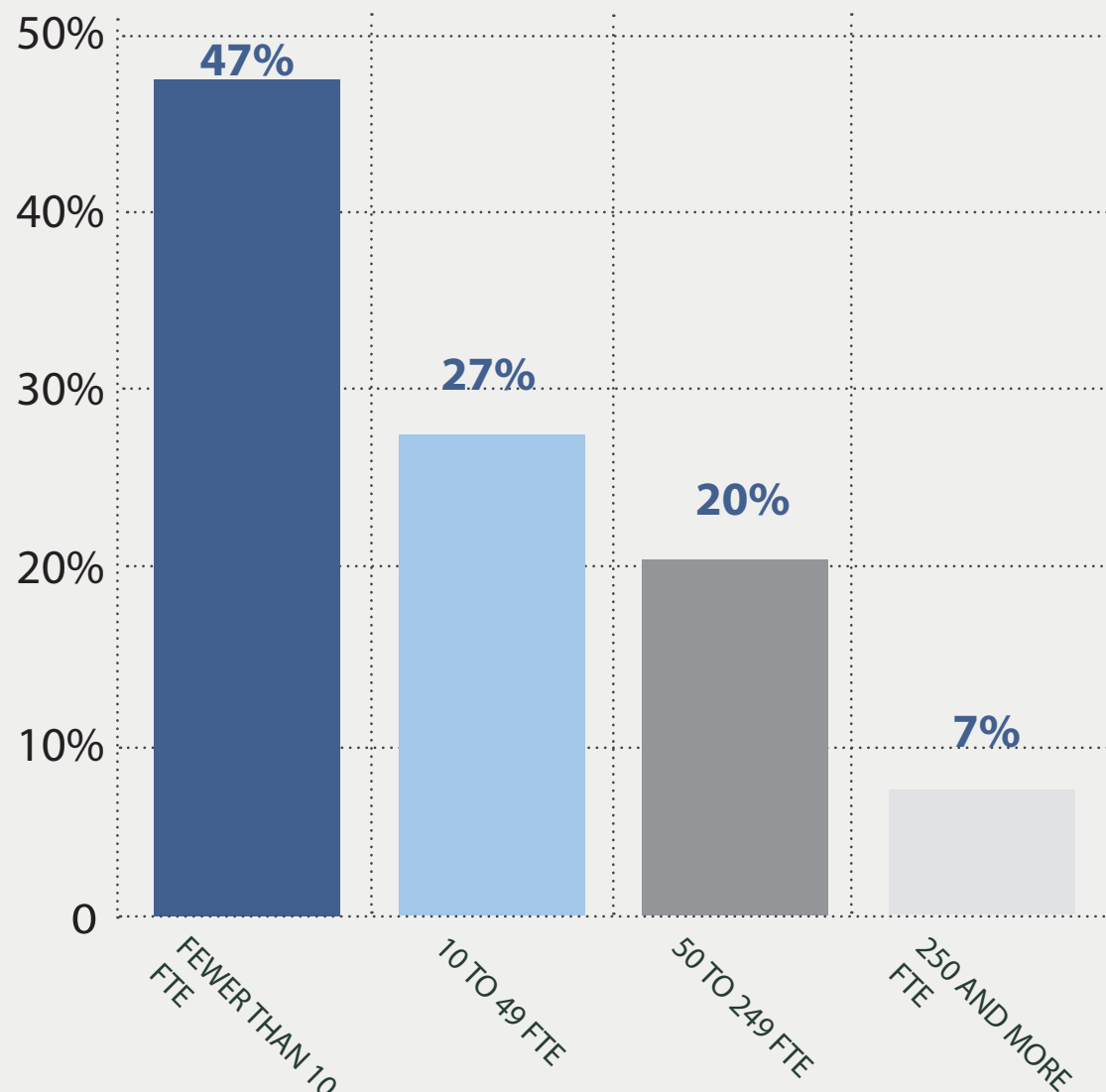


Figure 8b. Number of Full-time Equivalents Employed (not including the owners). ►
Note: N=120.

AGE AND LABOUR FORCE (CONTINUED)

Number of volunteers

53% of interviewed Spanish social enterprises did not work with volunteers (42% five years ago). Among those that worked with volunteers, 18% had less than 10 volunteers, and 22% had between 10 and 40 volunteers. Only very few enterprises (around 7%) worked with 50 or more volunteers, comparable to results obtained five years ago.

NUMBER OF VOLUNTEERS - SPAIN

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2015

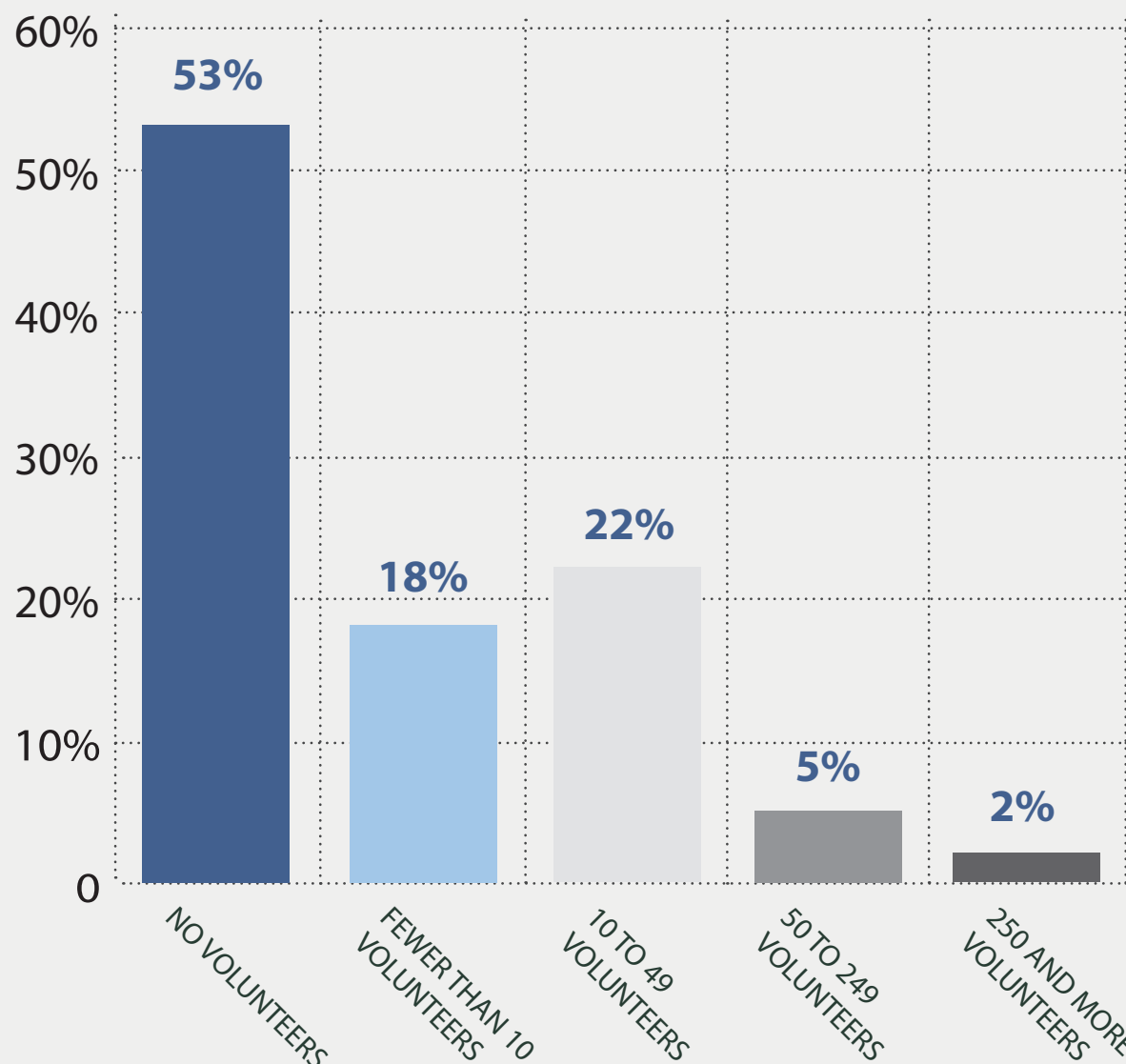


Figure 8c. Number of Volunteers Working at the Social Enterprise. Note: N=120. ►

CASE: GRUP BALEAR D'ORNITOLOGIA I DEFENSA DE LA NATURALES

CEO

Cristòfol Mascaró

MISSION

Grup Balear d'Ornitologia i Defensa de la Naturalesa strives for making human activity, especially in urban and tourist areas, compatible and integrated with the environmental preservation through engaging in custody of the agricultural land and practices, providing of environmental education to citizens, operating a nursery of autochthon plants and a wildlife centre, and developing and managing variety of projects dealing with environment.

ZOOMING IN ON 'VOLUNTEERS'

Grup Balear d'Ornitologia i Defensa de la Naturalesa ratio of volunteers to full time employee equivalents is almost 25 to 1, the highest among Spanish organisations we interviewed. For instance, in 2014, in spite of 50 percent cuts in the budget due to the cuts in public subsidies, Grup Balear d'Ornitologia i Defensa de la Naturalesa has managed to consolidate attention to the wound wildlife thanks to the involvement and commitment of their volunteers. Owls, for instance, have a habit of breeding in urbanized areas. When young owls leave the nest without knowing how to fly they run the risk of dying. Thanks to the work of volunteers these birds are collected and cared for until they are able to learn to live in the wild. All volunteers have completed a training which is organized by Grup Balear d'Ornitologia i Defensa de la Naturalesa before the breeding season. In 2014, 30 owl babies have been saved and the Grup Balear d'Ornitologia i Defensa de la Naturalesa Centre for Wildlife Recuperation has treated a total of 1,048 animals, of which 318 have required healthcare attention.

//

The importance of what Grup Balear d'Ornitologia i Defensa de la Naturalesa and our volunteers are doing is not acknowledged. We rely on finding receptive people who can understand our objectives. //

- Cristòfol Mascaró, CEO GOB



9. SOCIAL PERFORMANCE INDICATORS

During the interview, taking a more managerial perspective, we asked participating Spanish social enterprises whether they are tracking their organisational social performance, and if so, to indicate up to three top indicators they use. In total, close to two thirds of participating Spanish social enterprises track their organisational social performance. The four most commonly used social performance indicators, used by more than 63% of the organisations, are: number of beneficiaries and/or clients served /attended, number of beneficiaries employed, client and beneficiary satisfaction, and social audits indicators (e.g., SROI). Number of beneficiaries placed in external jobs and environmental indicators (e.g., recycling, carbon footprint, etc.) are two additional indicators, each used by slightly more than 5% of the organisations.

SOCIAL PERFORMANCE INDICATORS - SPAIN

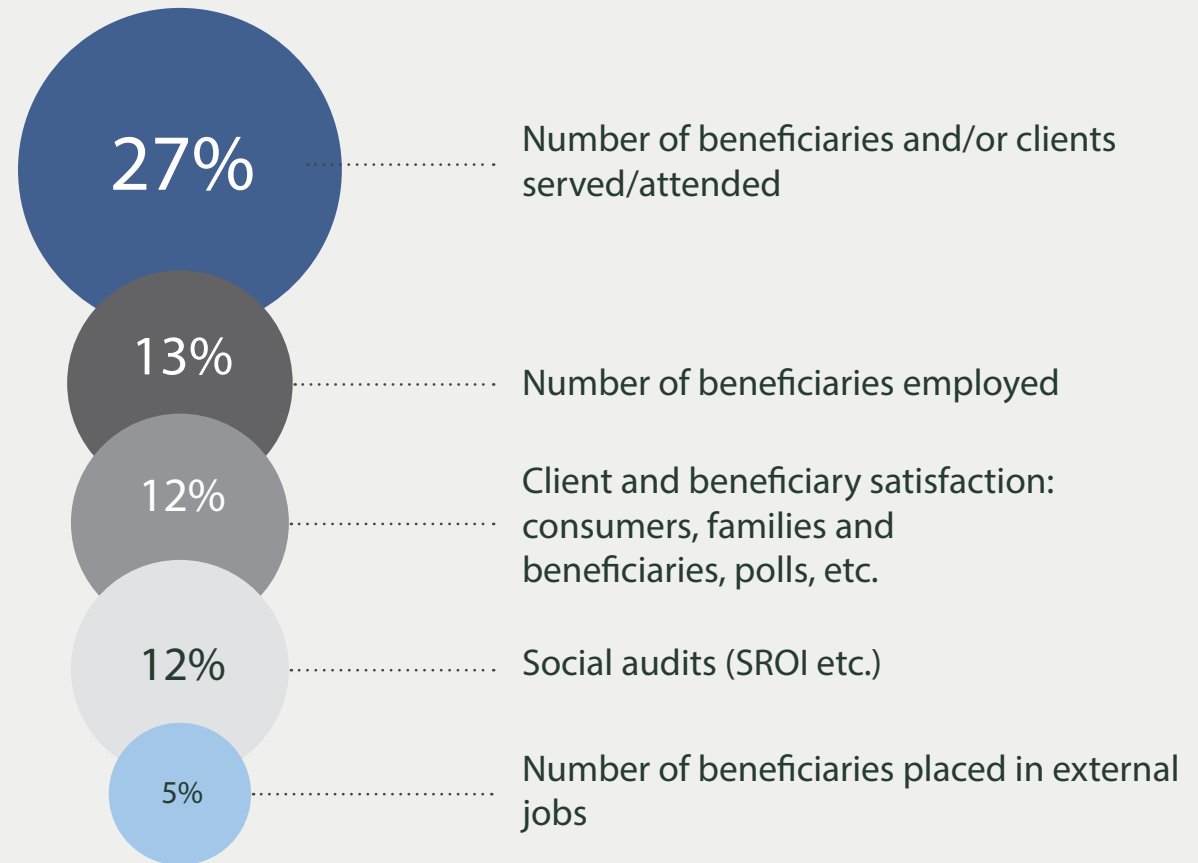


Figure 9. Top 5 most used Social Performance Indicators. Note: N=78.

10. INNOVATION

New-to-market innovations

Another special focus area of our interest was innovation. For instance, we collected general data on 'how innovative' social enterprises were using standardized questions from the European Community Innovation Surveys (available through Eurostat), and found that 67% of Spanish social enterprises reported having introduced at least one new or significantly improved service, product and/or process to their organisation within the period of 12 months preceding the interview date. Moreover, 40% of those enterprises had introduced at least one 'new-to-the-market' innovation, i.e. a 'radical' innovation over the same period.

NEW TO MARKET INNOVATIONS - SPAIN

SEFORIS
2015

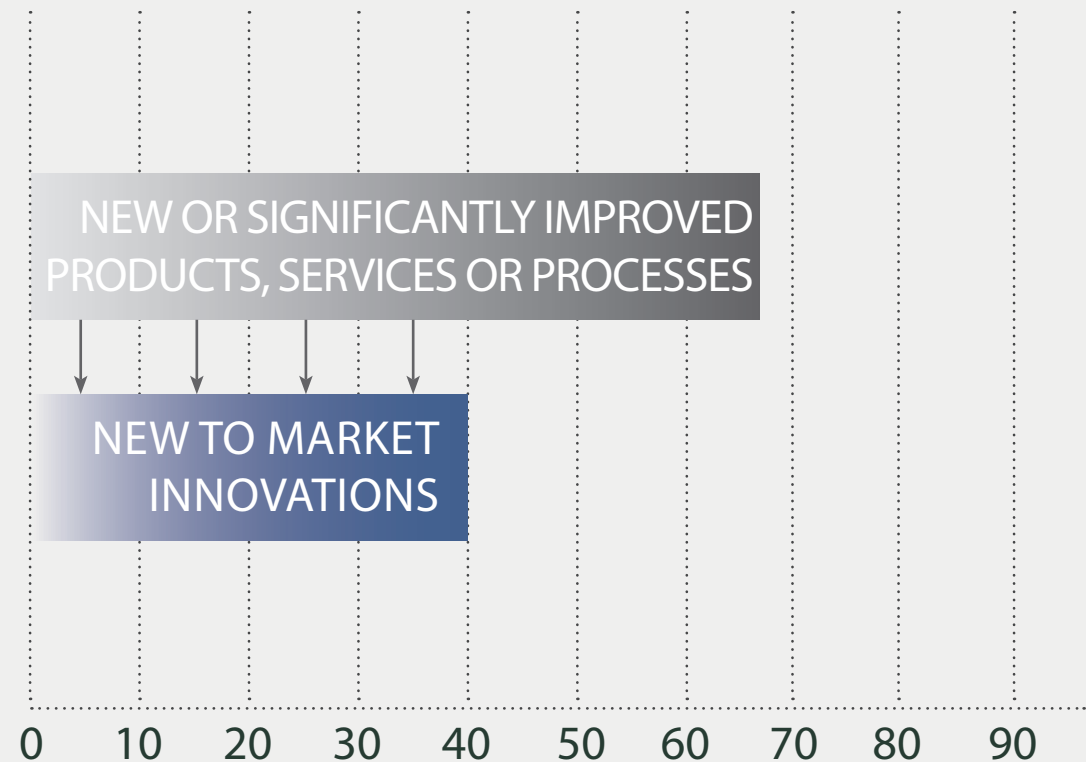


Figure 10a. Proportion of Social Enterprises that had introduced New-to-the Market Innovations during the past year. Note: N=127.

CASE: DYNAMIS

CEO

Oriol Costa Lechuga

MISSION

Dynamis is a social enterprise from Girona, well known for its numerous innovative initiatives and its proclivity to experiment. Its mission is to transform ideals into sustainable realities through the use of modern technologies in promoting local and ecological commerce and through the elimination of unnecessary intermediaries. Their main activities focus on: (i) promoting direct local and ecological product commercialization through an easy-to-use, modern, and efficient online platform; (ii) improving the utilization of existing resources and the facilitation of synergies through the creation of networks of interdependent consumers and producers; and (iii) creating applications that favour dynamics of commerce, promotion, encounter, planning and reflection that generate new ways of acting and, in consequence, a more sustainable society.

ZOOMING IN ON 'INNOVATION'

What would happen, if we were to invest in organic farming in our regions? What would happen if we were to invest in food production, distribution, farms, shops, restaurants, and services and create an integrated, collectively owned and governed value-added chain stretching from farm to fork? Determined to answer these questions, in June 2015 during the EcoSÍ Sustainability Fair in Girona, Dynamis initiated EcoRegió. EcoRegió is a replication of the Regionalwert, a highly successful German social enterprise that has connected actors along the value-added chain of the regional sustainable agriculture since 2006. The concept has been endorsed by Ashoka and the Government of Catalonia as a model for scaling solutions for employment and recovery in southern Europe. It is supported by 3

universities, 5 local administrations, and more than 30 individual collaborators. EcoRegió has already raised €60,000 and selected three projects to conduct training, feasibility studies, and raise investments to start operations.

//

Innovation is to make an investment in something that might be useful in the future. This is what innovation means. //

- Oriol Costa Lechuga, CEO Dynamis



INNOVATION (CONTINUED)

Innovation barriers

We also asked participating Spanish social enterprises to report on any innovation barriers (see Methods Box E for more information) that they have encountered over the past 12 months, i.e. factors that led the organisation not to develop new or improved products/services or processes. Finance-related and market-related barriers (much like with commercial enterprises) were most frequently mentioned, followed by organisation-specific barriers. Regulation- and institution related barriers were least frequently raised. The biggest difference in comparison to five years ago is a significant increase in market related barriers from 6% to 31,5%.

INNOVATION BARRIERS - SPAIN

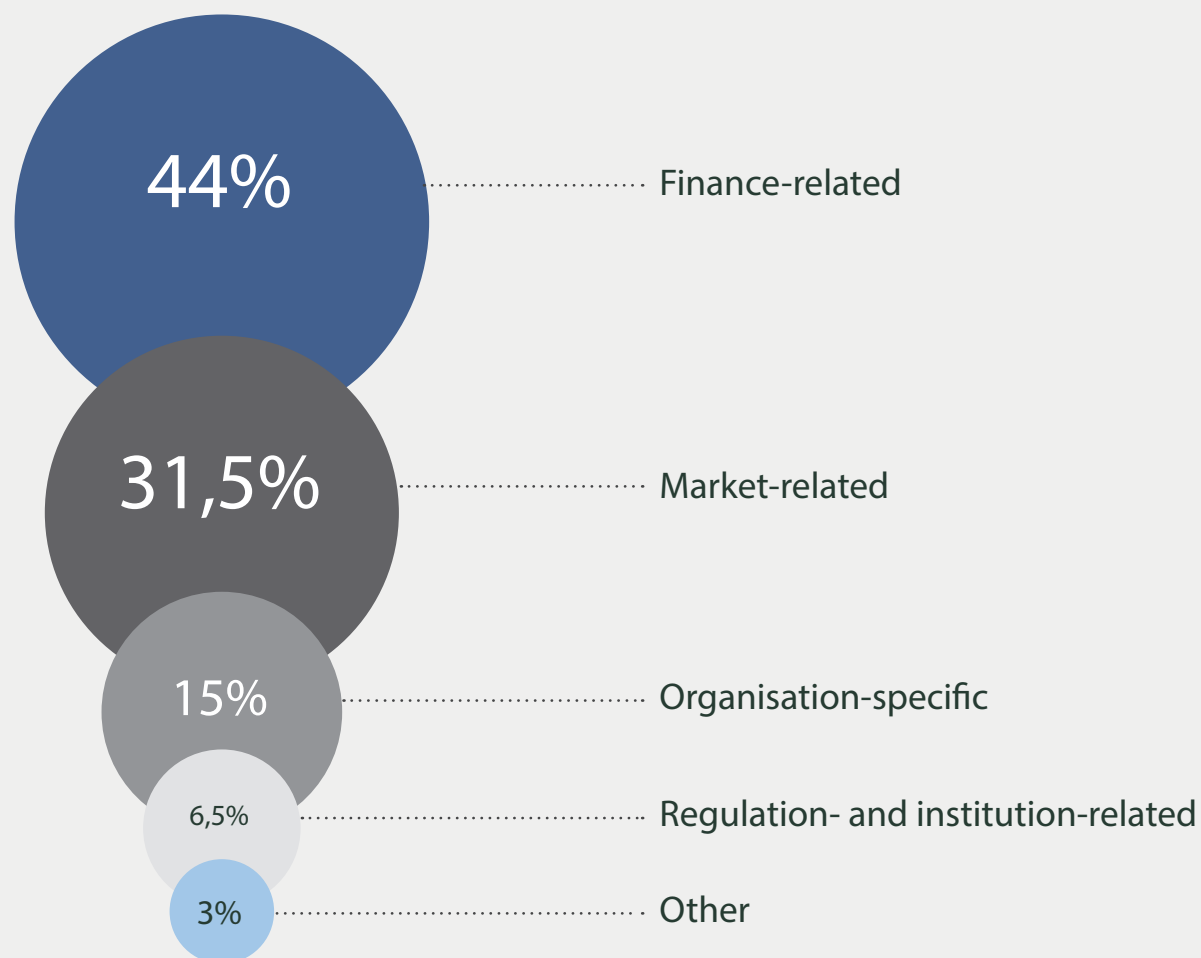


Figure 10b. Innovation barriers. Note: N=124. ►
See Methods Box E for more information.

METHODS BOX

E

The barriers typically reported by commercial enterprises are more numerous and most frequently relate to the cost of innovation being too high, the economic return of an innovation being uncertain, and market-related barriers (D'Este, Iammarino, Savona & von Tunzelmann, 2008).

- 1 Finance-related barriers – reflect excessive economic risk that would be associated with pursuing an innovation, as well as the cost and/or lack of available financing for an innovation. This category also captures whether an innovation has not been pursued due to the ongoing economic crisis.
- 2 Organisation-specific barriers – reflect lack of time, lack of qualified personnel and/or lack of information on technology and/or markets to pursue innovation activities further.
- 3 Regulation- and institution-related barriers – reflect the fact that innovations were inhibited by the need to meet government and/or EU regulations and/or also the fact that social enterprises do not receive support from official institutions because these are not familiar with 'what a social enterprise is'.
- 4 Market-related barriers – reflect the fact that an innovation was not pursued because it was envisioned that it would not be accepted by the market, e.g. potential customers. Furthermore uncertain demand for an innovation as well as the dominance of another established organisation discouraged innovation activities of social enterprises.

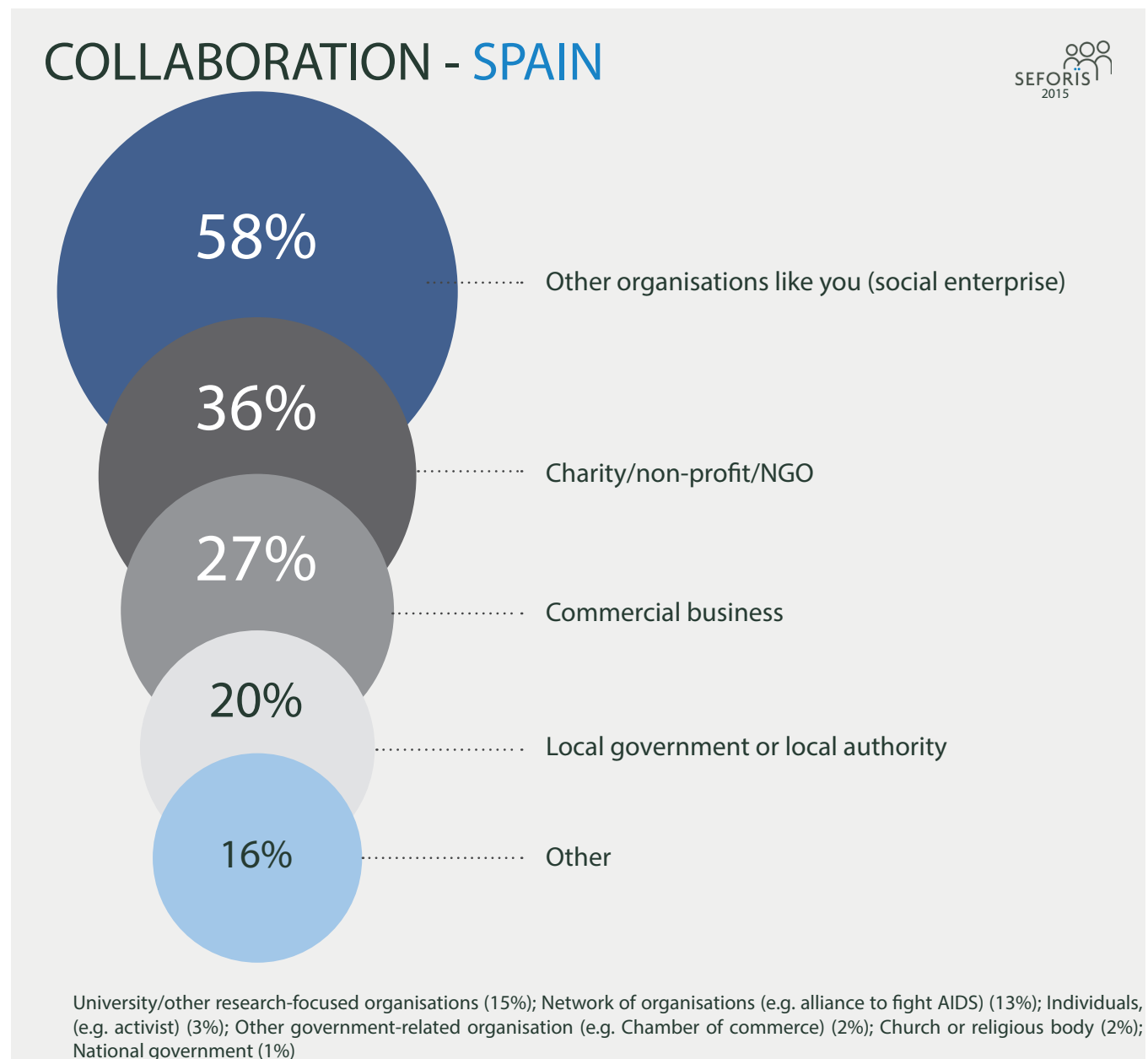
11. COLLABORATION

With who do social enterprises collaborate?

Motivated by the high-level SELUSI finding demonstrating the collaborative character of the overwhelming majority of social enterprise interviewed in the area of innovation, in the SEFORIS survey we have added the theme of collaboration. In addition to asking about the number of partnerships or collaborations the organisations had with other organisations in the past 12 months, we have also asked them to identify type of organisations that were involved in up to 3 most important partnerships.

In the past 12 months, on average, Spanish social enterprises engaged in slightly more than 9 partnership and collaborations. In almost 58% instances of collaborations/ partnerships, the partner was Other Social Enterprise. The second most popular group of partners (21% to 36% of all cases) consisted of Charity/ Non-Profit/ NGO, Commercial Businesses, and Local Government or Local Authority. This group was followed by the group composed of University/ Other Research-Focused Organisations and Network Organisations accounting for 13 to 15% of the partnerships.

Figure 11. Top 5 organisational types with whom Social Enterprises have collaborated at least once. Note: N=126.



CASE: GRUPO LA VELOZ COOPERATIVA

CEO

Javier Ortega

MISSION

Grupo la Veloz is a workers' cooperative that operates and promotes economically viable, eco-sustainable, and socially just projects. Employing solidarity economy practices, la Veloz operates a transport and courier service, a consulting service, a bicycle repair shop as well as a textile recycling business for voluminous textile.

ZOOMING IN ON 'COLLABORATION'

At La Veloz cooperation is preferred to competition. Its solidarity initiatives are fully integrated in the context within which they are developed which requires cooperation with other organisations and networks. La Veloz has been working with diverse organisations and networks such as REAS (Red de Redes de Economía Solidaria Formamos), a network that brings together 11 regional networks, and Coop57 Aragón, a network that encompasses 13 social economy organisations in Aragon. Examples of collaborative initiatives include: coordination of operational activities, implementation of a social auditing model, development of ethical and social financial alliances, and creation of a social market.

//

Alliances create value that is hard to quantify in monetary terms. For instance, together with solidarity economy networks, we have influenced the change in public procurement practices in Zaragoza.

//

- Javier Ortega, CEO Grupo la Veloz



12. POLICY SUGGESTIONS

Top 5 Policy Suggestions to Spain's Government

We asked all social enterprises about suggestions they may have for their country's policy makers to support social enterprises. We classified all policy suggestions into common categories, as well as selected quotes to illustrate the 5 most recurring policy suggestions for Spain's government.

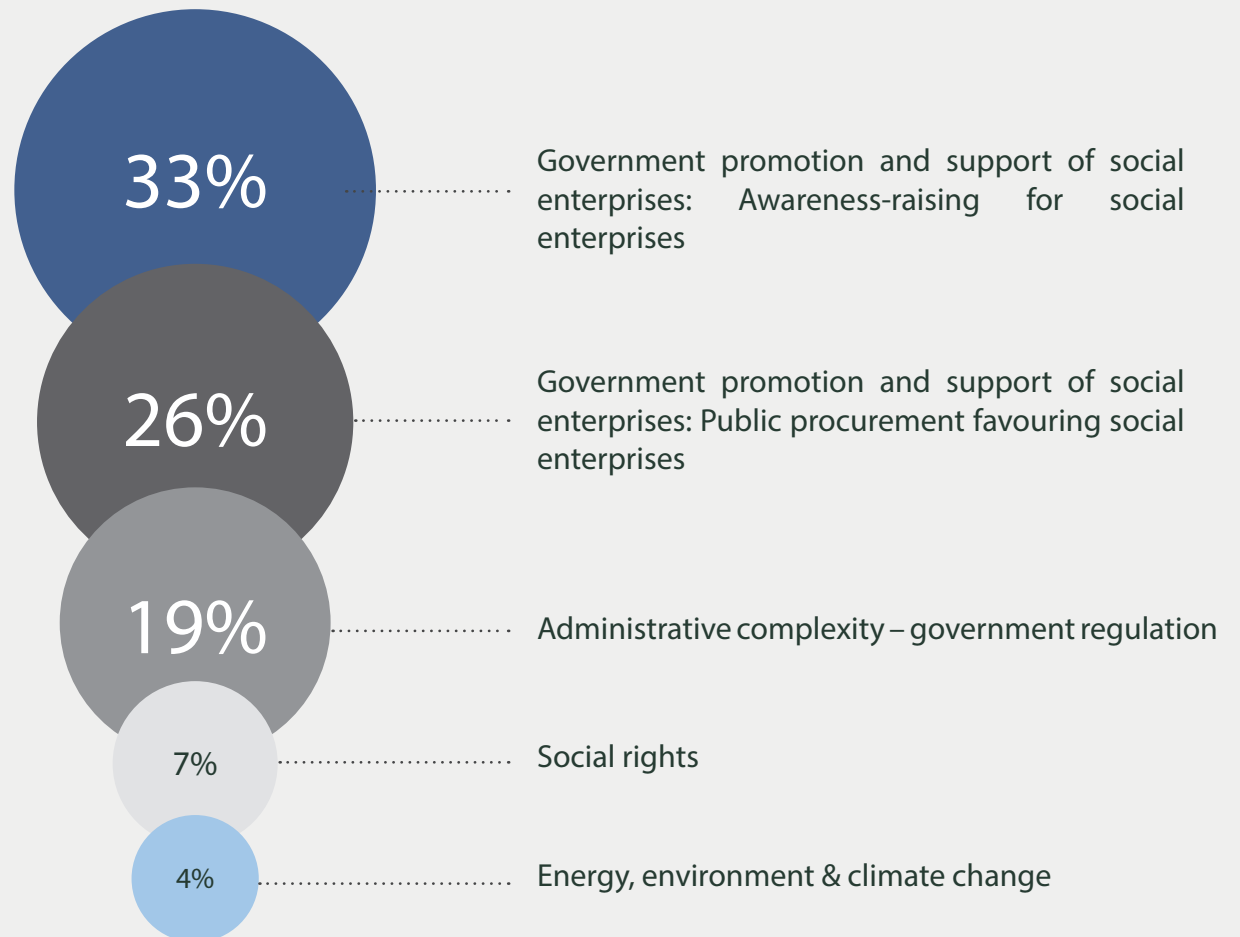
Government promotion and support of social enterprises: Awareness-raising for social enterprises (33%)

"Create a legislation that would deal with social enterprise and would define what social enterprise is. People do not understand that social enterprises represent an intermediary sector between commercial enterprises and not-for-profits. It is hard for people to understand what we are when we present ourselves."

Figure 12. Overview of Policy Suggestions to Spain's Government. N=27. We adapted a typology of policies used by the European Commission: http://ec.europa.eu/policies/index_en.htm

POLICY SUGGESTIONS - SPAIN

SEFORIS
2015



POLICY SUGGESTIONS (CONTINUED)

Government promotion and support of social enterprises: Public procurement favouring social enterprises (26%)

"Incorporate evaluation of social value of the proposal that promote optimal use of resources in the public procurement. Give preferential treatment to small organisations."

Administrative complexity – government regulation (19%)

"Social enterprises create a social value that is often intangible. Systematically, social enterprises have many more costs in producing products and delivering services than it is recognized at the time of contracting these organisations. The money should not be just given but organisations that can do the same work and at the same time create social value should be prioritized, even if they charge a bit more, say 3% more."

Social rights (7%)

"While privatization of some public services is acceptable, this should never be done through the tender as it results in job insecurity. We need greater awareness of the citizens' rights."

Energy, environment & climate change (4%)

"The government should engage in dialogue with social organisations in regards to managements of the parks. Agriculture areas need a conservation policy and their management need to be in hands of associations. Also, we need tax relief for land stewardship."

CASE: FUNDACIÓ ARRELS

CEO

Ferran Busquets

MISSION

Fundació Arrels attends homeless people who face social exclusion so that they can be again as autonomous as possible. In addition, Arrels is active in raising awareness among citizens about the reality of homeless people as well as in reporting unfair situations and making suggestions to help transform the reality of social exclusion.

ZOOMING IN ON 'POLICY SUGGESTIONS'

The Fundació Arrels has been performing a recount of homeless in Barcelona since 2008. In May 2015, responding to the Arrels' initiative, the Parliament of Catalonia anomalously approved the proposal mandating the Generalitat (the Catalan government) to undertake the first official recount of homeless and those living in inhabitable housing before the end of 2015. As of spring 2016, the Generalitat has failed to fulfil the mandate. Municipalities of Barcelona and Lleida undertook their own recounts and Arrels offered its assistance to other Catalan municipalities who wish to do the same.

//

I want Barcelona that says that poverty is unacceptable.... We need to lose the fear of numbers; they are necessary to be able to start attacking the problem. //

- Ferran Busquets, CEO Fundació Arrels



A FEW CONCLUDING WORDS

SEFORİS stands for “Social Entrepreneurship as a Force for more Inclusive and Innovative Societies”. It is a multi-disciplinary research programme, funded by the European Commission, that investigates the potential of social enterprise in the EU and beyond to enhance the inclusiveness of societies through greater stakeholder engagement, promotion of civic capitalism and changes to social service provision. SEFORİS combines insights from policy makers and social enterprise practitioners with cutting-edge academic research to build robust and novel evidence on social entrepreneurship. We develop theoretical frameworks for inclusion and innovation processes in context, employ novel experimentation with social enterprises, build a unique international database of in-depth case studies, and test and validate conclusions using robust longitudinal survey data. To find out more, latest news, reports, publications and upcoming events go to www.seforis.eu.



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