Elements Needed for Successful Social Enterprises

by

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COMMITTEE APPROVAL

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Abstract

Research shows that non-profit organizations are essential to the fabric of society in social, political, and economic ways (Tink & Kingsley, 2021) and contribute to the betterment of the people they serve (Guo & Saxton, 2014). However, due to social and political changes, funding for non-profit organizations has been continually decreasing, despite an increasing demand (Dees & Elias, 1998; Tan & Yoo, 2015; Tink & Kingsley, 2021). Due to this pressure, non-profit organizations have been forced to find new ways to secure funding. One option is to establish a social enterprise, an organisation that embraces commercial philanthropic activities (Dees, 1998) in order to generate revenue while meeting the needs of the community (Di Zhang & Swanson, 2013; Stecker, 2014). Extensive research has been conducted on social enterprise and non-profit organizations; however, very little research has been conducted on what elements need to be present within a non-profit organization to establish a social enterprise that will be primed for success. This research used the case study method to explore the elements important to establishing a successful social enterprise. Six participants were interviewed to explore what elements were present in their non-profit organizations and what elements might currently and ideally lead their social enterprises to be successful. In addition, there is a review of how supportive Alberta is towards these types of organizations. Themes arising from these semi-structured interviews, their practical applications, and their implications for future research are explored.

Keywords: Social Enterprise, Non-Profit Organizations, Financial Sustainability, Success, Success Factors

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Introduction.

Milton Friedman famously stated in the 1970s that the only responsibility of an organization is to maximize profits for its shareholders (Baron, 2007; Farrell, 2015; Ramanna, 2020). This has been echoed by many throughout the years. Osterwalder and Pigneur (2011) suggested that "[a] company's main goal is usually to generate profits by creating products and services that it can sell with adequate margins" (p. 63). While this approach was the norm for many years, it is not the way that all businesses think anymore (Ramanna, 2020). Many organizations, for-profit or non-profit, are taking into consideration the people and the planet, as well as profits (Arena et al., 2015).

Non-profit organizations (NPOs) are essential to society, as they improve the lives of the people they serve and act as protectors of the environment (Guo & Saxton, 2014; Powell, 2018; Tink & Kingsley, 2021). Indeed, as Tink and Kingsley (2021) have stated, "they are an essential part of our social, political and economic fabric" (p. 26). NPOs are generally established to fill the gap in essential services that the government or the private sector does not address (Powell, 2018). They may also be developed when there has been a market-failure, such as when the market is not able to sustain commercial entities (Austin et al., 2012).

In recent years, NPOs have sought new ways to diversify their funding streams (Clark, 2014; Stecker, 2014), due to a governmental and societal shift of less support for NPOs (Westley, 2011). This shift has been in part impacted by neoliberal economic policies which focus on deregulation and privatization, while pushing the non-profit sector to embrace market-based solutions (Eikenberry, 2009).

One way to diversify funding that has been gaining popularity in recent years is for NPOs to start a social enterprise (SE). An SE is an organization that puts society's well being at the heart of its operations (Dees & Elias, 1998). Some NPOs believe that starting an SE is a simple way for the organization to generate revenue and, in turn, they end up failing (Eikenberry, 2009; Manwaring &Valentine, 2012). Operating an SE is more challenging than some might think, especially since NPOs do not usually operate as revenue generating entities (Fitzgerald & Shepherd, 2018).

Starting an SE offers NPOs a unique, viable solution to increase their financial and social sustainability; however, Tan and Yoo (2015) stated that the research is lacking as to what conditions and resources need to be present within the NPO to start an SE. Furthermore, Di Zhang and Swanson (2013) stated that there is limited research showing NPOs how to create and operate a business focused on commercialization, thus, research is needed. Considering that NPOs have been under increasing pressure to deliver more services with less funding (Dees & Elias, 1998), this research focuses on the foundational elements present within both NPOs and their SEs to encourage these organizations to be operationally successful.

As with any topic, defining essential terms is important, especially in research. Therefore, for the purpose of this research, I define an SE as an organization whose mission is to improve society from a social and/or environmental standpoint, while operating a commercial entity. There are different theories as to why NPOs have been established, either because the government has failed to act or as an advocate of who are not heard (Anheier et al., 2019). For the purpose of this study NPOs will be defined as organizations that focus on areas of social service, with social objectives at the center of their operations (Dees, 1998; Di Zhang & Swanson, 2013; Stecker, 2014). Examples of social services are initiatives that focus on the betterment of disadvantaged and vulnerable groups. Social service agencies are usually grouped together with NPOs (Grimes, 2010). By contrast, for-profit organizations are organizations that focus on profitability and economic returns for their stockholders (Epstein & McFarlan, 2011). Finally, it is also important to have a working definition of success or how an organization is classified as successful. The Oxford dictionary defines success as "[t]he accomplishment of an aim or purpose" (Success, 2021a), while the Merriam-Webster dictionary says it is a "favorable or desired outcome" (Success, 2021b). Alternatively, Toledo-López et al. (2012) suggested that success is measured by survival, but that not all entrepreneurs will measure it the same way. Therefore, for this research, success will be defined as any positive or desired outcome (Dyke & Murphy, 2006). Based on the responses from the interviews conducted, and the research of their organizations, the definition of success from the SE perspective is the ability to meet an initiative or mandate or to help clients move forward, showing that there is no consistent definition.

This study reviewed both theoretical and practical information, taking both perspectives into consideration. This was done by reviewing previously published literature on the topic of NPOs and SEs, how supportive Alberta is for SEs, as well as interviewing six individuals who currently lead SEs that are connected to NPOs in Edmonton, Alberta, Canada.

Chapter 1: Literature Review: Non-Profit Organizations, Social Enterprises, and the Problems They Face.

What are Non-Profit Organizations?

General information about NPOs.

NPOs are organizations that focus on offering social services; they mainly focus on or serve a social initiative and that social initiative will be at the center of their operations (Dees, 1998; Di Zhang & Swanson, 2013; Stecker, 2014). They often focus on serving a population that is not considered to be important or lucrative enough to be served by the public sector (Powell, 2018), or delivering a service the government no longer deems necessary (Westley, 2011; Eikenberry, 2009). In addition, many faith organizations are also considered NPOs (Anheier, 2014). NPOs offer services that assist in areas such as homelessness, the environment, humanitarian relief, domestic violence, poverty reduction, education, the arts, and social justice (Anheier, 2014; Dees, 1998; Stecker, 2014), and these social objectives direct their daily operations (Di Zhang & Swanson, 2013). As most NPOs offer some sort of social service, they do not operate with the sole purpose to generate income in the same way as for-profit organizations (FPOs) do (Kraleva, 2013). The main driver of an FPO is financial, while in most cases the mandate of an NPO is to focus on the betterment of society. That is not to say that NPOs do not engage in money making activities – some do (Anheier, 2014), however this is not their main focus., while profitability and creating economic returns for their stockholders is the main focus of FPOs (Epstein & McFarlan, 2011).

Importance of NPOs.

NPOs are a vital part of the social safety net and help to better society in a multitude of ways (Epstein & McFarlan, 2011; Struthers, 2012). Usually, NPOs are established to provide an essential service or fill a gap in services that the private or government sector do not or cannot fulfill (Fitzgerald & Shepherd, 2018; Helm & Andersson, 2010; Powell, 2018; Stecker, 2014). This can be due to governments not seeing value in offering that service anymore (Sonpal-Valias et al., 2016), while the private sector would not offer a service unless there was a financial incentive to do so (Epstein & McFarlan, 2011).

NPOs provide services that work to improve the world we live in and the lives of people within society (Guo & Saxton, 2014; Powell, 2018; Tink & Kingsley, 2021). NPOs are not restricted to one geographical area or sector, as their reach is vast and deep because they assist a wide variety of people (Powell, 2018). They also operate in sectors where FPOs, non-governmental organization (NGOs), and government organizations are all operating and competing (Anheier, 2014; Dees, 2003). The purpose of the NPO is to provide services that are "intended to complement, not substitute" (CCVO, 2019, p. 5) the work of the private and public sector, making them an important pillar of society. However, with the challenges they have been facing, and the pressure they are under, they are being pushed to take on more of a leading role.

As we have seen, NPOs play a vital role in terms of the social safety net and social improvement (Epstein & McFarlan, 2011; Struthers, 2012). According to the Calgary Chamber of Voluntary Organizations (CCVO) (2019), as of 2019 there were 26,000 NPOs in Alberta employing approximately 450,000 people. NPOs are an important part of civil society, maintaining a focus on community betterment. They accomplish this by building connections, fostering relationships, and trying to help society grow and become more resilient (CCVO, 2019).

Since NPOs operate for the betterment of the civil society, they need to work simultaneously with the private sector and government (CCVO, 2019). One constant concern of NPOs is how and where they will obtain funding (Al-Tabbaa, 2014; Dees, 2003). There are multiple options for how they can obtain funding, such as charging for services, gathering donations, or by securing grants (Besel et al., 2011). However, the main funding source for NPOs comes from the government, whether in the form of grants or contracts (Besel et al., 2011).

Even though many NPOs still obtain most of their funding from the government, they are experiencing more and more shortages regarding revenue verses expenses (Tink & Kingsley, 2021). Since the 1980s, there has been increased pressure on businesses, from both the public and politicians, to start to address social and environmental issues that governments no longer see as a priority (Westley, 2011). The acceptance of neoliberal economic policies which have pushed for deregulation and privatization of industries, has “include[ed] an emphasis on market-based solutions to social problems” (Eikenberry, 2009, p. 585), which has resulted in pressuring NPOs to find new funding streams. The acceptance of neoliberal economic policies has resulted in social service operators being forced to rely on market driven models to obtain funding (Champagne, 2020; Farrell, 2015). The governmental reduction in social welfare and social services (Sonpal-Valias et al., 2016), has had an impact on the service that NPOs are able to offer or that can be proposed in the future. Neoliberalism encourages and pushes the idea of the free market, alongside individualism and self-interest (Eikenberry, 2009; Sonpal-Valias, 2016). This in turn creates problems for NPOs and other organizations operating in the social service sectors, as their focus is on the betterment of society (Farrell, 2015).

How society thinks about NPOs.

Changes to society’s thinking, and society as a whole, have been happening slowly and have resulted in challenges for NPOs. They must now rethink their operations and funding models as society’s perceptions shift towards neoliberalism – which questions who should fund NPOs. These changes in societal perception are one factor that has led to the reduction of funding of NPOs.

The increase in neoliberal thinking has impacted individuals’ beliefs and the collective conscience about who and how NPOs should be funded. This way of thinking has brought on a shift towards market-oriented approaches for social welfare programs, a model whose primary drivers are commercial transactions and financial incentives (Champagne, 2020). This change can be both problematic and promising. The problematic changes are associated with alterations to NPOs' funding streams, mandates, and ability to impact change and serve their clients. First, changes in funding streams can push NPOs to focus on too many things at once. For example, constantly having to look for funding opportunities means operational changes, increased reporting, and increased pressure on staff, creating an inability to plan for the future (Sonpal-Valias et al., 2016). Another implication of uncertain funding is that NPOs will have to take on new initiatives to secure funding or partake in activities of the entrepreneurial nature (Sonpal-Valias, 2016), effectively distracting them from their primary mandate. In other words, NPOs must increase focus on "developing new contacts and relationships with funders…collaborating with others for service delivery and administrative services; and educating funders…about administrative costs" (Sonpal-Valias, 2016, p. 23). Third, the pressure on NPOs to adopt a market-oriented approach can lead to a focus on "quantity over quality" (Shields, 2016, p. 4). This shift can force NPOs to prioritise client services over advocacy or other important initiatives to increase the impact of their mandate (Eikenberry, 2009; Shields, 2016). Using alternative funding sources also leads to changes regarding to whom NPOs are accountable, and to whom they report, which is generally the new funders and their mandates (Sonpal-Valias et al., 2016; Shields, 2016). A focus on market-orientation also creates increased competition between organizations offering social services, placing more focus on who the funders are and what the funders want to see happen, rather than what is best for the people or what is needed (Sonpal-Valias et al., 2016; Fraser et al., 2018). Competition can be a good thing. However, in the NPO, increased competition can take away from what is the best for the clients. A major neoliberal shift that is detrimental to those in need is the transfer of responsibility to the individual. This individualism communicates an expectation for people to take care of themselves and their families with less help from government (Sonpal-Valias et al., 2016). Such a framework can be at problematic odds with what may be best for the larger community or society in general (Eikenberry, 2009).

In contrast, the recent changes toward neoliberalism and decreased government support have also created positive impacts, which include tax benefits, new promotional tactics, and innovations. For example, tax benefits, such as reduced taxation or increased incentives, can persuade private organizations to confront and invest in the betterment of, social issues (Sonpal-Valias et al., 2016; Westley et al., 2011). Another positive outcome is that companies can use their new, sustainable business practices as a point of differentiation, which can lead to a competitive advantage that can be used in promotional material (Farrell, 2015). Finally, changes in funding and perspectives can impact the NPO's operations and can lead to new developments in tools and skills, business models, and growth strategies (Eikenberry, 2009; Sonpal-Valias et al., 2016). Farrell (2015) has suggested that although the government does not need to be completely responsible for the people, people also do not need to be completely responsible for themselves. For example, the government still needs to ensure that there is a market to be able to support businesses that offer benefits to civil society (Farrell, 2015). Still, we must be wary of what society will look like if private organizations or FPOs are the only ones that pursue or fund social and environmental initiatives since these organizations are focused on profits and self interest drivers above and beyond the social good (Ramus, 2018).

How changes in thinking have impacted SEs in Alberta.

How have these changes in perspective impacted NPOs in Alberta specifically? The province of Alberta has also embraced neoliberalism, pushing for less government involvement in many areas. This movement began in the 1990s with the election of Premier Ralph Klein and his government. The Klein government were focused on having less government involvement in industries, promoting neoliberalism and a market-oriented social sector (Sonpal-Valias et al., 2016; Sonpal-Valias, 2016). One of Klein's initiatives was to encourage the government to decide which "programs were essential and appropriately provided by government and which ones could be targeted for elimination or privatization" (Sonpal-Valias et al., 2016, p. 62), thereby increasing the number of nongovernmental social programs. These policy and structural changes are still present today, despite changes in leadership. Increases in free market procedures, individualism, privatization of industry, and smaller government have impacted NPOs (Sonpal-Valias et al., 2016). These changes can be seen to have impacted the NPO's ability to offer social and environmental programs in a negative way (Sonpal-Valias, 2016).

Alberta's major industries and culture of "self-reliance and entrepreneurship" (Sonpal-Valias et al., 2016, p. 72) are impacting the direction of NPOs in other ways. In situations where government funding still exists, it is unstable or inconsistent as Alberta's government revenue is closely tied to oil and gas prices (Sonpal-Valias et al., 2016). This instability is another reason why NPOs seek different funding streams. Alberta NPOs are familiar with the process of earned income as a funding stream (Hall et al., 2005), and the industry's self-reliance culture has been beneficial for certain sectors – however, changing funding streams, and in turn operations, to ensure there is enough revenue can be difficult for NPOs whose primary focus is bettering society (Epstein & McFarlan, 2011; Struthers, 2012).

Support available in Alberta for Social Enterprise.

As we have seen, there are many elements that impact whether an SE is successful or not. One area that needs attention is determining if the location in which the SEs operate plays a part in helping them succeed. The SEs interviewed are located in Alberta, Canada, with all six having operations in Edmonton but one of those six also having operations in Calgary. Therefore, the question needs to be asked, does the location selected to operate the SE actually have an ecosystem of support? When talking about an ecosystem or a support system to help an SE grow and survive, an ecosystem can be created at a community or government level. There are a handful of initiatives that have been set up province-wide to support SEs (Elson et al., 2015), however at first glance it seems that there are more support agencies in Calgary than in Edmonton.

The main companies in support agencies in Calgary are Momentum, the Trico Foundation, Innovate Calgary, Impact Calgary, and the University of Calgary. Momentum is an economic development organization that uses a community approach to focus on helping Calgary prosper (Who We Are, 2022), while the Trico foundation has a desire to help build the capacity of social entrepreneurs, which they do by supporting initiatives at different universities in Southern Alberta (We are Trico Foundation, 2022). Innovate Calgary offers support to many different types of ventures with a stream focusing on social innovation and social entrepreneurs (Social Innovation, 2021), while Impact Calgary has the goal to foster businesses with mission-driven purposes and profits (About Impact Calgary, 2017). Finally, the University of Calgary assists SEs through the Trico Foundation Social Entrepreneurship Centre at the Haskayne School of Business; this new center supports students interested in social entrepreneurship (Perl-Pollard, 2019; Massinon, 2019). Many of these organizations in Calgary have been established for a while, creating a good support system for SEs in Calgary (Elson et al., 2015).

As for organizations whose mandates are to assist SEs in Edmonton, there are no specific organizations like there are in Calgary, however, both cities have a Chamber of Commerce that offers some support to SEs through advocacy for their members with all levels of government (Advocacy, 2022; Advocacy, 2020) – i.e., their support isn't specific to SEs.

Province Wide Support.

If we zoom out and look at organizations that support the whole province, there is the Social Enterprise Fund (SEF), The Alberta Social Economy Ecosystem Development (AB Seed), Alberta Social Innovation Connect (ABSI Connect), and IntegralOrg. SEF's mandate is to invest in SEs that want to better the community. Put simply, SEF is an investment organization – they loan money to SEs in Alberta (About, 2022). AB Seed's mandate is to use collaboration and connections to build an ecosystem of socially focused individuals and organizations (What is AB Seed?, n.d.), while ABSI Connect is similar to AB Seed as they support organizations and people attempting to tackle important issues with SEs and social innovation (About Us, n.d.a). Finally, IntegralOrg mainly assists NPOs, however they have created toolkits to assist organizations that want to set up an SE (What We Do, 2020). The assistance that these organizations offer is in the form of networks, connections, toolkit, and investments. These, coupled with the assistance at the city level, especially in Calgary, create a good breeding ground for SEs.

One facet of a strong ecosystem for SEs is if there are organizations that assist them, but the other facet is the political climate and how open it is towards SEs. With a recent injection of cash from the Government of Alberta to support SEs, one could say that currently the climate is good. The government's Creative Partnerships Alberta initiative, which has the government committing to supporting NPOs that support SE and encourage social innovation, has awarded the University of Calgary's UCeed fund (Orr, 2021) two million dollars. The UCeed Social Impact Fund was established to specifically assist organizations that want to better the community. The UCeed fund is an early-stage investment program entirely created by donations. (McDonald, 2021; UCeed Social Impact Fund, 2022). In addition to these initiatives, the

Government of Alberta has been committed to diversifying the economy by investing in SEs (The Canadian CED Network, 2016).

What Makes Each City Unique?

One element that contributes to the unique support system in each city is the city council's perspective regarding SEs and in turn how they support them. The city of Calgary approved a city manager who would create a social procurement strategy, showing the support for more social initiatives (Dowdell, 2018). While Edmonton's council has stated they would focus on many initiatives that fall under their social development branch, one being community development, there is no specific mention of support for SEs or mission driven businesses (Social Development, 2022). Edmonton has its Recover initiative which is an urban wellness program (Recover: Edmonton's Urban Wellness Plan, 2022) that focuses on assisting many initiatives tied to social systems and support, however there is nothing specific about support for SEs. That being said, with a new mayor and some new council members elected in 2021, the city's stance on supporting SEs might change (Mertz, 2021).

As can be seen, there are many organizations that help SEs start, grow, and prosper but what criteria do they use to consider an SE successful? For government and economic development organizations, the answer is simple. Supporting SEs is good for the economy, as SEs create jobs, offer new funding streams for NPOs, and support social causes; all easy elements to measure. But for the support agencies, what are their classifications or measurements of a successful SE? The Trico organization wants SEs to go mainstream and close gaps in the community (We are Trico Foundation, 2022), while Impact Calgary wants to inspire, launch, and grow SEs (About Impact Calgary, 2017,), and SEF wants to help SEs to successfully accomplish their social mission and create important public benefit (What We Do, 2022). AB Seed wants

SEs to have the ability to improve and impact the social outcomes of the community (What is AB Seed?, n.d.). While all these organizations want to help or assist or support, there is no clear classification or definition of success from the service organizations, which makes it difficult throughout this analysis to apply clear criteria for judging success. Many support agencies' missions, and their measurement of success, are vague and focused on community betterment and mission accomplishment.

Governmental changes impacting NPOs.

These changes in governmental policies have impacts, but there are also general funding concerns which are creating issues for NPOs. Because of reduced funding, supporting the community has become more difficult for NPOs. Unfortunately, this is not a new phenomenon. Decreases in support for NPOs go back as far as 1998, as Dees and Elias (1998) explained that "[f]inancial pressures…have increased, and the situation is expected to get worse" (p. 166). Reduced funding coupled with increased pressure from clients and society to find more initiatives, as well as increased competition for donation dollars, are putting more pressure on NPOs (Tan & Yoo, 2015). This was echoed in both Canada and more recently in America – in Canada, from 2007 – 2014, there was a large fluctuation in the amount donated (Lasby & Barr, 2018), while in America, as Stecker (2014) stated, 1.4 million NPOs struggled to obtain donor dollars. Clark (2014) reiterated this, stating "philanthropic giving is declining" (p. 33). Even though there have been large public displays and increases in capitalist philanthropy, (e.g., where the ultra-rich contribute large amounts of their wealth to global initiatives (Morvaridi, 2012), these contributions do not solve NPO funding issues. Thus, NPOs still need to find new sources to ensure sufficient funds (Clark, 2014).

Funding which includes charitable donations has also become inconsistent for NPOs. For example, after the 2008 global recession, charitable giving declined (Osili, et al. 2019; Reed, et al. 2009; Reich & Wimer, 2012). However, funding increased in the years following the recession, but then declined again in 2017 followed by an increase again (Charitable Donors, 2017; Giving USA, 2019). As can be seen, NPOs funding has gone up and down over the years, impacting their abilities to offer consistent programming, to plan long term (Aronson, & Smith, 2010), and to support society. These funding issues impact Alberta, as well. The CCVO (2019) wrote in 2019 that NPOs are facing greater economic challenges with the current economic climate and the decrease in oil prices. Such deficits naturally lead to the need for more sustainable income streams.

What is a Social Enterprise?

There are many initiatives or mechanisms that organizations can implement to try to create a sustainable income stream. Of those mechanisms, one that has grown in popularity recently, and has been embraced by NPOs, is the social enterprise model. A social entrepreneur is someone who enacts change and finds new opportunities or innovative solutions for social issues (Defourny & Nyssens, 2010; Helm & Andersson, 2010; Stecker, 2014). In 2001, the Canadian Centre for Social Entrepreneurship defined social entrepreneurship as including initiatives where the entrepreneur focuses on returns that are both economic and social (Di Zhang & Swanson, 2013). In other words, these entrepreneurs will start a social enterprise (SE), an organization that embraces a mixture of commercial activities and philanthropy (Dees, 1998). Since Dees, the founder of the concept, created the definition there have been several modifications. With the help of Elias, the definition expanded to describe an SE as an "endeavor to enhance societal well-being in some way" (Dees & Elias, 1998, p. 166). On the other hand, Tan and Yoo (2015) claimed that an SE is an organization that uses “socially responsible processes” (p. 113), emphasizing an additional focus on how an organization is run (rather than solely focusing on its mandate or who is being served).

From a legal standpoint, SEs were thought of initially as NPOs. However, the legal status of an SE can fall anywhere between an NPO and an FPO (Di Zhang & Swanson, 2013). Nevertheless, they are increasingly being embedded within the operations of NPOs (Fitzgerald & Shepherd, 2018). Still, SEs can take any form, as long as their goal is to create a benefit to society while making a profit, thereby using the market economy to address social concerns (Child, 2016; Fitzgerald & Shepherd, 2018). Since SEs can come in a variety of forms, this can create confusion regarding their main motivation (Smith, et al. 2010). Regardless, for an organization to be considered an SE, their primary mandate must be a social and/or environmental issue (Stratan, 2017).

Indeed, despite the Government of Canada acknowledging diverse definitions of SEs, they accept that a “social enterprise is a revenue-generating organization whose objective is to have a social impact” (Start, build, and grow a social enterprise: Start your social enterprise, 2019, para. 1). Thus, the common theme is that an SE operates for the betterment of society.

As stated above, SEs can operate in two basic forms. For example, they can be implemented within an NPO or they can operate as a completely separate NPO or FPO. Barton (2019) stated that there were upwards of 7,000 SEs in Canada as of 2015. In Canada, from a legal standpoint, an SE can be setup as a for-profit or non-profit legal entity (Start, build, and grow a social enterprise: Start your social enterprise, 2019) but since they can come in different legal forms it can be difficult to get an exact figure on how many exist. One way that SEs can be set up to ensure that they are contributing to a social or environmental initiative is to funnel their profit into the NPO of which they are a part (Tan & Yoo, 2015).

Regarding revenue, Stecker (2014) pointed out five different revenue models that an NPO could consider when starting an SE to diversify their revenue streams. These five models include selling branded merchandise, creating a fee-for-service operation, creating a separate FPO, creating a hybrid SE, which has a mixture of elements from an FPO and an NPO, or changing the NPO to a FPO completely. Tan and Yoo (2015) also echoed these models by declaring that NPOs can create products to sell or create a fee-for-service model to generate revenue. That being said, the legal status or revenue model of the SE does not take away from the importance that an SE is established with a social or environmental initiative at the heart of what it does. Since SEs can take many different forms operationally, it is hard to create a classification for SEs operationally.

The Problem.

As can been seen from the information presented so far in the literature review, NPOs need to find new sustainable funding streams, and the model that has been developed as a solution is an SE. Due to the different nature of their operations and funding structure, an NPO will better enable the success of its SE if it is able to understand what elements are required. The elements discovered then need to be cross referenced with real life situations to confirm how one can prepare the SE to be successful. The goal of my research is to create a roadmap that NPOs starting SEs can use so that the SE is set up for success.

My research question is “What key elements contribute to the success of social enterprises started by non-profit organizations in Edmonton, Alberta, Canada?”

Sub-questions include:

1. What are the important elements that an NPO needs to possess for its SE to succeed?
2. What are the important elements that an SE needs to be successful?

Social Enterprises as a Necessity.

It is important to understand how society arrived at the place where NPOs are increasingly investing in building SEs. As detailed above, NPOs are starting SEs because the NPOs are looking for new ways to generate revenue as a way of continuing their work or expanding their initiatives. Financial stability is an important element for NPOs to be able to meet the needs of the community (Di Zhang & Swanson, 2013; Stecker, 2014).

In recent years, there has been an increase in the number of NPOs starting SEs. According to CCVO (2019), 42% of NPO revenue comes from earned income, up from 32% in 2016 (CCVO, 2016), and 33% in 2018 (CCVO, 2018). Engaging in new commercial activities and creating new earned revenue sources is not new or revolutionary for NPOs (Hall et al., 2015; Daniel & Kim, 2018); however, the shift toward revenue-based funding shows that many NPOs are adapting their business model. These adaptations likely signal a shift toward greater financial stability, increasing the financial health and general stability of the whole organization. Financial stability also allows the NPO to have more flexibility to use the revenues where they see fit, rather than where the grantors or donors determine. Furthermore, financial stability can increase the programs and initiatives that the business can implement, such as creating new employment opportunities for the NPO's client base or an expanded mission (Lyons, 2010). In turn, having a larger presence in the community and beyond can increase the NPO's brand recognition and mission acceptance (Lyons, 2010).

However, NPOs need to be cautious when starting an SE or diversifying revenue streams since these initiatives do not guarantee added revenue (Fitzgerald & Shepherd, 2018). Manwaring and Valentine (2012) have warned that starting an SE can be risky, and, thus, that pursuing such a venture to generate income requires careful planning and consideration for long-term success. Typically, SEs that are created and housed within an NPO are quite a bit smaller than the NPO and usually operate as a side project (Fitzgerald & Shepherd, 2018). Larger NPOs with larger assets and backings to draw from may have an easier time allocating resources toward more varied opportunities (Carroll & Stater, 2009). Generally, starting an SE should be similar to starting an FPO, meaning that they both will face the same challenges. Despite these challenges, the province of Alberta is notably ripe for building SEs, since the province has been proactive in embracing new funding and commercial activities (Sonpal-Valias et al., 2016).

Non-Profit Organizations Face Unique Issues.

Since NPOs do not operate in the same way as FPOs, there are struggles that NPOs will face when operating an SE – this is due to the fact that the SE should be operated in the style closer to an FPO than an NPO. Since FPOs' main drivers are financial, meaning that they are bound to focus on profitability and financial returns for their stockholders (Epstein & McFarlan, 2011), switching to this type of driver can be difficult for NPOs. It is known that all organizations face issues, challenges, and struggles regardless of whether the organization is a NPO, FPO, or SE (Enterprising Non-Profits, 2010; Manwaring & Valentine, 2012), but the research on how an NPO should effectively operate an SE, and the struggles they specifically face, is limited. Therefore, a better approach is necessary for understanding how an NPO, starting an SE, should adopt an FPO's elements in terms of approaches to resource allocation, risk taking, or capitalizing on opportunities (Tan & Yoo, 2015). The main struggles they face are being in unfamiliar business territory, mission creep, and general operations.

The first struggle that NPOs face is being pushed outside of their area of expertise, especially if the SE's operations are not aligned with that of the NPO. If the two organizations are not operationally aligned, meaning they have different offerings, this could lead to mismanagement, as the NPO could lack the knowledge or business acumen needed to operate a commercial entity. For example, switching from a free service model to a fee-for-service model might be difficult. The idea of having to entice people to pay for a service they previously obtained for free can be an intimidating task, especially if this is a new concept for the NPO (Clark, 2014). Nevertheless, by switching from a charity model to a fee-for-service model, there can be positive impacts as well, as people might feel less "demeaned or awkward" (Dees, 2012 p. 325) about accepting the service, which in turn could increase the SE's appeal. But again, the NPO has to fully understand how these changes will impact them and the SE. Changing where services are free or not can have implications on the donor or volunteer side – for example, some donors want to feel and know that they are contributing to a cause and want to receive a benefit (even if it is intrinsic) for their generosity (Dees, 1998), which can be diminished when people must start paying for a service.

The next struggle that NPOs can face is "mission creep". Mission creep is when the mission or the focus of the NPO gets lost when starting the SE, possibly creating tension between the NPO and the SE. It is important to ensure that aspects such as the finances and operations still focus on the mission and social issues when starting the SE (Lyons, 2010). How the organizations are structured and set up can help reduce mission creep. One way to decide how they should be set up is to determine the values or beliefs of the SE and those of the NPO. If the values do not align, it is best for the SE and the NPO to operate as separate entities (Fitzgerald & Shepherd, 2018). However, if the values and beliefs of the SE and NPO support the same stakeholders despite not aligning, then it is possible to operate the NPO and the SE in tandem (Fitzgerald & Shepherd, 2018).

According to Fitzgerald and Shepherd (2018), NPOs need to bring on "different technologies, rules, assumptions, and skills" (p. 487) to be able to run a commercial enterprise. They must do this while ensuring that their social offerings are being maintained for their primary stakeholder. This can push the NPO to balance different, sometimes competing, directions, strategies, and resource allocations. Since an NPO and an SE can have different operations, the NPO needs to have a clear understanding of how to operate both commercial and socially driven operations simultaneously to ensure they survive (Fitzgerald & Shepherd, 2018). The process of starting an SE is not as simple as creating an initiative or mandate for a new revenue stream and assuming it will work. Indeed, Stecker (2014) stated that the "new models may be financially risky, provide too many ethical dilemmas, or lead to 'mission drift'" (p. 349). As explained earlier, mission drift, also know as mission creep, is a big concern for NPOs starting a new venture (Dees, 1998), as it can shift focus away from core services. Some stakeholders of the NPO want to ensure that any new venture or SE will focus on their core services and not on an untested or risky venture (Tan & Yoo, 2015). Again, this highlights the need for alignment of mandates of the NPO and the SE.

Another factor that impacts the operations concerns the type of leaders that are chosen to head the new organization, and their personalities (Di Zhang & Swanson, 2013), as some are more risk-averse than others which can lead to different priorities between the leaders of the NPOs and the SEs. The final operational struggle for an NPO is the lack of time or resources they might have to lend to the SE, meaning that the new venture is usually operated not as a core program, leading to the inability of the managers to be able to focus on the SE fully.

Important Operational Factors for Social Enterprises or Non-Profit Organizations.

When an NPO is trying to decide if starting an SE is the right course of action, they need to look at many different elements. The elements discussed will focus on internal aspects that the NPO or the SE can control, as there will always be external aspects that impact an organization's ability to be sustainable or successful (Zinovieva et al., 2016). Von der Weppen and Cochrane (2012) stated that there are six categories that, when present within an SE, can lead to success: "(1) processes and structure, (2) human resources, (3) financing, (4) governance, (5) performance measurement and (6) market awareness" (p. 504). The elements or areas that were the most pronounced in the research can be categorized as broadly operational. The main operational elements are structure, human resources, and purpose. Each of these elements have subsections that have been grouped together based on similarities. Structure includes business model, corporate culture, and strategic partnerships. Human resources encompass entrepreneurial mindset, business acumen, and leadership style. Lastly, purpose includes the mission, motivation for starting the SE, and financial sustainability. All these elements will contribute to how the organization is run and operates, which can directly influence the organization's success.

Structure: business model, corporate culture, and strategic partnerships

The establishment of the structure of any organization is important and encompasses many elements (Zinovieva et al., 2016). Within the subcategory of *structure* are elements of one's business model, corporate culture, and strategic partnerships.

The first structural element at play is the *business model,* which can establish how the organization is run. Selecting the appropriate business model is an important first step, as the model will ultimately dictate how the SE and the NPO will operate in a commercial setting (Fitzgerald & Shepherd, 2018). This is important to determine early on since otherwise the SE and the NPO might have different priorities regarding their social and economic initiatives (Lyons, 2010). By having a sound model, tension between the NPO and SE over priorities and how the SE is run can be reduced. Furthermore, the business model also impacts the legal and financial organization of the SE. Specifically, the legal status of the SE is part of the business model and needs to be determined early on. One option is for the NPO and the SE to have completely separate operations where any excess funds from the SE flow to the NPO. Another option is for the SE to be integrated and operate within the NPO. The final option is for the NPO to partner with an FPO, where a portion of the profits from the FPO funnel into the NPO (Andres, 2013). The business model of the SE will be influenced by the values and beliefs of the NPO, which will in turn dictate how resources are allocated based on what is seen as important and vital to the NPO (Fitzgerald & Shepherd, 2018; Ohlsson-Corboz, 2013). The business model implemented, along with the financial structure established, will dictate how the NPO and SE work together, which will impact the ability for the SE to be successful. The NPO and SE need to establish the model that works best for the organizations involved from the inception of the SE.

The *business model* of the SE will influence and dictate the operations and structure within the organization (Stratan, 2017). More specifically, the model chosen will allow the SE to do anything from selling a product to creating an independent FPO (Reilly, 2016). The type of model chosen for the SE depends on many factors, but the type chosen “should focus on improving mission-related performance" (Dees, 1998, p. 67), and not solely on revenue. Because the model can influence operations, resource allocation, and operational capacity, a business plan should be drawn up and reviewed regularly to ensure the SE and NPO are capable of fulfilling their obligations (von der Weppen & Cochrane, 2012). Within the business plan there should be both a resources section and a marketing budget. For some NPOs, creating a marketing budget for the SE is seen as frivolous spending, as the return on the marketing investment is hard to prove; however, it is a function that should be set as a priority (Barton, 2019). Another consideration regarding the business model is the SE's ability to pay a market-wage, as this will increase the SE's ability to attract and retain key staff (Gras & Mendoza-Abarca, 2014). If the model selected and the operations created do not support the SE, sustainability will be nearly impossible (Barton, 2019), ultimately setting the SE up for failure. The environment in which the SE operates will impact the model.

Another element that must be decided by the NPO, within the *business model,* is the market opportunity that the SE will be filling. From the onset, the SE must be established based on an opportunity on which the company can capitalize. This might include an area in which traditional commercial organizations will not venture (Andres, 2013) – for example, housing marginalized people, or an area where competition is limited. However, the SE must be cautious, as research suggests that it can be detrimental to the survival of an SE if they put too much focus on commerce and market-based income (Gras & Mendoza-Abarca, 2014) and forgo their social mission. A problem that comes from focusing too much on commercial activities is the potential loss of "legitimacy in the eyes of their stakeholders" (Gras & Mendoza-Abarca, 2014, p. 397).

The second element within structure that impacts success is *corporate culture.* The culture of the NPO and of the SE, and how they align, is important to the overall operations of the organizations. Corporate culture is defined as the shared values and beliefs of the organization that dictate employees' behaviour (Guiso et al., 2015). Corporate culture can impact interactions within the NPO, as well as those with the SE. The NPO and the SE can have the same or separate and different cultures, but no matter if they operate separately or as one, the established culture will impact the organizations (Guiso et al., 2015). If an NPO has a corporate culture that is open to risk-taking, supports learning, and is entrepreneurial, it will be better positioned to operate and support an SE than one that lacks these elements (Andres, 2013). The NPO instilling the values of the social mission, including ethics and trust, helps create a cohesive culture (von der Weppen & Cochrane, 2012), both of which are desirable within an NPO and an SE. Conversely, cultural conflict can be an advantageous by-product of creating an SE as it can create a learning opportunity, one that could be used to identify areas of creativity and growth for either organization (Dees, 1998). However, failure to identify differences in cultures, if they exist between the NPO and the SE, can lead to the demise of either organization, especially if there is no attempt to balance extremely different cultures (Andres, 2013).

Stakeholder or partner relationships is the third element within structure that impacts an SE's survival. NPOs and SEs will often have to work with a multitude of partners while focusing on their social mission and delivering their operations. Partners can come in the form of recipients of the service, customers, suppliers, volunteers, governments, and other organizations (Alegre & Berbegal-Mirabent, 2016; Ohlsson-Corboz, 2013). One crucial partner group are the recipients of the service (i.e., the customers), for example engaging with them could ensure an understanding of their needs and how those needs should be addressed. By doing this, the NPO and the SE will have a better understanding of the problems and issues being faced by their customers, which can in turn lead to better offerings (von der Weppen & Cochrane, 2012).

Furthermore, since SEs are dependent on a multitude of partners for survival, focusing on relationships can increase the bonds people have with, and their commitment to, the SE (Gimmon & Spiro, 2013). Thus, integration and involvement with partners are important to the success of the SE (Alegre & Berbegal-Mirabent, 2016).

Human resources: entrepreneurial mindset, business acumen, and leadership style.

The next operational element important to the setup and survival of an SE is the *human resources* factor, which includes employing someone with an entrepreneurial mindset and business acumen, and having a specific leadership style. Someone with an *entrepreneurial mindset* has the ability to perceive market opportunities and areas of innovation (Stratan, 2017; Tan & Yo, 2015; von der Weppen & Cochrane, 2012), which can lead to a competitive advantage, or the discovery of a niche market. This is echoed by Roy et al. (2014), who assert the importance of having a team that both embraces the entrepreneurial mindset and has the ability to see opportunities and act on them, thus creating a competitive advantage. While it is important to find people with an entrepreneurial mindset, it is as important to find people who are committed and passionate about the social issue that underpins the NPO or the SE (Andres, 2013; von der Weppen & Cochrane, 2012), as the two complement each other. It is also important to think about the type of society the NPO or the SE will be operating in, as a society that is already open to entrepreneurial activities is ideal for the survival of the SE (Roy et al., 2014).

The next element of human resources is *Business Acumen*. Those working in an SE must have a high level of business acumen for the SE to be successful. Dees (1998) has stated that "[m]anagement skills are important for all nonprofit organizations, but commercialization calls for expertise, knowledge, and attitudes more commonly found in the business world" (p. 66).

Therefore, it is important to attract a competent management team (Andres, 2013; Stratan, 2017) with appropriate business acumen (von der Weppen & Cochrane, 2012). Tan and Yoo (2015) stated that in Singapore, employing personnel with previous commercial experience has led to positive outcomes for SEs. Andres (2013) echoed this by stating that business acumen is important for the success of an SE. While it has been pointed out that the lack of business acumen within an NPO can cause difficulties and reduce their ability to deal with risk, SEs can also fail by having personnel who are inexperienced in the commercial sector (Gras & Mendoza-Abarca, 2014).

Leadership is the final element of the human resources section of operations that an SE must understand. Due to the nature of the hybrid model of SEs, wherein SEs must balance social and financial mandates, leaders must have the ability to handle a larger range of issues between the two mandates. One of the issues that leaders must face is the competition for resources (Andres, 2013). Roy et al. (2014) have asserted that the values and beliefs of an organization's leaders will have an impact on the operations and outcomes of the SE. Likewise, Stratan's (2017) research found that leadership is one of the most important elements needed in an SE. However, successful leadership qualities do not have to be embodied entirely by one person. For the SE to have an effective leadership team, they need to ensure they have people with a variety of skills and that the team is supported by an advisory board (Andres, 2013; Roy et al., 2014). Additionally, von der Weppen and Cochrane (2012) stated that leaders need to be charismatic. Finally, the management team needs to ensure that it empowers and trusts their employees to be leaders as well as embodying positive leadership abilities themselves (Alegre & Berbegal-Mirabent, 2016). Empowerment and trust can be accomplished through adequate training and coaching, and by encouraging leaders to share their learnings with the rest of the staff. Creating good internal communication mechanisms will assist leaders to share information and goals within the organization (von der Weppen & Cochrane, 2012).

Purpose: mission, motivation for starting the SE, and financial sustainability.

The last area to discuss is the *purpose* of the SE. The *purpose* includes the mission and motivation for starting the SE, both of which are important elements to the sustainability of an NPO starting an SE. The first element of purpose is the *motivation* for starting the SE. Being committed to the social issue and motivated to make an impact is an important factor of an SE (Stratan, 2017). The NPO and the SE need to know what their purpose is and why they started (Andres, 2013). When it comes to mission, a fine balance needs to be struck, and an SE's success will rely on how it balances the social mission and profit maximization (Alegre & Berbegal Mirabent, 2016; von der Weppen & Cochrane, 2012), as sometimes conflict can arise between the profit maximization side and the social side (Andres, 2013). The NPO and the SE must be aware of how to mitigate that conflict. One way to limit the conflict is to ensure that the SE does not take away from the mission of the NPO. Gras and Mendoza-Abarca (2014) argued that creating an SE could take away from the NPO's ability to fulfill their mission and that the introduction of commercial activities might alienate donors, volunteers, and recipients. One way that people can be alienated is that they donate to NPOs to fulfill their philanthropic duties and improve their community (Dees, 1998), but if the NPO is operating a commercial entity the donors might not want to support it. Therefore, NPOs must be aware of how the mission and the reason for starting the SE will impact their main operations (Austin et al., 2012).

The final element and contributor to the purpose of the SE and the NPO is *financial sustainability*, which might be the most important element related to the survival of an SE. Without the appropriate capital, and continuing revenue, the NPO or the SE will cease to exist

(Andres, 2013; Stratan, 2017). Within the category of financial sustainability, areas that need attention include how to obtain funding and how finances flow between the NPO and the SE, if at all. Considering the multiple sources of funding previously mentioned (e.g., government grants and contracts), NPOs will need to be aware of different options to generate finances as this will allow them to be less reliant on external funding. Some options might be commercial in nature, which allows the NPO to pursue their mission through different operations, while being less restricted by their funders (Gras & Mendoza-Abarca, 2014).

One struggle associated with obtaining funding is that the SE must be creative when developing funding strategies, and looking for partnerships or collaborations in addition to traditional financing (Ohlsson-Corboz, 2013). The structure of the NPO and the SE may impact the forms of funding available and how that funding can be used, as this is typically dictated by the fund grantor. Grants are usually the most available form of funding for NPOs, while traditional financing, such as a bank loan, is harder to obtain (Ohlsson-Corboz, 2013). This is due to NPOs and SEs having difficultly measuring and communicating the value they offer in a traditional financial evaluation (Barton, 2019). The ability to obtain financing will impact whether or not to start the SE.

The other element to consider regarding how the SE can be financially stable is to clearly lay out how the finances flow between the NPO and the SE. The flow of funds will likely be dictated or determined by the business model established at the beginning. For example, if the NPO and the SE are established to be separate organizations with no funding flowing between the two, this can create problems and tension (von der Weppen & Cochrane, 2012).

There are many elements that need to be present in an NPO or an SE that will contribute to its sustainability. Some elements within each of the organizations are not impacted by decisions of the other organization, however, many are 'moving parts' and depend on other factors or decisions within the SE and the NPO. Many of these parts impact the setup of the SE, their partnerships and personnel, their purpose, and finally the ability to grow. Therefore, creating a roadmap of elements needed for the SE to survive is a good place to start with my research. The next step of my research is to investigate what elements need to be present when an NPO starts an SE. In order to analyse whether the above elements are needed and contribute to the success of the SE, we first need to define success.

Definition and Indicators of Success.

To understand what elements are needed within an NPO and an SE to encourage the SE to be successful, it is first important to define what success means to the NPO or SE. To begin we must first understand the overarching definition of success, as well as discuss the difficulties of creating comparable measurements of success for SEs.

It is difficult to settle on one definition of success, as this depends on what the organization classifies as success. The Oxford dictionary defines success as "[t]he accomplishment of an aim or purpose" (Success, 2021a), while the Merriam-Webster dictionary says it as a "favorable or desired outcome" (Success, 2021b), showing that even the dictionary definitions are different. Toledo-López et al. (2012) have suggested that success is measured by survival, but that not all entrepreneurs will measure success in the same way. Dyke and Murphy (2006) stated that success is related to wealth, power, and prestige, further demonstrating differing definitions or measurements of success. For the purpose of this research, success will be defined as any positive outcome (Dyke & Murphy, 2006). As will be seen below, there are many elements that impact the classification of success for an SE or NPO.

Since the mandate of an SE can be a hybrid between an NPO and an FPO, how it measures success will also be a hybrid. For any organization to be operational and sustainable, it needs to have revenue equal to or exceeding expenses (Osterwalder & Pigneur, 2011), making profits an easy measurement of success. However, in order to do justice to the socially focused priorities of an SE, measurement must go beyond mere finances to include social and environmental impact (Arena et al., 2015; Luke et al., 2013; Mamabolo & Myres, 2020; Munch, 2012; Rykaszewski et al., 2013). Regarding these areas of impact, Toledo-López et al. (2012) stated that meeting the organization's goals is the most important indicator of success.

Unfortunately, measuring success is neither simple nor straightforward for any organization, especially where an SE is concerned. Elements such as profit, sales, return on investment, market share, or market value can measure both financial and market success (Ebrahim et al., 2014; Slaper & Hall, 2011). Success can also be measured by the "survival, growth, and profitability" (Ferguson, 2012, p. 18) of the organization. Another measurement can be human resource aspects, such as employee effectiveness and employee satisfaction (Ferguson, 2012; Toledo-López et al., 2012). Toledo-López et al. (2012) listed other success indicators to include organizational survival, number of employees, achievement of goals, sales and revenue, name recognition, employee turnover, and the size of the business. Furthermore, another measurement is to analyse financial statements and to look at the cost accounting structure (Bagnoli & Megali, 2011), the breakeven point (Mouchamps, 2014), or profit and turnover (van der Paauw, 2016). All these elements can establish if the organization has met its fiduciary duties.

When it comes to SEs measuring success, they try to measure their performance as it relates to the triple bottom line which is their impact on the people, planet, and profit associated with their operations (Arena et al., 2015). These three elements are interrelated (Slaper & Hall, 2011), making it difficult for an SE to have a simple measurement of success (Arena et al., 2015). Since an SE has multiple missions, both financial and social/environmental, measuring success involves both. In other words, both financial success and the ability to achieve or move closer to the SE's mission are assessed when determining if they are successful (Arena et al., 2015; Bagnoli & Megali, 2011; Ebrahim et al., 2014; Luke et al., 2013; Rykaszewski et al., 2013). While the financial measurements can and will be the same for any organization, when it comes to measuring or classifying an SE as successful in terms of its social or environmental mission, it can become more challenging (Ebrahim et al., 2014; Rykaszewski et al., 2013). For example, some environmental elements which may be measured include the reduction in the amount of waste sent to landfills or a reduction in emissions as more people take public transportation (Slaper & Hall, 2011). Social impacts might include an increase in education levels, equality, health and wellness, quality of life (Slaper & Hall, 2011), lives saved, and diseases treated (Rykaszewski et al., 2013). Deciding on what to measure is based on the organization's operations (Mamabolo & Myres, 2020). In addition to measuring progress toward the social or environmental mission, other measurements to indicate success could be "activities that contribute to the performance of the organization, which include internal structure, managing internal communications, quality, management systems, flexibility and adaptability" (Mamabolo & Myres, 2020, p. 70). As can be seen, there are many aspects that can be measured to determine success, some being more difficult to measure than others.

The final issue that creates problems with success measurements is how to compare so many different aspects or indicators of success presented by an SE. SEs have social, environmental, and economic aspects that need to be measured to see if they are progressing toward their mission (Mouchamps, 2014). To reduce the difficulty in comparing data, different mechanisms have been created to measure nonfinancial indicators of success, such as social return on investment or cost-benefit analyses (Cooney & Lynch-Cerullo, 2014; Luke et al., 2013). Social return on investment showcases the benefits that are being received by all stakeholders, from clients to the civil sector (Cooney & Lynch-Cerullo, 2014). Another tool used is the balanced scorecard which displays the balance between the financial and nonfinancial elements of the SE (Mouchamps, 2014). To assist in measuring success, these tools take into consideration the SE’s inputs and their outcomes (Cooney & Lynch-Cerullo, 2014; Luke et al., 2013; Mouchamps, 2014). Another measurement of success would be to calculate the efficiency of operations and effectiveness at serving the clients of the SE (Bagnoli & Megali, 2011; Mamabolo & Myres, 2020).

These tools allow organizations to put nonfinancial elements into financial language that can be standardized and used to compare one organization to another (Cooney & Lynch-Cerullo, 2014; Luke et al., 2013). Considering the variety of stakeholders involved and measurement tools being used, it can be difficult to determine when success has been achieved for each stakeholder group or the SE as a whole (Arena et al., 2015; Mamabolo & Myres, 2020; Mouchamps, 2014). Also, the diversity of missions being pursued by SEs may make it difficult to have success indicators that are comparable.

In addition, reporting timeframes add to inconsistencies; for example, financial outcomes are done quarterly or annually, while measuring social or environmental outcomes can take years (Ebrahim et al., 2014). According to Rykaszewski et al. (2013) and van der Paauw (2016), one of the best indicators of an SE’s success is the ability to be financially self-sustaining. Being self sustaining allows the SE to be able to meet the needs of as many people as possible or allows them to move closer to eliminating the social issue they focus on (Arena et al., 2015; Mamabolo & Myres, 2020; Rykaszewski et al., 2013; van der Paauw, 2016).

Definitions and Indicators of Success from the Specific SEs Interviewed.

While the above information paints a general picture of what success looks like, it is also important to specifically look at the organizations being interviewed, as their definition or indicators of success can be different.

The first SE to look at is the café: it states that their goal is to offer programming that helps at-risk youth reach educational and employment success. They classify youth as being between the ages of 16 and 24 (Opportunities to Learn, 2022; About Us, n.d.b). Their programs aim to educate and develop the skills of the youth to ensure they have the ability to reach their own goals (Opportunities to Learn, 2022). The café is part of a larger NPO whose goal is to eliminate poverty; they do this through offering many different programs to youth and families (Why E4C, 2022). This SE does not curate its own annual or financial reports; therefore, one must look at the annual and financial reports of the parent NPO to determine success.

The thrift store states its main driver is to ensure that everyone has a safe and secure home (Housing First, n.d.). While their main goal is to provide people transitioning from homelessness with the essential furnishings that one needs, they also provide quality furniture items for purchase by the general public (FAQ, n.d.). They track the number of houses furnished as an indicator of success (Housing First, n.d.).

For the food production facility, it was very hard to find any public information about their goals or mandates. The organization was started to keep traditions alive, and to find a way to fund new projects. From there the SE grew into a large-scale business that focuses on creating high quality and great tasting food (About Us, 2021a). As this SE is part of a larger NPO that operates many SEs, it is guided by the NPO's vision, which encompasses the principles of care with love and dignity, ensuring their offerings enhance the quality of life for the community, and trying to ensure their guiding principles are seen in all they do (Home, 2021). While looking at the parent NPO's strategic report for 2018-2021, it can be deduced that measurements of success that would pertain to the SE are: creating effective communication with internal and external stakeholders, creating meaningful relationships with stakeholders that are of value, enhancing services in innovative ways, and finally, focusing on the financial sustainability of the organization (St. Michael's Health Group, n.d.). These are all priorities that could lead to measurements of success.

The garden clearly states its goals are to create strong and inclusive community connections, a sustainable finance stream for the parent NPO, and to contribute to the local economy while reducing their carbon footprint (About Us, 2021b; Success Stories, 2020). This SE is also part of a larger NPO whose mission is to "empower individuals with disabilities to accomplish their employment, volunteer, and recreational goals" (Our Story, 2020, para. 1). The above goals could be measured and described as indicators of success. As this SE does not create or publish financial or annual reports, one must look at the parent NPO for information on goals and success factors that would include the SE. The parent NPO published a strategic plan for 2019-2022 in which they state that their priorities for the next three years are to provide effective and innovative services, enhance the organization's operations, governance, and administration, as well as strengthening the organization's sustainability and capacity through increased diversification of funding streams (Chrysalis: An Alberta Society for Citizens with Disabilities, n.d.b). All these priorities could apply to the SE, but the most prevalent one would be the diversification of funding streams.

In addition, the parent NPO states that one of the SE's main goals is to ensure that they are successfully increasing funding for core programs and operating as an effective and ethical SE (Chrysalis: of An Alberta Society for Citizens with Disabilities, n.d.b). The most concrete measurement of success that the parent NPO stated as a priority is to support a "[f]lourishing and growing business enterprises" (Chrysalis: An Alberta Society for Citizens with Disabilities, n.d.b, p. 6). As well, it seeks to "Guide the Board's measurement of operations, strategic directions and achievement of desired outcomes" *(*Chrysalis: An Alberta Society for Citizens with Disabilities, n.d.b, p. 1). However, even with these statements, it is hard to deduce what a clear measure of success would be, as well as where and how these measurements would be communicated to the public.

With the mattress recycling company, it was a bit more difficult to find goals specifically for this SE, as the parent NPO has many different operations under one SE entity, as well as many different SEs under the parent NPO. However, goals of the greater SE in which the mattress recycling company lies are to create financial or job opportunities for individuals who might not be able to work in a "traditional" work setting (What We Do, n.d.), to pay a living wage, and to reinvest the proceeds into community programs (Developing Community Focused, Social Enterprise, 2020). This organization does state measurable accomplishments they focus on, which are how many people they employ, if they pay a living wage, and how many mattresses they recycled.

The final SE is the waste reduction organization. Since this SE just began operating, they lack some of the concrete information that other SEs can provide. However, their core mission is to ensure that affordable, nutritious food is available to everyone (About Fresh Routes, 2019), which can be measured as an indicator of success.

As stated above, in addition to the specific missions and determining factors of success, all the SE interviewed were subject to the quantitative measurements, such as revenue, profits, or customer services as measurements of financial success, regardless of their operation.

Chapter 2: Methods

Purpose and Goals.

From the literature review, there is a consistent group of elements that create the foundation of an organization. However, it is not known if or how these elements are present in the NPOs running SEs. Thus, this research sought to investigate which elements were needed by an NPO starting an SE, as well elements that need to be present within the SE in order for it to succeed. As has been presented, the SE will have to operate differently than an NPO; the SE must identify a need that people are willing to pay for, while embracing a social and/or environmental issue. Furthermore, the NPO operating or supporting the operations of an organization that is set up in a way with which the NPO is unfamiliar could lead to challenges. Therefore, to ensure more NPOs start SEs, there is the need for NPOs to understand which foundational elements must be present when starting an SE. A primary goal of this research was to explore, synthesize, and present elements central to successful SEs in order to produce an applicable tool for NPOs. This tool should help NPOs reduce inefficiency, waste, and failures, and to increase chances of success.

Methodology.

To adequately answer a research question, one must establish an appropriate methodology and method. First, methodology is the study of how we gain knowledge and know elements of the world in which we operate (Outhwaite & Turner, 2007). There are many different ways we can gather knowledge about the world in which we live. For this research, the methodology I employ is interpretivist, since I believe that the best way to research, compile, analyse, and report on data is through the subjective interpretation of the experiences of the participants (Bhattacherjee, 2012). While this is the methodological approach taken for this research, the method chosen, case study, will be based on a "basic set of beliefs that guides [the researcher's] action" (Outhwaite & Turner, 2007, p. 13).

Interpretive Methodology.

Based on my research question, the interpretivist methodology, which is used in the building of theories (Bhattacherjee, 2012), is the best to use. Qualitative data, interview data specifically, is a large part of the interpretive methodology as interviews are commonly used to discover detailed information about people's experiences (Bhattacherjee, 2012; Willis et al., 2007). Furthermore, because the interpretive model focuses on people's interpretations of reality and the context in which events happened, the interpretations of the data will be influenced by social constructs (Bhattacherjee, 2012; Willis et al., 2007). Since using this methodology focuses on people's perceptions, each participant or organization will have their own unique understanding of events, shaped by their own experiences and contexts. In other words, participants will have a subjective interpretation of the procedures, processes, and events that have taken place (Bhattacherjee, 2012; Kalof et al., 2008). Interpretivism is best for this research topic as it allows for one to create a foundation for future NPOs and SEs to use, as well as other researchers who want to explore this topic further (Bhattacherjee, 2012).

Using qualitative research is the best approach for this topic, as one can obtain information regarding the participants' motivations and their personal experiences (Kalof et al., 2008). As well, interviews allow one to gather information regarding the organization's specific operations (Bhattacherjee, 2012). Since the respondents have different interpretations of the process and operations used, this could lead to different interpretations of reality or the situation (Willis et al., 2007).

What is Qualitative Research?

Qualitative research focuses on detailed personal interpretations of one's behaviors and actions and looks at them within the context in which they happened (Alshenqeeti, 2014). Qualitative research focuses on behaviours and actions as it looks to "explore and describe the 'quality' and 'nature' of how people behave, experience and understand [their surroundings]" (Alshenqeeti, 2014, p. 39). As stated, qualitative research will be employed in this study, as I am trying "to understand processes, experiences and meanings people assign to things" (Kalof et al., 2008, p. 79). As my area of research, specifically the topic of successful SEs, will be ever-evolving, qualitative research is the correct method to employ. As well, qualitative research is focused on what and why, not on how many (Ritchie et al., 2013), making it an appropriate tool to use as the questions being asked are focused on the whats and whys.

Interviews are the most common form of qualitative research, as this "allows researchers to investigate people's views in greater depth" (Alshenqeeti, 2014, p. 39). Using interviews allows for deeper insights and thus more valuable outcomes. As well, it "enables interviewees to 'speak in their own voice and express their own thoughts and feelings'" (Alshenqeeti, 2014, p. 39). Having answers in the interviewees own words is something that can not be obtained as thoroughly through surveys or questionnaires. Interviews allow for the probing and gathering of clearer information, sometimes uncovering emerging topics (Alshenqeeti, 2014). There are four different types of interviews; structured, open ended or unstructured, semi-structured, and focus groups (Alshenqeeti, 2014).

The Case Study Approach.

The case study approach is designed to assist the researcher in conducting an "authentic interpretation of the phenomenon of interest" (Outhwaite & Turner, 2007, p. 93). This can be completed through interviews and observations (Bhattacherjee, 2012; Willis et al., 2007). This approach involves multiple people's perspectives and interpretations of the situations in which they are operating (Bhattacherjee, 2012). The case study approach allows for a "multi-faceted investigation" (Outhwaite & Turner, 2007, p. 14) of the topic, through engaging different people from different organizations (Bhattacherjee, 2012). Exploring different people's perspectives may allow concepts and patterns to emerge, which then can be "systematically analyzed and synthesized" (Bhattacherjee, 2012, p. 93). In discovering patterns, the researcher may be able to generate ideas about relatively consistent elements of successful organizations.

Why the Case Study Approach.

Due to the diversity and intricacies of SEs, the case study method is an appropriate method to use to try to answer my research question. The case study approach allows the researcher to look at the "intricacies of a particular situation, setting, [or] organizations" (Willis et al., 2007, p. 14), which is relevant as the experiences of the participants are important to this research, which is another advantage of this method (Bhattacherjee, 2012). The participants' experiences are important to this study as SEs are unique entities where an over-generalized approach will not be appropriate, as has been presented above. This approach also allows the researcher to be able to obtain knowledge from people closest to the source, creating a more detailed account of what has happened (Willis et al., 2007), making the information obtained more applicable. Using the case study approach will allow for greater depth and understanding of how the NPOs and the SEs are intertwined and operate. This can lead to an understanding of those elements most prevalent in these organizations at the same time (Bhattacherjee, 2012).

Steps in the Case Study Method.

The steps of the case study method that I implemented are the following. The first step, as is the same with many methods, is to define your research question (Bhattacherjee, 2012; Willis et al., 2007). From there you decide how you will obtain data. For this study, information on the SEs and NPOs will be obtained in two ways, through published information and interviews. To obtain public data, a review will be conducted of any published information by the SE or the NPO. As well, interviews will be conducted. Interviews are the most popular technique to use for this method, as they give firsthand knowledge of the organization (Bhattacherjee, 2012; Willis et al., 2007). From there it must be decided how these questions will be formulated and at which location the information will be collected, then how the interviewees will be selected, then how the interview data will be collected and recorded, and finally, how it will be analyzed (Bhattacherjee, 2012; Willis et al., 2007).

What is Coding?

Data is analyzed by looking for patterns in the interview data. One way to understand and analyze interviews is to use the constant comparison analysis method and apply codes. This method is used when the "researcher is interested in utilizing an entire dataset to identify underlying themes" (Leech & Onwuegbuzie, 2007, p. 565) and "is a method of choice when the researcher wants to answer general, or overarching, questions" (Leech & Onwuegbuzie, 2007, p. 576). Constant comparison is also "the most commonly used type of analysis for qualitative data" (Leech & Onwuegbuzie, 2007, p. 565).

How to Code.

Coding is used to organize research data, with the intention of organizing and categorizing the responses to then be interpreted (Alshenqeeti, 2014; Bhattacherjee, 2012; Kalof et al., 2008). The coding will help identify patterns from across interviews. Merriam and Tisdell (2015) stated that "[c]oding is nothing more than assigning some sort of shorthand designation to various aspects of your data so that you can easily retrieve specific pieces of the data" (p. 199). This statement is echoed by Stuckey (2015) who advanced the topic by stating that coding is used to quickly find information and groups of information that are related. Coding systems work by allocating names to themes and patterns in a way to simply compare the data (Kalof et al., 2008).

How To Analyze the Data.

Merriam and Tisdell (2015) indicated that "[d]ata analysis is the process of making sense out of the data" (p. 202) and is "used to answer your research question(s)" (p. 202). The analysis process consists of identifying themes that have emerged, grouping those themes together, and pulling examples from the text to support those themes (Burnard et al., 2008). This involves looking for recurring patterns in the data (Merriam & Tisdell, 2015). The patterns can be derived from different areas, either from the research, the participants, or the literature previously reviewed (Merriam & Tisdell, 2015).

How I Applied these Methods and Conducted My Research.

Sampling.

For the process of selecting the interviewees, nonprobability sampling was used. Nonprobability sampling is used when some groups of the population have no chance of being selected (Bhattacherjee, 2012). Within this approach, convenience sampling was used. For this type of sampling, participants are selected due to their closeness or convenience to the researcher or topic (Bhattacherjee, 2012). In my case, I obtained a list of local NPO organizations that operated SEs and then reached out to all the SEs to see if they would be willing to participate in my research. I reached out to people in a senior managerial or higher position. As the pool of NPOs that operate or have operated an SE in the Edmonton region is limited and inter-connected, most NPOs would have had prior knowledge of me or have interacted with me. Therefore, some of the interviewees and I had already connected – as well, with a small community it was difficult to interview all SEs from the same sector. With this type of sampling, and with a sample size of six, generalization is not possible (Bhattacherjee, 2012).

Interviews.

There were two main topics explored during the interviews. First, interviews explored the degree of input and control that an NPO had regarding the SE. Second, interviews explored the elements within both the NPO and SE that were identified as possibly contributing to the SE's success.

Interview Question Design.

The interview questions were designed by analysing all the relevant information obtained from the literature review and then creating questions that would provide me with information to help answer my research question. All the questions were structured as open-ended questions to allow people to talk freely. The questions were categorised in themes that revolved around central elements that were needed within an NPO and an SE to set up the SE for success. The main areas of exploration included general information, business model and structure, entrepreneurial mindset, business acumen, leadership and staffing, motivation and mission, culture, partnerships, and success classifications (see appendix B for full list of questions). The first group of general questions consisted of four questions about the NPO (e.g., how many people the NPO serves in a week, the NPO's definition and measurements of success and their planning process), followed by seven about the SE (e.g., why it was started, financial stability, competitive advantages, beneficiaries). The remaining 14 questions concerned the operational functions of the SEs (e.g., business acumen, leadership, culture, entrepreneurial mindset, mission, and partnerships), as well as how they classified success. Starting with general questions about the NPO and SE allowed for an understanding of the SE from inception and what input and control the NPO had over the SE. The remaining 14 questions were asked in order to identify which operational elements were present and how they impacted the SE and its ability to be successful according to their definition. Then the information obtained from the interviews will be correlated and compared to the data obtained from the organizations published data on the same topics.

How the Interviews Were Conducted.

For this research, I used semi-structured interviews, as they were both structured and flexible, allowing for probing and the ability to obtain more information in areas of relevance. It also allowed for consistency across all interviews, as a checklist of which questions were asked was used (Alshenqeeti, 2014). The six semi-structured, in-depth interviews were conducted with people in a managerial or higher position who were part of an NPO that operated at least one SE. The interviews were conducted via Zoom, due to the COVID-19 global pandemic, between September and October of 2020. The interviews lasted between 45 and 60 minutes. To ensure that the interviews were as successful as possible, I focused on having genuine conversations that were detailed and flowed naturally (Alshenqeeti, 2014). One tool that I used to ensure that no data were missed was to record the interviews with the participant’s permission (Alshenqeeti, 2014). These recordings allowed me to give my full attention to the interviewees as I could transcribe the interviews at a later date.

How I Coded.

Coding the interviews involved several steps, some of which occurred before coding even began in order to the set the subsequence coding up for success. First, the person doing the coding (me) was knowledgeable about the topic (Stuckey, 2015). Second, I set codes as themes were revealed, as opposed to beforehand (Leech & Onwuegbuzie, 2007; Stuckey, 2015). After the first interview, I read the interview transcript and made notes in the form of a memo. This process helped track how the coding scheme was developed and how conclusions were formed (Stuckey, 2015). In addition, the memos helped keep track of my thoughts and any interpretations I realized during the interviews (Merriam & Tisdell, 2015, p. 200). During the interviews, I also created notes of my thoughts and interpretations of what the interviewees were saying.

After this initial process, I began coding by rereading the first interview and coming up with codes as I recognized them in the data, using the constant comparison model to create codes. Specifically, I used the inductive method of coding (Leech & Onwuegbuzie, 2007). As coding is simple assigning of shorthand to the data, the codes I made were in the form of single words and phrases (Merriam & Tisdell, 2015). After assigning codes to the first interview, I grouped areas together by similarities, creating categories (Merriam & Tisdell, 2015). From there I read the next interview, while keeping in mind the codes and categories I had previously created, but also creating new codes and categories when they emerged (Merriam & Tisdell, 2015). While coding subsequent interviews, I was mindful to ensure that my biases were not clouding my coding. As more and more codes started to emerge, I created a codebook to help sort the codes (La Pelle, 2004). Although the coding process is time consuming (Alshenqeeti, 2014), it produced rich information.

How I Discovered Themes.

Once all the interviews were coded, codes were organized into categories and themes. The codes allowed me to identify concepts that lead to overarching categories that, in turn, lead to themes that helped me answer my research question (Bhattacherjee, 2012). The categories were discovered by looking at the questions and determining if there were commonalities in the answers given by the interviewees. While I was analysing the data, I searched similar responses that emerged from the codes to create categories (Leech & Onwuegbuzie, 2007). As the categories can be derived from different areas, I created my categories with a mixture of the participants’ comments and the literature previously reviewed (Merriam & Tisdell, 2015).

Furthermore, the categories created were exhaustive, mutually exclusive, and relevant to the research topic (Merriam & Tisdell, 2015). From the categories, I was able to discover themes that were important and relevant to my research question (Merriam & Tisdell, 2015). To be able to discover the themes that were emerging, I had to ensure that I was looking and thinking beyond what was just being stated (Merriam & Tisdell, 2015). From there the themes allowed me to discover and organize my findings. After all the interviews were organized and themes were started to emerge, analysed published data from the corresponding organizations to be able to triangulate the findings from the interviews. This allowed me to confirm the information provided by the interviewees.

Reliability and Validity of the Research Design.

Reliability is defined as the ability to conduct multiple research studies and obtain consistent results, thus showing that the research is free from errors (Malhotra, 2012). Validity is defined as how accurately the data has been measured in relation to the real world (Malhotra, 2012). Reliability can be difficult to ensure in qualitative research. Compared to quantitative research, qualitative research is where the "researchers seek to describe and explain the world as those in the world experience it" (Merriam & Tisdell, 2015, p. 250) and since interpretations can be different over time, to repeat the same study multiple times does not guarantee the same results (Merriam & Tisdell, 2015).

To ensure validity and reliably in qualitative research, Merriam and Tisdell (2015) suggested that research must be conducted ethically. My research was conducted within the ethical standards of Royal Roads University, ensuring my research techniques were reviewed and approved by the Office of Research Ethics. Another way to guarantee reliability and validity regarding coding is to ensure that the coder is "knowledgeable enough about the subject matter…

to identify subtle meanings in the text" (Campbell et al., 2013, p. 297). My background, which includes serving as both staff and board member of NPOs, and my education in business have provided me the knowledge needed to be able to interpret the responses on this subject in a meaningful way. Finally, I have attempted to obtain data from the SEs or NPOs themselves to confirm the information that was obtained during the interviews, as this is another process to ensure validity (Leech & Onwuegbuzie, 2007; Merriam & Tisdell, 2015). While using multiple researchers can also ensure validity (Leech & Onwuegbuzie, 2007; Merriam, & Tisdell, 2015), this is not a technique that I employed. However, to ensure that the research conducted was held to the highest standard, careful attention was paid to "how the data [was] collected, analyzed, and interpreted" (Merriam & Tisdell, 2015, p. 238). Because of the intricacies of conducting, coding, and analysing the qualitative interviews, Merriam & Tisdell (2015) state that as long as the findings and the way they are presented is consistent, the study is deemed reliable, which will be revealed during the conclusion stage.

Chapter 3: Findings

Summarization.

Participant Characteristics.

I conducted six in-depth individual interviews with managers from different NPOs that operate SEs. Interviews were conducted with the people either directly responsible for managing the SEs or overseeing the manager of the SE. Participants had various titles such as Executive Director (ED), Chief Executive Officer (CEO), or Senior Manager. The interviewees consisted of three women and three men. The respective SEs were diverse, and included a thrift store, a café, a food production facility, a garden, a mattress recycling organization, and a waste reduction organization. Each organization has been operating for a different length of time: the garden and the waste reduction organization both had been operating for less than two years, while the thrift store and the mattress recycling organization had been operating for ten years, followed by the long running café for 26 years, and the food production facility for 30 years. Thus, their experiences differed widely on certain elements as reflected in the answers they provided. Each of the participants had different backgrounds and years of experience within SEs. Having a group of interviewees with diverse backgrounds and operations allowed me to gather knowledge on different processes and procedures for creating and running a variety of SEs.

Participants were assigned numbers as follows:

1. The café interviewee
2. The thrift store interviewee
3. The food production facility interviewee
4. The garden interviewee
5. The mattress recycling interviewee
6. The waste reduction interviewee

Themes.

Coding and categorizing the data allows themes to be discovered. These themes are reviewed below and include the following information: why the SE was started, how it was financed, financial stability, profit allocation, market need, competitive advantage, management structure, leadership, mission, corporate culture, partners, and classification of success. Each section below summarizes participant insights, exploring both consistencies and inconsistencies of information obtained from the interviewees.

Data Summarization.

The SEs had been operating for different periods of time, as well the interviewees had all worked for their respective organization for different amounts of time. Interviewees 4 and 6 stated that the SE had started recently and were not fully operational, while Interviewees 1, 2, and 5 stated that the SE has been operating for over 10 years. Starting with why the SE was started, Interviewees 2, 3, and 6 said they, or someone in the organization, saw an opportunity or need from having interactions with the community or from analyzing the NPOs operations. For instance, Interviewee 4 needed a way to fill a funding gap, while Interviewee 5 stated that an opportunity was discovered after viewing internal operations by someone with an entrepreneurial mindset. Interviewee 1 stated their SE was started because the parent NPO had connections with the city of Edmonton and a member of council had a physical café space that needed to be filled and wanted to help the NPO.

Financing.

When it came to the question of how the SE was financed at the start, Interviewees 1 and 2 were unsure, due to the length of time some of the SEs had been operating and how long the interviewees had been with the organization. But based on how other initiatives within their NPOs began, they guessed that the funding was community based or governmental. On the other hand, both SE 4 and SE 5 started with internal financial aid from the parent NPO, with SE 5 also taking out a loan. Interviewee 3 did not have to obtain any funding as the organization had all the assets and space needed to run the SE. Interviewee 6's SE received funding from the municipal and provincial governments and partnered with a local university for personnel funding.

Financial Stability.

When discussing financial stability, most said that the SE was financially stable or had the potential to be, based on research done by the organizations or demand from customers. In other words, there has been a good indication that there is a market need for these SEs. One consistent response was the definition of the term "financial stability"; for participants, financial stability meant that the SE at least broke even on an annual basis, covering all its costs. Interviewees, 1, 2, 3, and 5 all stated that they broke even, while 4 and 6 were too young to state if they had broken even yet. However, 4 indicated that they were on course to make money after one year and 6 projected that they would make money by year three.

Profit Allocation.

Regarding where the earned profits were allocated, there was a split amongst the respondents. In half the cases (1, 2, and 6), the money was reinvested into the SE to purchase assets, pay off loans or reinvest in programs. For the others (3, 4, and 5), the profits were redirected back to the parent NPO. In addition, 1, 2, and 3 said they paid the NPO for administrative services performed for the SE, including facility rentals, cleaning, marketing, or financing. This was viewed as a way to support the NPO.

Market Need.

Regarding how the market need for the SE was discovered, this question related to and generated similar answers to the previous question about why the SE was started. Interviewees 2, 4, and 5 stated that there was a market need that was not being addressed, either not being served or being underserved. Interviewees 4 and 5 also stated that a bonus to creating the SE that focused on an unmet need was that the newly formed operations would offer employment opportunities to the clients being served. Interviewees 1, 3, and 6 indicated that the SE started not because of a specific or particular market need but because either the need was discovered serendipitously, or someone external to the NPO had a mandate to meet and approached the NPO. For example, SE 1 was started because there was space available for a café in city hall, and the NPO was approached to see if they would want to operate in this location, as being in this location would allow the NPO and SE to be near municipal figures with political power and showcase the work the organization was doing. For SE 3, what began as a group making food for themselves turned into a business when it was realized that the product provided a funding stream. But most importantly, Interviewees 3, 4, and 6 report that from inception they have grown to find a niche market that they can serve.

Competitive Advantage.

When asked what their SE's competitive advantage was, a consistent theme emerged (1, 3, and 4) about customers choosing the SE because of the story behind it, either what the NPO did or why the SE existed, that is, their purpose. For example, Interviewee 1 stated that people choose them specifically because the customers know by doing so, they are helping the NPO and the community. Interviewee 3 stated that people chose them because by purchasing the products they are helping the NPO, and because they know this is a small local organization. Finally, Interviewee 4 announced that people and organizations feel good about supporting the community, and the organizations in turn can use this support as a marketing tool to attract their own customers. Interviewees 2, 4, and 5 stated that their competitive advantage was to offer a service that no one else offered locally. Interviewee 2 stated that the items they offered were not normally sold in stores like theirs, while Interviewee 5 stated that no one else was offering this service in the city, but that they still needed to be competitive with their pricing. Finally, Interviewee 6 stated that their competitive advantage was how the service operated, how they treated people, and the fact that they were providing a product that people actually needed when and where they needed it.

Management Structure.

Pertaining to the management structure and how it might impact operations and planning, Interviewees offered consistent answers that the person who ran the SE was at a management level and reported either to the C-suite level of the NPO or the Board of Directors. All Interviewees worked in a traditional hierarchical structure with different levels of managers, middle managers, and other staff. Planning, an important element of structure, contributes to the direction of the SE and was mentioned by different respondents. Interviewees 1, 2, and 4 stated that their SE's management made decisions about the direction of the SE and then presented them to the higher levels of the NPO for final sign off. For some, this was more of a formality. For SEs 4 and 6, the C-suite level made big operational decisions and then presented them to the Board for final sign off. Interviewee 5 stated that the managers of the SE and the NPO would have informal meetings to spark creativity and innovation. All but Interviewee 5 stated that the Board of the NPO had a say in the decisions of the SE – some from a financial perspective while others were more from a strategic perspective. Only Interviewee 5 answered that their Board is a Governance Board and has very little input and the SE's decisions are made by the SE leader.

A major planning element is the creation of a formal business plan; the NPOs that were larger and had been running their SE for some time, 1, 2, and 5, had five-year plans. The SEs that were just starting out (4 and 6) did not have a formal business plan but did have a business proposal or a strategy in place, while SE 3 had a sales target and a budget but no formal business plan. One element that respondents constantly stated as being necessary to run a business is a business plan.

Entrepreneurial Mindset.

Trying to understand why certain people were selected to head the SE, and if they had an entrepreneurial mindset (EM), concluded in mixed statements about who had the EM. However, the presence of an EM was evident in all but one SE, represented by Interviewee 2. The one outlier explained that because their management team's main focus was the organization's operations there was no need for EM on the team. Interviewees 3 and 6 stated that their organizations operated with an EM while participants 1, 4, and 5 suggested that the managers of their SEs were selected specifically because of their EM.

As for the background and experience of the managers, all had previous business knowledge or skills and had run their own businesses. Two of the SEs, 1 and 5, operated with co-leaders who displayed a variety of complementary skill sets, for example, having a mix of business, education, and social work backgrounds. Four of the SEs (1, 3, 4, and 5) stated that people were selected to run the organization because of their previous business experience, background knowledge, and skills. In the other organizations (2 and 6), the managers running the SE were promoted because of the position they held within the NPO, prior to the SE being created. Therefore, selections for these two organizations were based more on hierarchical elements and less on skills.

Mission.

A large part of the why behind the founding of an organization is based on its mission. Trying to understand if there was mission alignment between the NPO and the SE was important. Understanding how the NPO, as a whole, viewed the SE and its operations was also important for this research. Regarding mission alignment, all but one interviewee (3) confirmed that the missions of the NPO and the SE were aligned. Interviewee 3 stated that the NPO and their operations focused on health and wellness, while their SE focused on food. However, all but one SE stated that the SE was part of a larger vision for the organization, for example, by operating or offering a service that focused on helping the clients of the NPO. Interviewee 3, whose SE's mission was not the same as the NPO's, stated that even though the SE's mission was not 100% in alignment with the NPO's, the SE still had the goal of giving back to the NPO.

A final question was asked regarding how the mission of the SE was viewed by the NPO. This was one question that was answered vaguely or not in the correct context. Four Interviewees (1, 2, 4, and 5) answered this question based on how the missions were aligned and stated that the goals of the SEs are the same as those of the NPO. For example, Interviewee 2 stated that both organizations were working towards ending chronic homelessness. Interviewee 4 stated that both organizations were working towards creating better lives in a better world.

Corporate Culture.

To understand the connection between the NPO and the SE, the interviewees were asked about the corporate culture of each organization and if they were aligned. Four Interviewees, 2, 3, 4, and 5, stated that the cultures were not aligned, mainly due to the different operations and the main job functions that were conducted. For example, Interviewee 1 stated that their culture was aligned with that of the larger NPOs but not with all the smaller operational units of the NPO. Interviewee 4 stated that it was hard to say as they were unsure if people working within the NPO, and their other SEs, knew what this new SE did or even how their work contributed to the greater NPO. Interviewee 5 stated that they were probably not aligned as the operations of the NPO focused more on social elements, for example healthcare and nutritional support, while the SE focused on job creation. Interviewee 6 suggested that the cultures are the same since the operations are tightly intertwined; this is mainly due to the small size of the NPO and the SE. But as mentioned above, three of the respondents (1, 2, and 5) did come to the conclusion that the SE's culture was aligned with the goal of the NPO and what they are working towards.

Partnerships.

When asked about which partners were critical or influential to the perceived success of the SE, a consistent response was that the NPO was a key partner, as the NPO provided support to the SE. Interviewees 1, 2, 3, 4, and 6 stated that the NPO was a key partner as the NPO supported the SE with community connections and networks, as well as resources in the form of property and assets. Besides this consistent answer, the other key partners that were named varied considerably, which would be expected as the operations of the NPOs are different. The respondents listed everything from the local and provincial governments to organizations up and down the supply chain, to individual donors and customers as being important partners. Interviewee 1 stated that the food suppliers and the working relationships created with the suppliers was a big contributor to their operations, as once the suppliers understood their mandate and that they were working to better the community, they would go out of their way to ensure that they provided the best deals to the café. Interviewee 2 stated that similar service providers to them were partners at the beginning as they provided information on operations that made their organization more efficient. In addition, the interviewees stated that the government was a key partner, as were the people and organizations that donated materials. Interviewee 3 stated that their big partner is their distribution channel, the organizations that help spread their product to the retailer. As well, they stated that the community was a big supporter that allowed them to continue operations. Interviewee 4 suggested that it was the NPO's board members who used their networks to create partnerships that helped the organization out. Interviewee 5 stated that their biggest partners were their customers, as well as their employees. In addition, they felt that the municipal government was a partner of theirs. Finally, Interviewee 6 stated that their supply chain was a key partnership, as well as the community that helped them get started. The community that assisted them were people from many areas, everyone from community workers, social workers, and Indigenous personnel to people who knew and understood the needs of their clients.

Defining Success.

Regarding the determination for an SE's success, the interviewees were asked if they felt that their SE was successful, how this success was measured, and what elements were used to confirm if it was successful. The answers were consistent across the respondents: four stated their SE was successful. However, Interviewee 4 and 6 stated that it was still too early to tell, nevertheless they felt it was promising. What was not mentioned as an indicator of success was also interesting. Only two interviewees, 4 and 5, mentioned that profits or a monetary measurement were an indicator of success. For example, Interviewee 4 explained that profits were important to measure success as they were reinvested in the NPO, enabling the NPO to offer more core programs. Interviewee 5 stated that making money was an indicator of success but more importantly could be measured by hiring people and treating them well. In line with profit, funding was another area discussed; two interviewees (1 and 4) stated that being able to be less reliant on government funding would be an indicator of success. Consistently the interviewees highlighted nonfinancial elements as indicators of success – for example, they focused more on achieving their mandate, gaining exposure, and helping the community. Interviewee 2 stated that success could be measured in the number of houses furnished, the number of people housed, and the amount of material kept out of landfills, while 1 stated that success could be measured in continuous improvement and where the clients go, once they leave their program. Finally, Interviewee 6 suggested that building trust with their partners and being sought-after as the preferred service provider would be a sign of success.

Advice.

The concluding question that was asked was “what advice would you give to an NPO starting an SE”? The answer from all the respondents was making sure the SE was actually solving a problem, had the ability to help people, and gave back to the NPO, economically, so it can be less reliant on government or grant funding. Interviewees 2, 3, and 6 stated that you need to solve an actual problem –specifically, that you are offering something that people want and need. Another piece of advice was from Interviewee 6, who stated that just starting is the hardest part, therefore it is beneficial to have the resources of the NPO to help with the initial push. Interviewee 5 recommended to just try something and start, do not waste time with business plans and consultants at the beginning. Two interviewees (1 and 4) suggested that it is important to find people who really believe in the mandate and goals of the NPO, and that people who have bought into the concept are important. Another piece of advice from Interviewees 3 and 4 is to share the story of the NPO and to be sure to tie that story back to the SE to stand out. Finally, two interviewees, 4 and 5, highlighted the importance of engaging people with business knowledge and experience, not just people from the social services sector.

Correlating Interview Data with the Literature Reviewed.

Discussion of Findings

As can be seen from the summarization above, the interview results were mainly consistent with the literature reviewed. However, there were some inconsistencies between the literature and the interview results on the topic of communication style used, leadership skills desired, and most desirable business models. These inconsistencies could have been because the information was not discovered due to areas being overlooked either in the questions asked or in the interviewees' answers. As well, the SEs interviewed are very different in their operations and who they serve, as we have seen, therefore it was difficult to obtain literature that completely matched the demographics of the population of the area in which I was conducting my research, which will be addressed in the further research section.

Information from the literature review will be applied and analyzed against the interviews, to assist in drawing appropriate conclusions to my research question about which elements are needed to set up an SE for potential success. The areas being analysed are based on the operational elements and inner workings of the organizations. These elements are structure, HR, and purpose. Structure includes business model, corporate culture, and strategic partnerships; human resources includes entrepreneurial mindset, business acumen, and leadership style; and purpose includes the mission and motivation for starting the SE and financial sustainability considerations. The final topic covered is the tools used to measure success and any area of importance that had not be touched on.

Structure: Business Model, Corporate Culture and Strategic Partnerships

Business Model

The literature argues that the type of business model or design implemented within the organization will impact success. All the interviewees stated that they operated in an organization that had a traditional structure, with different levels of managers, middle managers, and staff, each reporting to higher levels of leadership. The interviews revealed a mixture of models, some having two separate operations, for example an NPO and an FPO that do not interact, and some with the SE being integrated within the NPO as stated by Andres (2013) as an acceptable model for the organizations. Based on Dees (1998), the type of model chosen "should focus on improving mission-related performance" (p. 67) and not other elements, especially revenue. The literature suggests that the model or set up selected for the NPO and the SE can reveal differing priorities toward social and economic initiatives (Lyons, 2010), which can become a source of tension for the organizations. From the interviews, it seems clear that there were appropriate models and communication channels in place that worked for their respective SEs. While the literature focuses more on ensuring a formal model exists as a method to reduce issues, it does not state which type is best. All parties interviewed had a clear and formal model, which is shown to be an element that can lead to a successful operation.

As an element of the business model chosen, the organizations, either the NPO or the SE, must decide how to allocate resources and whether there is enough capacity to ensure optimal ongoing operations. von der Weppen and Cochrane (2012) suggest that a business plan be drafted and reviewed regularly to ensure that capacity exists within the SE and the NPO to fulfill their respective obligations. Based on the responses from the interviewees, the SEs that have been operating for over five years have a five-year business plan, and they revisit it regularly (1, 2, and 5); the others (3, 4, and 6) reported they had no formal business plan and said this was either because they were too early in their journey or too small. Therefore, the more established the organization, the more likely it was to have a business plan; it may be that that as the others grow, they will create one.

Support from upper management or the Board of Directors is an important element for SEs. Support from the Board for Interviewee 2 was described as a form of checks and balances and not as a control mechanism. Information put forward to the Board was financial or strategic in nature, which is in line with Barton's (2019) statement that structure and operations need to support the SE to ensure sustainability. As for how the Board interacts with and suggests actions to the SE, Callen et al. (2010) suggests that the Board provide supportive oversight. To enable this, it is important to ensure supportive people are on the Board (Jaskyte, 2014). Another form of support can come from sharing resources, as Dees (1998) points out, and was echoed by all the interviewees. For example, Interviewee 3 stated that the SE pays a fee to the NPO for facilities, maintenance, laundry, and administrative functions. As well, Interviewee 1 stated that they obtained assistance from the NPO in the form of administrative support. In addition, Interviewee 6 stated that the majority of all support came from the NPO. Some NPOs will have significant resources at their disposal and these resources can be leveraged by the SEs to provide an advantage over other commercial entities. Resources can also be in the form of network connections with the community, as 1 and 4 stated. The interviewees listed different ways in which their SE benefited but there was the consensus that assistance from the NPO was needed.

Corporate Culture

In trying to understand the connection between the NPO and the SE, the interviewees were asked if there was alignment of the cultures of the two organizations. Corporate culture can be defined as the personnel, structure, and processes within an organization that impact and influence how the organization operates, and how people are treated (Guiso et al., 2015). Four of the SEs (2, 3, 4, and 5) indicated that they did not have the same culture as the NPOs but explained that this was due to the two entities having different operations and job tasks. As culture can influence behaviours and cohesions amongst the group (Sun, 2008), it is important to understand how the two entities' cultures are related, if they are. When deciding on the culture of the SE, one would not want to force the two entities to adopt one harmonious culture if it was not a fit. For SE 6, the cultures of the two entities are the same since the organizations are very small, and the operations are tightly intertwined, meaning one dominant culture exists (Bouwman, 2013). Three interviewees, 1, 2, and 5, did conclude that the SE's culture was aligned with the goal of the NPO. Regardless of whether the cultures were aligned or not, all interviewees understood that it was important to have a culture that embraced change and took chances. As stated by Andres (2013), a culture that is open to risk, supports learning, and is entrepreneurial will be better positioned than one that lacks these elements.

Partnerships

Effective stakeholder or partner relationships is an element that is necessary for the appropriate set up of an SE (Austin, 2012). According to the literature, having many partners involved is important in achieving the SE's mission and being able to deliver the services. Partners could include recipients of the services, suppliers, volunteers, governments, and other organizations (Alegre & Berbegal-Mirabent, 2016; Ohlsson-Corboz, 2013). From the interviews, all the SEs identified a variety of partners that led to their success. These partners included those listed above, as well as the customer. SE 6 specifically engaged with the recipients of their service to have a better understanding of their needs, which von der Weppen and Cochrane (2012) supported as important to a successful SE. One partner seen as important by all respondents was the NPO itself, which was seen as a partner that had "an active involvement" (Alegre & Berbegal-Mirabent, 2016, p. 1160) from an administrative support perspective, which has been identified as an important element that can lead to the SE's success (Alegre & Berbegal-Mirabent, 2016).

Human Resources: Entrepreneurial Mindset, Business Acumen, and Leadership Style

My interviews demonstrated that business acumen and leadership were intertwined and overlapped with the characteristics of an entrepreneurial mindset, all of which are important to the human resources elements of an organization and were present in the SEs.

An entrepreneurial mindset is an important element that is needed when starting an SE and all but one interviewee, 2, said that it was present in their management team. Interviewee 2 stated that it was not present in their organization due to the fact that the manager was more focused on the day-to-day operations. The literature is clear that the entrepreneurial mindset attribute is important to have in an SE; by having someone with an entrepreneurial mindset, the SE will be able to spot market opportunities and areas of innovation (Stratan, 2017; Tan & Yo, 2015; von der Weppen & Cochrane, 2012). The NPO must be aware that even though a leader might see themselves as a social entrepreneur with an entrepreneurial mindset and committed to the initiative, this does not mean that other managers working for the organization will feel the same commitment to the cause (Grassl, 2012). Therefore, this trait needs to be assessed when hiring to ensure that EM is present within the organization.

When asked what was needed for the leadership team to be effective, two interviewees, 1 and 5, stated that the SEs benefited from the management team having complementary skills, as well as the Board having skills that the managers might not have. Andres (2013) echoed the same thing, stating that an effective leadership team will have a variety of skills, and will be supported by an advisory team. An advisory team can be made up of people from the executive team or the Board of Directors and can provide good foundations for the SE – for example, Interviewee 4 stated that their Board was an intricate part of their success, as the Board sought out assistance from their network. Roy et al. (2014) said that the values and beliefs of the leaders will impact the operations and the outcomes of the SE, which was supported by Interviewees 1, 2, and 5. The respondents also stated that it was important to find someone committed to, and passionate about, the social cause (Andres, 2013; von der Weppen & Cochrane, 2012), namely someone who has "bought into" the values, vision and passion of the SE.

Stratan's (2017) research pointed out that leadership is the second most important element needed for a successful SE. This was not necessarily explicitly stated, since most of the interviewees were themselves the leaders, but their answers echoed the notion that leadership was important to the SE. Another area of agreement surrounding leadership was that it is important to have people within the SE who have commercial experience, in addition to social experience. Gras and Mendoza-Abarca (2014) explained that SEs can fail because of inexperience within the commercial sector, which was echoed by all the interviewees.

Interviewee 5 stated that their leaders both owned businesses before and one quality the NPO admired was that they had failed at business before. Interviewee 2 stated that the manager needs to be able to lead by looking for ways to be more efficient, and have the ability to pivot, change, and adapt. This again shows the overlapping of leadership and business acumen.

The interviewees reiterated Dees's (1998) assertion that "[m]anagement skills are important for all nonprofit organizations, but commercialization calls for expertise, knowledge, and attitudes more commonly found in the business world" (p. 66). All interviewees reported that their successful leaders or managers had business knowledge or skills and that some have run their own business. Another area of consistency between the respondents and the literature was what Roy et al. (2014) described as the ability of the team to see opportunities and act on them to create a competitive advantage for an SE. This was reiterated by Interviewees 1, 3, 4, and 5, as they stated that their managers had the ability to find opportunities and resources. Interviewee 3 stated that the main operation manager of their organization is always looking for new opportunities. In addition, it was stated that the managers from organizations 1, 3, 4, and 5 were selected because of their previous business experience, most of which had been obtained through running their own businesses, as well as for the knowledge and skills they posses.

Purpose: The Mission and Motivation for Starting and Financial Sustainability

Mission and Motivation for Starting the Social Enterprise

When it comes to being committed to the social issue, or in other words, the mission of the organization, there were consistent answers between the research and the interviews. All interviewees stated that the mission of their SE was in line with that of the NPO or that the SE's focus was to contribute to the NPO's mandate, both of which are supported by Stratan (2017), as they suggested that commitment to the social issues and being motivated to make an impact is an important factor for the organizations. This was reiterated by Interviewee 5, who stated that the goal of their operations was to make a more independent community member, which in turn supported the NPO's mandate. There was also consistency among the NPOs and the SEs that they each knew what their purpose was (Andres, 2013) and that they used the story of that purpose in their promotional materials. This was reiterated by Interviewees 3 and 5, who stated that people were inspired to purchase their items because of the story. Next, regarding alignment, it was stated by the interviewees that it was important to ensure that operating an SE was not detracting from the NPO and that the SE needs to be cautious that they do not put too much focus on market-based income, which echoes arguments made by Gras and Mendoza-Abarca (2014). From each interview, the respondents concluded that the SE must not take away from the NPO, but that they should give back to it in multiple ways. For example, Interviewee 5 stated that by the profits going back into the NPO, both organizations are able to better the community, whether this is through employing community members or reinvesting in the community. As well, Interviewee 1 stated that they were a team player; their operations should focus on promoting the work that they are doing and how it contributes to the community.

Research shows that a fine balance needs to be struck between the social mission and profit maximization (Alegre & Berbegal-Mirabent, 2016; von der Weppen & Cochrane, 2012). The respondents knew how the social mission, story, and knowledge of giving back to the NPO was important. Interviewees 1, 2, 3, and 5 illustrate this by stating that profit was not the most important element to survival but that giving back to the NPO or the community was. Interviewee 1 stated that success was based on meeting both their mandate and financial performance. As well, Interviewee 4 stated that profits were important but only because the money would allow the NPO to offer more core programs and assist more clients. Gras and Mendoza-Abarca (2014) state that sometimes creating an SE can take away from the NPO's ability to fulfill their mission and the SE managers need to be aware of this. The interviewees echoed that they know this, as the point of the SE was to contribute to the NPO.

When organizations, whether FPO, NPO, or SE, first develop they need to find an opportunity on which to focus and capitalize (Elson et al., 2015; Grassl, 2012). Andres (2013) stated that it is important for the SE to discover, and take advantage of, an opportunity that a traditional commercial organization is not interested. The interviewees were split on whether it was important to use this approach to discovering their opportunity. Three interviewees (2, 4, and 5) stated that they took this approach and found an area or niche where there were no other operators. Specifically, Interviewee 5 found that there was a need that was not being served from another operation the NPO had. As well, Interviewee 4 stated that they started with an idea and after researching it, found that there were no other operators filling this void in the city. A main recommendation from Interviewees 2, 3, 5, and 6 was that there must be a need to serve or a problem to solve; this affirms Grassl (2012), who argued that social entrepreneurs, those who start the SE, must recognise a real market need to ensure success.

Financial Sustainability

Financial sustainability might be the most important factor used to drive the purpose of the NPO or SE because without funds neither organization will be able to contribute to their social cause (Andres, 2013; Stratan, 2017). Four of the interviewees, 1, 2, 3, and 5, stated that the SE was financially stable, meaning that it broke even or made a profit. More specifically, Interviewees 3 and 5 stated they did break even, but their profits were not that large due to small margins or large upfront costs associated with the type of business they were running. This phenomenon was reiterated by Mouchamps (2014), who explained that breaking even is an indicator of financial stability, further reiterating that SEs can be financially stable without having to make a profit. However, two SEs, 4 and 6, were unable to measure their break even point as they have yet to make a profit or break even due to being in the early stages of operation, but the potential is there. Interviewee 6 stated that based on research and projections, they would be able to generate a profit within three years, while Interviewee 4 claimed that based on market research and the business model they were using, they were projecting to make money in one year. Having an organization that is able to sustain itself is seen as an important element leading to the success of the SE and its initiatives (Arena et al., 2015; Bagnoli & Megali, 2011; Ebrahim et al., 2014; Luke et al., 2013; Rykaszewski et al., 2013).

Even though four of the interviewees, 1, 2, 3, and 5, stated that the SE was financially stable, they did not mention the type of revenue model they have established. Stecker (2014) points out that there are different revenue models that an NPO can use. However, there was no discussion by the interviewees about which model is considered the best. That being said, once the SE generates income, all interviewees had a clear plan for where the profits will go. Half the interviewees (1, 2, and 6) reinvested excess revenue in the SE, while the other half, (3, 4, and 5) sent the profits back to the NPO. Each respondent understood how their SE's finances were setup and knew how they were handled by the NPO or the SE. Again, no one option is better then the other, but having clear structures and processes is important to reducing problems and tension that can arise between having two different operations working together, which is important to an SE's success according to von der Weppen and Cochrane (2012). Interviewees 1, 2, and 3 stated that the SE contributed to the NPO monetarily in the form of administrative expenses paid, facility rentals, cleaning, marketing, or finance. In those cases, there was a clear structure in place for payment of services rendered. The allocation of payments can be influenced by what the NPO sees as important for their operational longevity (Fitzgerald & Shepherd, 2018; Ohlsson-Corboz, 2013).

Overarching Measurements of Success

Clearly, at some point, an organization must have revenue equal to or exceeding expenses to survive (Osterwalder & Pigneur, 2011), making profit a measurement of overall success. What can be drawn from the interviews is that this is true, but not the number one element SEs use to classify if they are successful. Other elements that were stated as being used to measure success were: meeting their mandate (1, 2, 4, and 5), gaining exposure (3 and 6), and helping the community (1, 2, 4, 5, and 6). All of these were listed by the interviewees as just as important, if not more important, than profit. Many authors I have reviewed have echoed these statements by saying that an SE must measure their social and environmental impacts to determine if they are successful (Arena et al., 2015; Munch, 2012; Luke et al., 2013; Mamabolo & Myres, 2020; Rykaszewski et al., 2013). Since an SE has both a financial and social mandate, measuring overarching success should be broken into those two elements: financials and the ability of the organization to achieve or move closer its mandate (Arena et al., 2015; Bagnoli & Megali, 2011; Ebrahim et al., 2014; Luke et al., 2013; Rykaszewski et al., 2013). When deciding on which financial elements, for example, profits, return on investment, or funding, within the organization should be measured, two interviewees (1 and 4) stated that being less reliant on government funding would be an indicator of financial success. Interviewee 4 said that being able to fill a funding gap would be a financial measurement of success, showing that not all organizations solely measure profits as an indicator of success. The literature reviewed and the interviewees reiterated that success appears in many areas, one of which is the ability to be self-sustaining financially (Rykaszewski et al., 2013; van der Paauw, 2016). Measuring if the organization has been successful in meeting their social or environmental goals can be very difficult, as deciding on what to measure is based on the "context in which the social organization" (Mamabolo & Myres, 2020, p. 67) operates. This was reiterated by Interviewee 6's response that building trust with partners and being the preferred service provider was a measurement of social success to them. Due to the diversity of the SEs and their missions, it is difficult to have completely comparable and measurable indicators of success. Toledo-López et al. (2012) stated that meeting the organization's "goals is the most important measure of success" (p. 1659), while others stated that success was the ability to meet the needs of as many people as possible, in turn trying to eliminate the social issue (Arena et al., 2015; Mamabolo & Myres, 2020; Rykaszewski et al., 2013; van der Paauw, 2016), and this was echoed by the interviewees. Interviewee 1 stated that one measurement of success was continuous improvement in operations and constantly progressing forward, while Interviewee 2 stated that success had multiple parts and it included everything from creating jobs for the community, to providing a good service, to being an environmental steward. Another interviewee (3) stated that success could be measured in terms of their brand recognition, while for Interviewee 5 it was the ability to scale and grow. Finally, Interviewee 6 stated that success could be measured in the partnerships that were created.

In addition to relying on the interviewees' perceptions of whether they were successful or not, it is important to analyse what was stated by the interviewees against what the organizations published as their internal criteria of mission or of success. It became clear that the interviewees all believed that their SE was successful, as this was declared by each, but they were missing a consistent or clear definition of what success actually was or how each organization measured it.

For Interviewee 1, they were impacted by the COVID pandemic, which affected their operations and decreased their seating capacity, however, even with these restrictions they were able to assist 28 youth in obtaining their high school diplomas, and 74% of their graduates became employed or went back to school (E4C, 2020). These results could be related back to what the Interviewee stated as a measurement of success in meeting their mandate, however there is no clear public data on what their mandate is in measurable terms. As for a financial indicator of success, internal data confirmed what the Interviewee stated, as the organization was financially successful from a revenue standpoint, and the parent NPO declared an increase in revenue – growth of just under $4 million from 2019 to 2020 (E4C, 2020). As this increase in revenue is recorded for the parent NPO, it is difficult to say if the SE contributed to this.

To confirm what Interviewee 2 stated, success was meeting their mandate and helping the community, this was accomplished by the number of houses furnished, which in 2019 was 1583 (Housing First, n.d.). When looking at the SE's financial report, they went from a loss of $76,000 in 2019 to making a profit of $272,000 (Kingston et al., 2020). This financial declaration and the information from the Interviewee show this organization is financially successful. However, it was unclear how close they were to meeting their goal as no actual quantitative number of houses furnished was published.

For Interviewee 3, trying to confirm what was stated versus what the organization published was difficult. The Interviewee stated that the SE was financially stable, but the SE does not compile its own financial documents, meaning that we must look at the financial information of the parent NPO. These documents suggest that the NPO was not financially successful, as their expenses were six times that of their revenue in 2020 (St. Michael's Extended Care Centre Society, 2020). Nonfinancial elements that could be measured to indicate if the SE was successful are did they create effective communication with internal and external stakeholders, create meaningful relations with stakeholders that are of value, enhance services in innovative ways and finally, ensure that the organization is sustainable financially (St. Michael's Health Group, n.d.). Of these priorities, the interview suggested that brand recognition is an element of success; this classification could be loosely tied to creating a meaningful relationship.

For the garden (Interviewee 4), it was easier to find measurable outcomes by looking at the financial data from the 2021 registered charitable information of the parent NPO. The majority of the NPO’s revenue came from government funding (89%), while major expenses were programing (62%) and administrative costs (29%) (Chrysalis: An Alberta Society for Citizens with Disabilities, n.d.a). One indicator of success, that the Interviewee stated, was that the NPO would be less reliant on government grants. This indicator can be easily measured by looking at their year-on-year government funding amounts. However, that is a very basic evaluation of success; it is the same as saying they are successful because their revenues cover expenses, which in this case they do (Chrysalis: An Alberta Society for Citizens with

Disabilities, n.d.a). As can been seen so far it is hard to obtain clear and measurable data from published sources about the SEs.

Interviewee 5 stated success was the ability to grow, scale, meet their mandate, and help the community. These are all things that could be confirmed based on their operations and published data. According to their 2018 Mattress Recycling Review, they employed over 50 individuals and paid them a living wage, and recycled over 65,000 mattresses (Hammond, n.d.). The number of mattresses recycled, which increased from 51,000 mattresses in 2017 (Mattress Recycling, 2020), is the one item that we could find historical data on, showing that they are successful. As for the other indicators, based on the NPO, these measurements are part of their mandate. Therefore, one could assume that the SE met their goals – but without concrete numbers it is hard to be sure. Looking strictly at the parent NPO's financial data from 2021, this SE had a large portion of its revenue come from non-donation routes, however its revenue was less than its expenses by 10% (Jasper Place Wellness Centre, n.d.), showing that they are not financially successful, which is the opposite to what the Interviewee had stated. Since this NPO and SE did not produce a public annual report; it has proven difficult to compare claims of success to actual data.

For Interviewee 6, in addition to their main mission, which is to ensure affordable nutritious food for everyone (About Fresh Routes, 2019), they also are trying to find new and innovative ways to ensure access to food that is affordable and healthy (Contact Fresh Routes, 2019). As well, diversity, equity, and inclusion are at the core of all they do (Diversity, Equity, and Inclusion, 2019). All these declarations or mandates are nice to know but hard to measure and track. At the time of the interview, the organization had just begun operations, making measurement and correlation of their level of success not possible. However, their impact report from 2020 states they assisted 40 communities in Edmonton and Calgary, resulting in more than 2000 people served each month, which resulted in 19,373 transactions (Fresh Routes, 2021). Again, without a baseline against which to measure these results, it is hard to determine if the SE met the success requirements set out by them or stated by the Interviewee.

Advice to Others.

The final question asked, what advice would be important to give an NPO starting an SE. This question was asked to discover if more insight could be uncovered about what the Interviewees thought brought them success. von der Weppen and Cochrane (2012) suggested that it is important to instill the values related to the social mission into the culture of the SE. Interviewees 1 and 4 stated that this was important to running a successful SE, as well as making sure that the people selected to work in the organization believed in the mandate and goals of the organization. Since culture and leadership are closely related, the type of leader appointed can and will impact the culture of the organization (Bolton et al., 2013), which is another element that can impact the success of the organization and one the NPO and SE need to be aware of.

Conclusion.

This research sought to understand the key elements that contribute to the success of social enterprises started by non-profit organizations in Edmonton, Alberta, Canada. I hoped that compiling information on the elements needed for the successful operations of an SE could lead to the reduction in the number of failed SEs or wasted resources. This research also required an exploration of the important elements that an NPO needs to possess for its SE to succeed. When drawing conclusions for my research questions, the SE’s definition of success, as well as their assessment of their own success, assisted in determining which elements were important to the operational success of the SEs. This research ultimately generated helpful insights regarding the above questions, alongside highlighting areas that need further research.

Regarding the primary research question (*What key elements contribute to the success of social enterprises started by non-profit organizations?*), several key components were discovered to be important. These include a clear and formal business model, an entrepreneurial mindset, a mission, and financial sustainability.

A major insight from participants is that there needs to be a clear and formal business model for the SE to operate well. One element that will help with establishing the business model, which includes structure, is having a formal business plan, one that is malleable and can be altered as time goes on. Another important element of the type of model used is to ensure that the Board of Directors of the NPO supports the SE, either in an operational or governance manner, as this will help the SE to flourish. Another component that is established within the model chosen is the type of partnerships established and maintained. The number one partnership that appears to contribute to the success of the SE is that of the NPO. It was repeatedly stated by the participants in this research, as well as found in the literature, that when the NPO supports and assists the SE in different capacities, the SE is more likely to be successful. When an NPO is a partner with their SE, they can assist with areas such as supplying the facilities, offering cleaning services, marketing, and financing. In addition to the NPO as a partner, there was no clear consensus on partners that an SE needed that would translate necessarily to their success. The conclusion was partners in the form of suppliers or Board members are an important factor for successful SEs and can be established through the business model.

Having people with an entrepreneurial mindset within the SE is another important factor that can lead to success. Four of the six interviewees shared that employees within the SE must be able to discover and capitalize on market opportunities. For this to happen, it is important that this entrepreneurial mindset be present in personnel that are, or are seen to be, leaders within the SE. Whether this mindset needs to be in the SE or the NPO depends on the business model and the culture of the organizations. More research needs to be conducted to determine which business model will influence where the mindset is needed directly. Another overwhelming element that needs to be established early on is that the leader or manager must have some business knowledge since this knowledge will complement the entrepreneurial mindset. For example, the manager must be able to understand the operations of the SE and how to use resources to ensure that the SE is operating efficiently and effectively. In addition, having the knowledge that the SE must operate like an SE, an organization that focuses on both social and financial elements, and not an NPO, will be beneficial to the success of the SE. Furthermore, it is recommended that the leader or manager embody the values of the NPO and be passionate about the SE's mandate.

Another element that the SE needs when starting out is to offer a service or sell a product that is desired, and one that people are willing to pay for. Along with ensuring there is a real need for one's product or service, it is important that the mission of the SE be to support the NPO either financially or in other ways. Establishing that the SE's mission is to contribute to the NPO is an important factor that can assist with the SE's success, as people are more likely to support the SE when they know it serves a greater purpose. Furthermore, when the SE is contributing to the NPO, the SE has the ability to use the story of their creation or the mission of the NPO as a marketing tool to attract customers.

As success can be directly measured by whether the SE achieves its break even point or not, it makes it important for the SE to, at minimum, reach the break even point, showing that they can continue to operate. To assist the NPO with setting up the SE for success, it is important at the beginning to set up a structure for how the finances, expenses, or profits will flow between the two entities. Having a clear understanding of how payments or profits will be transferred between the organizations will reduce any tension that could arise, in turn reducing the possibility that more serious issues arise. Furthermore, establishing a structure will allow the two organizations to operate in tandem with more promising financial models.

Regarding the sub-questions that this research sought to answer, it was difficult to determine the elements independently present in the SE and the NPO that contributed to success. This difficulty arose most because of how intertwined the SEs and NPOs appear to be. However, there are several clear elements that the NPO and SE each need to possess to set them up for success. First, it is important that the NPO be supportive of the SE, which can be established in a multitude of ways. For example, establishing which business model or legal structure the SE will operate under will determine the type of support the SE will receive. The business model should have clear directives in place for how the two will interact and operate in tandem. The next element that the NPO has control over is the establishment of the NPO's Board and how their Board interacts with and supports the SE, whether in the promotion of the SE or the creation of polices that can assist the SE. From the SE's standpoint, an element that is important for its success is to ensure that the personnel hired to run the SE have business knowledge, such as the ability to run the SE like a business and not a charity. As has been stated, an SE will need to operate as a business and therefore needs people with a commerce background. The main take away from the sub questions asked is that the SE needs to be supported by the NPO, but the support being offered should not inhibit the NPO's ability to serve its clients. Furthermore, when an SE is started it should be with the notion that its role is to support the NPO, in whichever way the NPO and SE deem appropriate.

There were also some topics of study that require further exploration to better understand them. For example, the role of corporate culture and nonfinancial measurements of success were insufficiently explored. It may be that the diversity of both the social issues addressed by SEs and the mandates of NPOs made it more difficult to draw conclusions regarding these topics. As for the role of culture, there was no consistent result regarding a single kind of corporate culture. Still, it was discovered that several participants did stress the importance of having a clear business model and an appropriate leader in place, as both impact culture. Furthermore, pertaining to the leader and business model, it is important to ensure the corporate culture is one that embraces risk-taking and change.

Regarding nonfinancial measurements of success, it was difficult to establish concrete measurements, especially ones that could be used by a variety of SEs in the future. This could be related to the different social issues being tackled, the difficulty of clarification on measurable objects or the missions being pursued, or that the data being collected does not necessarily reflect the work being completed. These challenges could lead to an understanding of why it is difficult for SEs to show that they were successful. The nonfinancial measurements that interviewees stated that they used to indicate if they were successful were varied as well, including continuous improvement and progression, job creation, environmental protection, brand recognition, scalability, and partnerships. The preceding information showcased that an SE can and will use different indicators of success.

In conclusion, this research suggests that there is a variety of elements that should be present within an SE and an NPO that would contribute to its ability to be successful. These broad elements include establishing a clear business model, hiring personnel with an entrepreneurial mindset, serving an actual need, contributing back to the NPO, and a formal set up of how the organizations will operate together.

Challenges with Classifications of Success.

As the measurement and analysis of success is one of the main areas of research in this paper, it is important to highlight some challenges that were discovered when trying to classify success in nonfinancial terms. A question this research brought up was around the challenges of measurement. No matter what type of organization, goals need to be stated, measured, and declared if they were met. The measurement of economic success is very straight forward (Helmig et al., 2014) but because SEs focus on social impacts, traditional measurement tools do not always work (Costa & Pesci, 2016), making it difficult to measure and analyse their social impact (Mitchell, 2013). Since these SEs focus on social impact, measurement of success is based on the organization’s ability to meet its objectives or fulfill its mission (Helmig et al., 2014; Mitchell, 2013; Ruvio et al., 2010), resulting in hard elements to measure. Reasons for the difficulty is that objectives can be based on missions that are abstract in nature (Helmig et al., 2014), are more aspirational then operational (Ebrahim & Rangan, 2014), or are subjective (Mitchell, 2013). The foundations of missions not only create issues with measurement, but also can lead to outcomes or outputs that are not easy quantified (Costa & Pesci, 2016). Even if there is information that can be easily collected and measured, for example, operations, this measurement does not necessary reflect the work that has been completed, and if they have led to the mission being accomplished (Carnochan et al., 2014; Helmig et al., 2014). Another barrier to measurement is that some of the information that needs to be collected is out of the organization's hands, making it hard to measure (Ebrahim & Rangan, 2014). All in all, there are many challenges to measurement.

The other question that was brought up was the lack of clarity surrounding what to measure. Due to the vagueness of many of the missions of the SEs, some being aspirational or encompassing many objectives, it can be difficult to measure success due to the diversity of the client base (Carnochan et al., 2014; Costa & Pesci, 2016). Not only does the diversity of the client base makes it difficult but also the diversity of the sectors in which the SEs operate makes it difficult to create a standard measurement system (Costa & Pesci, 2016). In addition, there can be outside pressure from donors to report on things that are important to them, but that are not necessarily important or an indicator of success for the SE (Mitchell, 2013). It is known that it is important for an SE to communicate their vision and mission to the public, as the more people are aware of the SE's goal and if they have been met this goal, the better it is for the organization (Ruvio et al., 2010). This raises the question of why it proved so difficult to find this information from the SEs. These challenges around measurement and clarity led to an understanding as to why the SEs researched could not display concrete evidence showing if they had met their goals or were successful. Even with all the tools available, it is difficult for SEs to document and communicate success (Mook et al., 2015). As the respondents reiterated and my research concluded, an SE can and will have a diverse mixture of success factors, some that they can measure clearly but more importantly there needs to be a balance between the social and environmental factors, and the financial factors to be able to compare SEs.

Limitations of Overall Research.

General limitations included small sample size, geographic limitations, and diversity among organizations represented. First, interviewing a small group of people means that results are not generalizable (Bhattacherjee, 2012). Furthermore, since the research only focused on one geographical location, it will be hard to conclude if the recommendations provided would be applicable to other locations (Polit and Beck, 2010). Finally, the diversity of organizations represented in interviews can also been seen as a limitation, as finding themes was more difficult across organizations that operated in different sectors or industries, creating a reduction in the understanding of elements that would be unique to each organization. In addition, since each SE or parent NPO published differing information about their operations or success levels, this resulted in an inability to directly compare information.

General Limitations of the Case Study Approach and Qualitative Research.

One weakness of the case study method is that it lacks a control mechanism to compare all research to, which can impact the validity of the research (Bhattacherjee, 2012). In addition, this type of research heavily relies on the researcher's ability to infer and obtain data from what they have heard and observed (Bhattacherjee, 2012).

Furthermore, with qualitative research there is always the possibility that the respondent's answers will be impacted by the type of questions asked or the respondent's eagerness to provide a desirable answer for the researcher (Alshenqeeti, 2014). Sometimes, people's memories and recollections of incidents are based on their perceptions of the situation and this subjectivity impacts interview results (Alshenqeeti, 2014).

Limitations of Coding and Analysis.

Other limitations I faced were in the areas of data analysis, data collection, and my own biases.

It is suggested to use “multiple *methods* of data collection” (Merriam & Tisdell, 2015, p. 245) to ensure the validity of your paper. I only used interviews and literature to collect data, which could lead to another limitation in my research. One way to ensure interviews are properly interpreted “is to take your preliminary analysis back to some of the participants and ask whether your interpretation “rings true’” (Merriam & Tisdell, 2015, p. 247). I did not take this step to validate my coding, theme discovery, and interpretation, which could lead to biases being present in my research or interpretation errors. As well, by coding the interviews sequentially, it is possible that my bias could influence the code I created and what I found in each subsequent interview.

I have also been conscious that I might put too much weight on and rely on the truth of the words of the interviewees. Since interviews are becoming the preferred way of collecting data, one needs to take care that responses not be treated as complete fact and the “foundation of knowledge” (St Pierre & Jackson, 2014, p. 715) on the subject. To mitigate against this, I have conducted an analysis of documents and websites specific to the NPOs and SEs, as well as a literature review on the subject against which I compared the responses received. The researcher also needs to be aware that when coding qualitative research their biases might be inserted, as their own beliefs and experiences can influence what they see and hear from the participants (Merriam & Tisdell, 2015 p. 208). This is an area where I need to be careful as my passion and desire for more SEs might impact what I hear. Even with these limitations, this research offers helpful considerations for an NPO when starting an SE.

Recommendations for Future Research.

While this research provides a strong starting point for NPOs and SEs, even more research will further generate a robust view of what elements can be crucial to the success of an

SE started by an NPO. To start, follow up research that addresses some of the limitations of this research would help clarify important elements for success. As well, more interviews or in-depth research needs to be conducted to allow for a generalized conclusion to be drawn, allowing for the findings to be implemented across SEs and in different locations. More research could also be conducted to more deeply investigate each of the elements explored here. For example, more research on the best organizational structure for SEs is needed. Although this research provided preliminary suggestions regarding *which* elements were important, it did not fully explore deep enough which specific type of set-up within each of those elements was the most appropriate for a successful SE. In my opinion, after trying to create a consistent definition of success and analysing all the different factors that make it difficult for SEs to establish a consistent concept of success beyond the financial ones, this is an area that needs to be researched further. As the respondents reiterated and my research concluded, an SE can and will have a diverse mixture of success factors that they measure and there needs to be a balance between the social and environmental factors and the financial factors. Another area requiring more research is the type of legal classification that can assist with the success of an SE, whether that is a for-profit or non-profit legal structure or a hybrid. Different legal statuses are being created for SEs, meaning that research could be conducted on which legal status would be best for an SE in order to improve their ability to be successful. Other areas needing further research include better understanding mission alignment, the centrality of financial stability (as compared to social/environmental impact), and the transferability of major organizational elements between SEs and NPOs.

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Appendix A – Informed Consent form

Title: Key factors needed within social enterprises started by non-profit organizations to succeed.

Researcher: Keltie Gower, Master of Interdisciplinary Studies Graduate Student, Royal Roads University, XXX

Supervisor: Dr. Will Low, School of Business, Royal Roads University, XXX

You are invited to take part in a research project entitled "Key factors needed within social enterprises started by non-profit organizations to succeed".

This form is part of the process of informed consent. It should give you the basic idea of what the research is about and what your participation will involve. It also describes your right to withdraw from the study. In order to decide whether you wish to participate in this research study, you should understand enough about its risks and benefits to be able to make an informed decision. This is the informed consent process. Take time to read this carefully and to understand the information given to you. Please contact the researcher, Keltie Gower, if you have any questions about the study or would like more information before you consent.

It is entirely up to you to decide whether to take part in this research. If you choose not to take part in this research or if you decide to withdraw from the research once it has started, there will be no negative consequences for you, now or in the future.

Introduction:
My name is Keltie Gower and I am currently a Master's student in the Master of Interdisciplinary Studies program at Royal Roads University. As part of my Master's degree, I am conducting research under the supervision of Dr. Will Low, a Professor at Royal Roads University.

Purpose of study:
The creation of social enterprise (SE)s by non-profit organization (NPO)s sever many purposes. The purpose of this study is to obtain a better understanding of the factors a non-profit organization would need to have in place to contribute to the success of a SE they are starting. Hoping that the knowledge obtained will create more SE, while setting them up for success and in turn reducing wasted resources such as time, money, enthusiasm and so on.

What you will do in this study:
In this study you will be invited to answer a series of open-ended questions about the mission, purpose, structure, financials, funding, operations, culture and personal of the NPO you work for, as well as the SE that the NPO runs as well. These questions will be asked in a semi-structured

telephone interview format. You may skip any questions that you do not wish to answer. This interview will be audio-recorded, with your consent.

Length of time:
Your participation in this study will take approximately **45 minutes to 1 hour**. This includes time for us to review informed consent, to conduct the interview, and to address any questions you may have.

Withdrawal from the study:
Your participation in this study is entirely voluntary. Should you agree to participate, you may withdraw without consequence at any time either during or after the interview. If you withdraw during the interview, your interview recording will be immediately destroyed. If you withdraw after the interview has been completed, you can ask to have the data from your interview withdrawn, at which time both the recorded interview and the transcript will be destroyed and nothing that you have contributed will be included in the research. This data removal will be possible up until the aggregation of all participant data on October 1st, 2020.

Possible benefits:
People who participate in this study may enjoy exploring and contributing to the discourse on the topics at hand.

Possible risks:
There are no known risks to participating in this study.

Confidentiality:
The ethical duty of confidentiality includes safeguarding participants' identities, personal information, and data from unauthorized access, use, or disclosure. You may choose to use a pseudonym during the taped interview in order to maximize the protection of your identity. However, your participation in this study is completely confidential and all published data will be anonymized.

Anonymity:
Anonymity refers to protecting participants' identifying characteristics, such as name or description of physical appearance. No identifying information will be solicited at any time during this interview, and should it arise, it will never be disclosed to anyone nor included in any reports or publications.

Recording of Data:

To enable qualitative analysis, your interview will be audio recorded with your consent. It will subsequently be transcribed by me.

Storage of Data:

Audio recordings and transcripts will be stored as encrypted files on this researcher's password-protected computer. Identifying information will be removed from the transcripts. My research supervisor, Dr. Low, and I will be the only people with access to this data. Data will be kept up until the time my thesis is submitted to Royal Roads University for approval.

Reporting of Results:

The data collected in this study will be presented in Keltie Gower's Master's thesis, and results may be presented or published by the researchers. The thesis will be publically available at the Royal Roads University library.

The data collected in this study will be reported without any personally identifying information. Any direct quotations will be anonymized, and in general the data will be presented thematically and in summarized form.

Sharing of Results with Participants:

Should you wish to know the results of this study, you are invited to email Keltie Gower at XXX, and a written summary will be provided.

Questions:

You are welcome to ask questions at any time before, during, or after your participation in this research. If you would like more information about this study, please contact: Keltie Gower, XXX, XXX or Dr. Will Low, XXX, XXX.

The proposal for this research has been reviewed by the Royal Roads University Research Ethics Board and found to be in compliance with the University's ethics policy. If you have ethical concerns about the research, such as the way you have been treated or your rights as a participant, you may contact the Board at ethicalreview@royalroads.ca.

Consent:
Your signature on this form means that:

- You have read the information about the research.
- You have been able to ask questions about this study.
- You are satisfied with the answers to all your questions.
- You understand what the study is about and what you will be doing.
- You understand that you are free to withdraw participation in the study without having to give a reason, and that doing so will not affect you now or in the future.
- You understand that if you choose to end participation **during** data collection, any data collected from you up to that point will be destroyed.

- You understand that if you choose to withdraw **after** data collection has ended, your data can be removed from the study up to October 1st, 2020.

I agree to be audio-recorded ☐ Yes ☐ No
I agree to the use of direct quotations ☐ Yes ☐ No

By signing this form, you do not give up your legal rights and do not release the researchers from their professional responsibilities.

Your signature confirms:

☐ I have read what this study is about and understood the risks and benefits. I have had adequate time to think about this and had the opportunity to ask questions and my questions have been answered.

☐ I agree to participate in the research project understanding the risks and contributions of my participation, that my participation is voluntary, and that I may end my participation.

☐ A copy of this Informed Consent Form has been given to me for my records.

______________________________ ______________________________

Signature of participant Date

Researcher's Signature:

I have explained this study to the best of my ability. I invited questions and gave answers. I believe that the participant fully understands what is involved in being in the study, any potential risks of the study and that he or she has freely chosen to be in the study.

______________________________ ______________________________

Signature of Principal Investigator Date

Appendix B – Interview Questions

Interview questions for Executive Director/ CEO of the non-profit organization (NPO) that operates a Social Enterprise (SE).

1. How many people does the NPO serve in a week?
2. Do you have a 5-year plan, if so, what are some of mandates/goals you would like to achieve?
3. What is your NPO's definition of success?
4. How does your NPO measure success?
5. Why did the NPO decided to start the SE?
6. When did the SE start (if it has started)?
7. How did the SE get funding to start?
8. How financially sustainable (FS) is the SE?
9. Where are the SE profits allocated?
10. How did you determine the market need for the service the SE offers?
11. What is the SE's competitive advantage, what makes them different from other providers?
12. Who are the beneficiaries of the SE?
13. What is the organization structure of the SE?
14. Does the SE have or had a formal a business plan?
15. Would you consider the people or team running the SE to have a have an entrepreneurial mindset?
    i. if they need a definition of EM (open to trying out new programs, procedures, pivoting, adapting)
16. What are the business skills/education or background of the person or people that run the SE?
17. Why was the person (you) selected to head the SE?
18. How are high level strategic direction decisions about the SE made and communicated to staff?
19. Does the Board have any impact on decisions?
20. Are the NPO and the SE missions aligned or different?
21. How is the SE's mission viewed by the NPO?
22. Are their different cultures between the NPO and the SE?
23. Were there key relationships/partnerships that were critical to the success of the SE?
24. Would you consider the SE to be successful?
25. If the SE is considered successful, in what terms and why?
26. Has the NPO started an SE that is no longer in operation, if so, why?
27. What is some advice you would give to another NPO starting an SE?