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IMPROVING THE GOOD IN GOOD ORGANISATIONS: HOW CAN THE POTENTIAL NEGATIVE SOCIAL IMPACTS OF SOCIAL ENTERPRISES BE BETTER MANAGED?

Ph.D. Dissertation

Memduh Eren Giderler

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Sincerely,

Eren

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ÖZET

Sosyal girişimler, toplumsal sorunlara sürdürülebilir çözümler üretmeyi amaçlayan kuruluşlardır ve toplumsal fayda sağlayan ‘iyi örgütler’ olarak tanımlanırlar. Bu kuruluşlar, sosyal refaha katkıda bulunarak toplumsal hayatta önemli bir rol oynamakta ve ekonominin önemli bir bileşenini oluşturmaktadır. Ancak, sosyal girişimlerin her zaman ve her koşulda toplum üzerinde yalnızca olumlu sosyal etkileri olduğuna dair yanlış bir varsayım bulunmaktadır. Bu doktora araştırmasında, sosyal girişimlerin –özellikle de olası etkilerini tespit etmeyen, azaltmayan veya yönetmeyenlerin– hedef gruplar, ev sahibi topluluklar, çalışanları ve gönüllüleri dahil olmak üzere faaliyetlerinden etkilenen tüm insanlar üzerinde doğrudan ve dolaylı olumsuz sosyal etkilerinin gerçekleşmesinin muhtemel olduğu iddia edilmektedir.

Sosyal girişimcilik alanında yaşanan gelişmeler, yeni sosyal girişim örgütlenme biçimlerinin ortaya çıkmasıyla birlikte hukuki ve tanımsal karışıklığa neden olmakta ve uygulamada birçok sorunla karşılaşılmaktadır. Bu doktora araştırmasının bir sonucu olarak, geniş anlamda bir sınıflandırmaya gidilmiştir. Bu sınıflandırmaya göre sosyal girişimler; büyük ölçüde bağışlara dayalı, kısa vadeli planlar yapan ve belirli ölçüde sivil toplum kuruluşlarına benzeyen ‘geleneksel sosyal girişimler’ ile sürdürülebilirlik odaklı, inovatif ve bağışlardan bağımsız olarak faaliyet gösteren 'yeni nesil sosyal girişimler' olmak üzere ikiye ayrılmaktadır. Yeni nesil sosyal girişimlere dönük olmak üzere ikisi Hollanda'da ve ikisi Türkiye'de olmak üzere dört vaka çalışması yapılmıştır. Ayrıca, sosyal girişimcilik ve/veya sosyal etki değerlendirmesi alanlarında bilgi sahibi olan altı bağımsız uzman ile mülakatlar gerçekleştirilmiştir. Bu doktora araştırmasının kapsayıcı araştırma sorusu şu şekildedir: Sosyal girişimlerin potansiyel olumsuz sosyal etkileri nasıl daha iyi tanımlanabilir, azaltılabilir ve yönetilebilir?

Araştırma sonuçları, sosyal girişimlerin olumsuz etkiler yaratabileceğini ve sosyal girişimlerin olası olumsuz sosyal etkilerini yönetmek ve en aza indirmek için sosyal etki değerlendirme ilkelerini uygulamaları gerektiğini ortaya koymuştur. Bu araştırma, ISO'nun standartlarına benzer bir şekilde sosyal girişim sektörüne özgü ayrı bir standart geliştirme gerekliliğini savunmaktadır. Bu doktora tezi, bir dizi mevcut standardı gözden geçirmekte ve özellikle sosyal girişim sektörü için bir standarda nelerin dahil edilmesi gerektiğine dair önerilerde bulunmaktadır.

Anahtar Kelimeler: sosyal girişimcilik, sosyal girişimler, yeni nesil sosyal girişimler, sosyal etki değerlendirmesi, sosyal perfomans

ABSTRACT

Social enterprises are organisations that aim to create sustainable solutions to social problems. They are often described as 'do good' organisations. These organisations play an important role in society, contributing to social welfare and social wellbeing, and they are a significant component of the economy. However, there is a myth (i.e. a false assumption) that social enterprises always and under all circumstances only have positive social impacts on society. In this PhD, it is argued that social enterprises – especially those that do not identify, mitigate or manage their potential impacts – are likely to have direct and indirect negative social impacts on those people who are affected by the activities of social enterprises, including target groups, host communities, and workers and volunteers.

There has been evolution in the field of social enterprises, with new forms of social enterprise emerging, which is causing legal and definitional confusion as well as many problems in practice. An outcome of my PhD research is my classification that, in broad terms, there are: 'traditional social enterprises', i.e. those that are largely dependent on donations, make short-term plans and resemble non-governmental organisations to a certain extent; and 'new generation social enterprises', i.e. those that are sustainability-oriented, innovative and typically operate independent of donations. Four case studies of new generation social enterprises were conducted, two in the Netherlands and two in Turkey. In addition, interviews were conducted with six independent experts who were knowledgeable about the fields of social entrepreneurship and/or social impact assessment. The overarching research question of the PhD research was: How can the potential negative social impacts of social enterprises be better identified, mitigated and managed?

The results of the research revealed that social enterprises can create negative impacts and that social enterprises should apply the principles of social impact assessment to manage and minimise their potential negative social impacts. The thesis argues that there should be an ISO-like standard specifically for the social enterprise sector. The thesis reviews a range of existing standards and makes recommendations for what should be included in a standard specifically for the social enterprise sector.

Keywords: social entrepreneurship, social enterprises, new generation social enterprises (NGSEs), social impact assessment, social performance

ABBREVIATIONS AND GLOSSARY

CDA **_Community Development Agreement_**: A legally binding contract or agreement between a company or developer and a community or local stakeholders affected by a particular project or development.

CSR **_Corporate Social Responsibility_**: A company's commitment to conducting its business in an ethical and responsible manner, while also considering and positively impacting society and the environment.

CSV **_Corporate Shared Value_**: A business concept that expands on the traditional notion of CSR. It suggests that businesses can create economic value for themselves while simultaneously addressing societal challenges and creating positive social impacts. CSV seeks to align the interests of the company and the community by integrating social and environmental considerations into core business strategies and operations.

EIA **_Environmental Impact Assessment_**: A process used to systematically evaluate the potential environmental impacts of a proposed project, development, or policy. Its purpose is to ensure that decision-makers, stakeholders, and the public are informed about the potential environmental effects before making decisions.

EMS **_Environmental Management System_**: A structured framework and set of processes and practices that an organisation implements to manage and continually improve its environmental performance. It provides a systematic approach to identify, monitor, control, and mitigate environmental impacts associated with the organisation's activities, products, and services.

ESG **_Environmental, Social and Governance:_** ESG is an adjective that can be applied to many nouns, e.g. issues, risks, factors, indicators, metric, ratings etc. In general, ESG is about the 'sustainability' (in a broad sense of the word) of an investment or business. ESG is applied in different contexts, including a discussion of inputs and contextual factors. It is also applied by ratings agencies as a measure of actual or expected performance and outcomes.

ESIA ***Environmental and Social Impact Assessment***: A comprehensive process that evaluates the potential environmental and social impacts of a proposed project, policy, or development. It combines the assessment of environmental impacts with the evaluation of social impacts to ensure a holistic understanding of the project's effects on both the natural and human environments.

ESMS ***Environmental and Social Management Systems***: Frameworks and processes implemented by organisations to manage and integrate environmental and social considerations into their operations, projects, and activities. ESMS aims to systematically identify, assess, and manage the environmental and social risks and opportunities associated with an organisation's activities, ensuring compliance with applicable regulations and international standards.

FPIC ***Free, Prior and Informed Consent***: A principle and a fundamental right that recognizes the right of individuals and communities to be involved in decision-making processes that may affect their rights, lands, resources, or livelihoods. It is particularly relevant when projects or activities are planned on lands traditionally owned or occupied by Indigenous peoples or local communities.

GIIP ***Good International Industry Practice***: A set of recognized standards, guidelines, or benchmarks that are considered as good or preferred practices within a particular industry or sector. GIIP represents a level of performance, behaviour, or approach that is widely accepted and recommended as a means to achieve positive outcomes in areas such as environmental sustainability, social responsibility, safety, and governance.

HRBA ***Human Rights Based Approach***: A framework that emphasises the application of human rights principles and standards in all aspects of development, policy-making, and decision-making processes. It places human rights at the centre of development efforts, ensuring that the rights and dignity of all individuals are respected, protected, and fulfilled.

IBA ***Impacts & Benefits Agreements***: Agreements negotiated between project proponents (such as resource extraction companies) and Indigenous communities or affected local communities. IBAs aim to address the potential social, economic, and environmental impacts of a proposed project on the affected communities and ensure that they receive tangible benefits from the project.

IFC ***International Finance Corporation***: The arm of the World Bank Group focused on providing finance for private sector projects. The IFC's mission is to support sustainable development by promoting inclusive and environmentally responsible private sector investment, fostering entrepreneurship, and mobilising capital for development projects.

ILO ***International Labour Organization***: A specialised agency of the United Nations that focuses on promoting social justice and decent work globally. The ILO sets international labour standards, develops policies, and provides technical assistance to member states to address labour-related issues and improve working conditions.

ISO ***International Organization for Standardization***: An independent, non-governmental international standard-setting body composed of representatives from national standards organisations of different countries. ISO develops and publishes international standards that provide specifications, guidelines, and best practices for various industries and sectors.

M&E ***Monitoring and Evaluation***: A process that helps organisations assess and track the progress, performance, and outcomes of their programs, projects, or policies. It involves systematically collecting, analysing, and interpreting data to understand whether desired results are being achieved, to identify strengths and weaknesses, and to inform decision-making and improvement.

MSI ***Multi-Stakeholder Initiative***: A collaborative effort involving multiple stakeholders from different sectors working together to address a particular issue or achieve a common goal. These initiatives are characterised by the active participation and engagement of stakeholders who have a direct interest or influence in the issue at hand.

NGO ***Non-Governmental Organisation***: A non-profit, voluntary, and independent organisation that operates independently of government control. NGOs are typically formed by individuals or groups of people who come together to address social, environmental, or developmental issues and advocate for specific causes.

NGSE ***New Generation Social Enterprise***: Organisations that aim to create sustainable solutions for social problems by being independent of donation or sponsors, by having a balance between mission orientation and profit orientation, and by seeking to gain competitive advantage in the free market through their social purpose and by being innovative.

OECD ***Organization for Economic Cooperation and Development***: An international organisation composed of 38 member countries. It serves as a platform for governments to collaborate, share knowledge, and develop policies to promote economic growth, improve social well-being, and tackle global challenges.

SDG ***Sustainable Development Goals***: A set of 17 interconnected goals established by the United Nations (UN) in 2015. The SDGs aim to address pressing global challenges, including poverty, inequality, climate change, environmental degradation, and social injustice. The goals provide a framework for countries, organisations, and individuals to work towards sustainable development by 2030.

SIA ***Social Impact Assessment***: The processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions.

SIMP ***Social Impact Management Plan***: A document that outlines how an organisation will identify, measure, manage, and mitigate the social impacts of its activities, projects, or initiatives. It is designed to ensure that social considerations are integrated into the organisation's decision-making processes and that it takes responsibility for the consequences of its actions on stakeholders and society as a whole.

SLO ***Social Licence to Operate***: A concept that refers to the ongoing acceptance and approval granted to an organisation or project by the local community, stakeholders, and society at large. It is an intangible but crucial aspect of conducting business or implementing projects in a responsible and sustainable manner.

SROI *Social Return on Investment*: A methodology used to measure and quantify the social, environmental, and economic value created by an organisation, project, or initiative. It assesses the social impact in monetary terms, providing a way to compare the efficiency and effectiveness of different social interventions.

UN *United Nations*: An international community of nations established in 1945 to enable cooperation on issues of common concern, promote peace and security, and advance sustainable development.

UNDP *United Nations Development Programme*: UNDP is the global development network of the UN. It partners with governments, civil society organisations, and the private sector to support sustainable development and eradicate poverty.

UNDRIP *United Nations Declaration on the Rights of Indigenous Peoples*: UNDRIP promotes and protects the rights of Indigenous peoples around the world. It is a comprehensive framework of minimum standards for the survival, dignity, wellbeing, and rights of Indigenous peoples.

UNEP *United Nations Environment Programme*: UNEP is the leading global environmental authority within the United Nations system and its mandate is to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations.

UNGP *United Nations Guiding Principles on Business and Human Rights*: A set of internationally recognized principles that provide a framework for businesses to prevent and address adverse human rights impacts associated with their operations, products, or services.

UNPRI ***United Nations Principles for Responsible Investment***: A global initiative that provides a framework for incorporating environmental, social, and governance (ESG) factors into investment decision-making and ownership practices.

WFTO ***World Fair Trade Organization***: The WFTO is a global network of organisations committed to promoting and practising fair trade principles. The WFTO works towards creating a fair and sustainable trading system that prioritises social and environmental justice.

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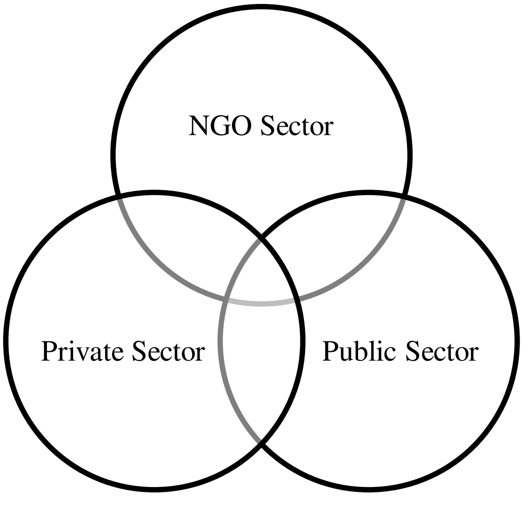
1. INTRODUCTION

1.1. Background to This Research? Is It Possible That Do Good Organisations Might Actually Do Some Harm?

Organisations are typically defined as associations of individuals that have come together to achieve a common goal or action (Allen, 1958). There are many different forms, sizes and types of organisations operating around the world, across many sectors. In general, there have been three main components that comprise the broad field of organisations: public sector; private sector; and the not-for-profit or non-governmental sector (although these terms are contested). Also, there are some ‘non-classified illegal organisations’, such as terrorist organisations and the mafia. This understanding is supported by the academic literature in a theoretical way and by the market economy in practice (Koliba et al., 2011). This perspective has considered these three sectors as being interrelated and intertwined rather than as being totally separate or independent (see Figure 1.1).

Figure 1 1: Three Main Forms of Organisations



Source: Schiff et al., 2021

In this thesis, a ‘spectrum model’ (explained below) is used, which takes into account the permeability between sectors (Keyman, 2005; Lambin & Thorlakson, 2018; Suykens et al., 2019). In other words, these three main sectors are not considered as independent from each other, and as an assumption, some interactions and transitions between them should also be taken into account throughout this research (Cabral et al., 2019). To give an example, nowadays, public institutions tend to provide the services they offer in a more efficient way by using the logic of the private sector. On the other hand, many private sector enterprises, while offering products or services, also try to produce social benefits in order to gain legitimacy in the eyes of the society (as will be discussed later, to gain a social licence to operate). Under certain conditions, it can also be seen that some non-governmental organisations (NGO) pursue profit purposes in order not to be dependent on donations. By doing this, NGOs seek to determine their policies independent of external influence (such as the need to appeal to potential donors) (Akopova et al., 2020).

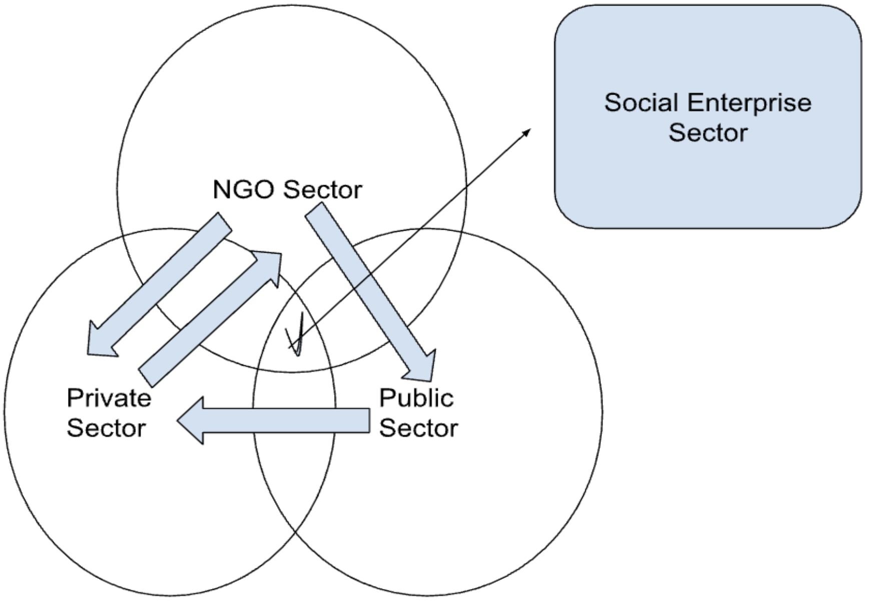
Over time, ongoing isomorphism and inter-sectoral competition has been occurring (Smida, 2005; Munoz & Kimmit, 2019). Compared to the past decades, in today's rapidly changing and developing world, the public sector, private sector and NGO sector have begun to compete with each other, as opposed to being independent from each other (Cashore et al., 2021). For example, nowadays, the housing, education or health services provided by any public institution and the services provided by private enterprises have become comparable in terms of cost, time and quality. For another example, the provision of services that might be offered to the affected citizens after a disaster are often competed for by non-governmental organisations, public institutions, and the private sector enterprises (Weisbrod, 1997; Johansen & Zhu, 2014).

As is supported by consensus in the literature, while the dominant concept of the private sector is entrepreneurship and the dominant actor is entrepreneur, the dominant concept of the non-governmental sector is volunteerism and the person carrying out these activities is called a volunteer (Forster & Grichnik, 2013). While the aim of the private sector is to grow by making profit and to gain sustainable competitive advantage mostly in the free market, the aim of the NGO sector is to try to find solutions to social problems without having a profit motive. However, as a result of this inter-sectoral competition and permeability, new sub-sectors, organisations and concepts have begun to emerge, especially ‘social enterprises’.

All these issues lead social entrepreneurship to emerge as a developing phenomenon (Koorsgaad, 2011). For example, approaches like focusing on ‘sharing the profit instead of only making a profit’ and ideas such as ‘only creating solutions to social problems’ have evolved into gaining profit from socially-motivated or mission-based activities and using the profit for new social projects. In the first example, we see that some private sector organisations tend to share the benefits and social value. In the second case, we see that some non-profit organisations tend to become much more profit-oriented in order to gain independence and sustainability. In the light of all this information, it can be witnessed that private sector enterprises also consider social benefit in certain situations, NGOs sometimes pursue profit motives and sometimes provide public services, and the public sector resembles the private sector for efficiency and effectiveness. Therefore, it can be argued that in the three main sectors, permeability is occurring, as expressed in Figure 1.2.

According to Social Enterprise Netherlands, (2022, online) “a social enterprise is an operator in the social economy whose main objective is to have social impacts rather than to make a profit for their owners or shareholders”. However, it is claimed by some researchers that another main objective of social enterprises is profit (Peredo & McLean, 2006). In this sense, it can be said that social enterprises are not purely philanthropic or purely commercial organisations. In parallel with this, these hybrid organisations balance their purpose in terms of mission and market by doing economic and social value creation simultaneously. The definition of Social Enterprise UK (2022, online), which is closer to the point of view of this research, is: “social enterprises demonstrate a better way to do business, one that prioritises benefit to people and the planet and uses the majority of any profit to further their mission”.

Figure 1 2: Cross-Sector Pass-through and Similarities



Source: Author

The majority of NGOs focus on the problems of communities, especially those faced by socioeconomically disadvantaged people, women, children, immigrants, the disabled, and Indigenous peoples, who experience many disadvantages in their daily life. However, the NGO way of doing business has been evolving into the logic of social enterprises, and this evolution and transformation seems to be rational for them in order to survive. In other words, it is getting harder and harder to talk about the sustainability of traditional organisational structures that survive only on the resources they obtain from donations. Thus, social entrepreneurship goes beyond altruistic or charitable donations and focuses on social problems by providing more sustainable and innovative solutions. To give an example, there are more than 100,000 social enterprises in the United Kingdom (UK) and these organisations contribute almost 60 billion dollars annually to the economy by employing (i.e. paid wages rather than being volunteers) around 2 million people in a country with a population of around 67 million (Social Enterprise UK, 2021). While the concept of social entrepreneurship is becoming so widespread and popular in the academic literature, especially in the market, a critical question can be asked: Why do social and environmental problems continue to increase, given that a primary purpose of social enterprises is to find sustainable solutions to social and environmental problems? There are two possible answers to this: either the social problems in the world are growing very fast; or the social enterprises are not using their institutional capacities effectively.

Regardless of how fast the social and environmental problems in the world may be increasing, key issues are how well social entrepreneurs use their capacities, and the extent of positive and negative impacts social entrepreneurs have on their target communities. The focus of this thesis will be to challenge the commonly-held assumption that 'social enterprises only have positive social impacts on their beneficiaries'. Furthermore, the thesis argues that social enterprises are likely to have unintended as well as intended negative social impacts. The thesis will focus on whether using Social Impact Assessment (SIA) (as described in Chapter 3) will be beneficial in reducing or eliminating negative social impacts. More broadly, the focus of this research is on whether SIA can be used to identify, mitigate and manage the intended and unintended social impacts of social enterprises. In short, the main goals and objectives of this research and the key research question are as follows.

Goals of the Research

1. A better understanding of the negative social impacts of social enterprises
2. Better management of these negative social impacts
3. The ultimate goal is to create more social value in society

Objectives of the Research

1. To propose a framework to enable social entrepreneurs to be more effective
2. To propose a standard for the social enterprise sector
3. To clarify and expound the links between the fields of social entrepreneurship and social impact assessment

The Overarching Research Question

The overarching research question of this PhD is: ***How can the potential negative social impacts of social enterprises be better identified, mitigated and managed?***

Another way of putting this research question is to consider whether it is possible to improve the 'good' in good organisations. Furthermore, it is necessary to also consider the management of the potential negative social impacts of social enterprises, and to ensure that the positive benefits are actually achieved.

Subordinate Research Questions to Assist in Answering the Main Question

To answer the overarching research question, several sub-questions are addressed:

- What are the differences between (traditional) social enterprises and New Generation Social Enterprises (NGSEs)?

The concepts of social value, mission and profit, which are at the focus of traditional and NGSEs, are discussed with their similar and divergent aspects.

- What is Social Impact Assessment and whether it would be worthwhile for a stronger relationship to be developed between NGSE and SIA?

This question considers whether SIA as a whole and/or key concepts of SIA would be useful to social entrepreneurship.

- What are the likely and actual primary, secondary and cumulative negative social impacts of social enterprises?

This question relates to whether negative intended or unintended social impacts of social enterprises can be comprehensively elaborated by using SIA.

- Can the negative social impacts of social enterprises be categorised? If so, how?

This question refers to the possibility that a categorization would provide a clearer understanding for scholars and practitioners and potentially new ways of managing these negative social impacts.

- Does there need to be a standard for social enterprises, for example like an ISO standard or by a guidance document issued by some international authoritative body?

This question relates to whether this categorization will give an opportunity to create a set of principles and methodological approaches for social enterprises to assist in managing these negative social impacts.

- Would and should conducting Social Impact Assessment improve access to funds?

This question points to the importance of having ISO-like standards for social enterprises in terms of gaining legitimacy and the consequent possibility of increased access to national and international funds.

1.2. Theoretical Framework and Key Concepts

Given that the key concepts of this research are ‘social entrepreneurship’ and ‘social enterprises’, the concept of entrepreneurship should also be explained.

Entrepreneurship is regarded as one of the four production factors used in the definition of economic systems in the economics literature (Cole, 1942; Gedeon, 2010). The entrepreneurship factor, which ranks fourth after natural resources, labour and capital, is defined as taking the risks and having the skills to bring together the other three factors of production in order to produce goods and services (Gartner, 1990; Glancey et al., 2000). Although there is now a wide consensus about the concepts and definitions in the field of entrepreneurship (Cunningham & Lischeron, 1991), there is still considerable confusion about the concept of 'social entrepreneurship'.

'Social entrepreneurship' and 'social enterprise' are the primary concepts discussed in this thesis. However, most definitions refer to or emphasise different aspects of it. To give an example, according to Marti and Mair (2009, pp. 36-38), social entrepreneurship means creating and developing economic and social value in order to meet social needs and create social change. While Marti and Mair (2009) emphasise the significance of the 'social aspect' a bit more than others, Martin and Osberg (2007) attach importance to the balance of social and economic value creation. On the other hand, some scholars (Phillips et al., 2015; Hechavarria & Welter, 2015) claim that social entrepreneurship primarily refers to 'innovative activities' aimed at promoting long-term sustainability and increasing organisational effectiveness.

Social Enterprise Netherlands (2022, online) states that: "A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than to make a profit for their owners or shareholders". In this conventional understanding, social enterprises are generally considered to be organisational structures that are typically based on donations. In other words, the concept of social enterprise is positioned closely to NGOs.

However, the concept of social enterprise has evolved over time (Dowling, 2016). I claim that social enterprises (especially NGSEs) are becoming much more profit-oriented and independent (e.g. of the need for donations), and are now rather like a private sector company. In this thesis, there is a focus on social enterprises that try to ensure their sustainability and access to funds by being profit oriented, therefore it is more appropriate to focus on NGSEs rather than on the traditional social enterprises. For this reason, it can be said that one of the main concepts of this research is 'new generation social enterprise' (NGSE). The view of the European Commission is much closer to the conceptual meaning of NGSE and much more appropriate for this research. It can be summarised as follows:

> A social enterprise as being "an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities. (OECD/European Commission, 2013, p.3)

In other words, NGSEs should have some key characteristics such as having entrepreneurial and innovative manner, using their profits mainly for future projects, avoiding being dependent on donations, creating stakeholder value, trying to ensure sustainability, and gain competitive advantage in the market (Dowling, 2016). NGSEs are organisations that aim to provide appropriate and sustainable solutions to complex social problems by using innovative approaches and methods. They exist in contrast to the traditional understanding of a social enterprise, which because of their limited security of finance mostly create time-constrained or temporary solutions. The main two objectives of NGSEs are to create sustainable solutions and substantial increases in shared value (Benadusi & Sapienza, 2012; Tkacz, 2016). In addition, while solving problems in an innovative way, NGSEs carry out their activities in a professional way, and have a relatively institutional organisational structure and procedures like large-scale private sector organisations. NGSEs mostly generate their own income from their activities instead of being dependent on donations. Also, NGSEs aim to invest the large part of the profit which they earn from their activities for future projects.

The other main concept and discourse directly related to this research is ‘social innovation’. Social innovation is not associated with a single sector and can be implemented by all types of organisations, including public institutions, private sector organisations, NGOs and especially social enterprises. Social innovation refers to the design and implementation of new solutions to social issues through conceptual, process, product or organisational changes that ultimately aim to improve the well-being of individuals and communities (Castro-Arce & Vanclay, 2020).

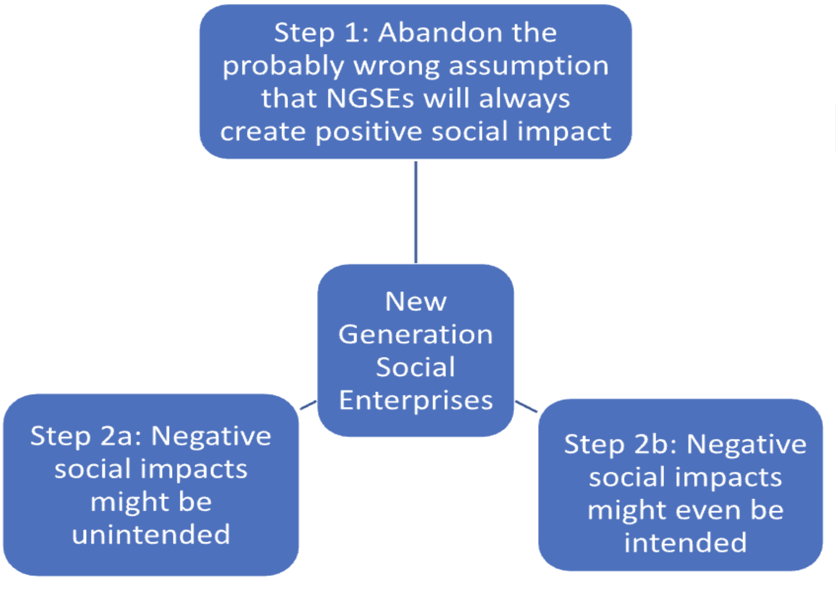
So far, some explanations have been given about the concepts of entrepreneurship, social entrepreneurship, social enterprises, NGSEs and social innovation (all of which are discussed further in Chapter 2). As mentioned above, the permeability between the three main sectors has been increasing over time. For example, some NGOs that rely on donations might become traditional social enterprises and then, over time, turn into NGSEs that utilise private sector principles and social innovation (see Figure 1.3).

Figure 1 3: Transformation Tendency of NGOs in the Historical Process

Source: Author

As mentioned in Section 1.1, the main problematic issue this research helps to solve is about managing the intended and unintended social impacts of NGSEs on beneficiaries (see Figure 1.4). Doing this requires that, firstly, social entrepreneurship must abandon the false assumption that social enterprises only create positive social impacts on the beneficiaries or the target audience. Secondly, it must be considered that ‘good organisations’, even though they are established to produce sustainable solutions, might unintentionally (and sometimes intentionally) create negative social impacts on the target audience.

Figure 1 4: Assumptions of Main Research Question



Source: Author

Giving two plausible examples for intentional and unintentional negative social impacts of NGSEs is appropriate. As an intended negative social impact example, a NGSE may be operating in a field with many competitors. In order to provide services, it might aim to obtain an international fund to which many social enterprises apply for. In order to obtain funding, it may intentionally hide some shortcomings in its organisational capacity. For instance, a NGSE implementing some projects for the benefit of children might consciously hide that there is nobody working in the organisation who has sufficient knowledge of child psychology. In other words, the social enterprise might intentionally take a risk of creating negative social impacts on children in order to obtain funds. In addition, as an unintended negative social impact example, consider another NGSE working on creating access to education opportunities for children. In order to create positive social impacts, this NGSE might carry out a project to build schools in villages where there are no schools. However, this project, even though it was started with good intentions, might cause negative and undesirable social impacts such as cultural shallowness and indifference to new ideas on children who previously went to city school with bussed education.

In this thesis, it is argued that the discourse of SIA can be used to manage the intended or unintended negative social impacts of NGSEs. The concept of SIA, which emerged as a complement to environmental impact assessment (EIA), developed over time and evolved into a more comprehensive concept and began to become an important and largely independent discourse (Burdge & Vanclay, 1996; Vanclay, 2003; Esteves et al., 2012; Vanclay et al., 2015; Vanclay 2020). According to the International Principles for Social Impact Assessment (Vanclay, 2003, p.6), SIA is defined as being "the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions".

In the International Association for Impact Assessment's (IAIA) view, a human-rights based approach arguably makes SIA distinct from EIA (Götzmann et al., 2016). Other sub-concepts of SIA and some other relevant fields that will be discussed throughout the thesis are: participation of affected people in decision-making processes; stakeholder engagement; social licence to operate (SLO); free, prior and informed consent (FPIC); non-technical and social risks; benefit-sharing; the Equator Principles; shared value; Impacts & Benefits

Agreement (IBA); Environmental, Social and Governance (ESG) issues; and Social Return on Investment (SROI) (Vanclay et al., 2015). These will be elaborated in **Chapter 3**. Also, the interrelationship between the concepts of NGSE and SIA will be explained by justification in the sections where the results of the data collection process will be presented (**Chapter 5**) and whether SIA is a useful tool for NGSEs will be discussed and some recommendations will be made for future research.

In short, it is claimed that NGSEs can manage the intended and unintended negative social impacts by implementing SIA and this will lead to them evolving into more legitimate, transparent and accountable organisations. NGSEs with such features will have easier access to international finance and will further strengthen their sustainability. An important point proposed by this thesis is that, just as there are principles and standards the financial institutions require for the management of social responsibility and environmental risks in projects (Equator Principles, 2020), similar standards and approaches could be established for NGSEs (**Chapter 6**).

1.3. The Contribution of This Research

This research makes a scientific contribution to the discourse of social entrepreneurship by elaborating on some dimensions and characteristics of the concept of NGSE that have not been much discussed in the literature. In addition, it aims to contribute to scholarship by analysing different perspectives of NGSEs operating in the Netherlands (a developed country) and Turkey (a developing country). More importantly, the thesis challenges the assumption that traditional social enterprises and NGSEs only have positive social impacts on their beneficiaries (i.e. and not any negative social impacts). Another contribution of the thesis is clarification about how NGSEs produce negative social impacts, whether unintentionally or intentionally. It is argued that the proposal that SIA should be applied in social entrepreneurship to reveal, reduce and manage potential negative social impacts and enhance positive impacts is a major contribution to the academic literature.

SIA practitioners analyse, monitor and manage the social impacts on host communities of small, medium and large-scale projects, such as the construction and operation of airports, seaports, power plants, factories and industrial processing plants, and mines. These types of projects are known to create many negative environmental and social impacts, there is a regulatory system that demands that an Environmental and Social Impact Assessment (ESIA) be done, and there is a culture of undertaking ESIAs in these sectors. However, in the field of social entrepreneurship, there is a presumption that no negative impacts are created, there is limited regulatory oversight, and no culture of thinking about possible harms.

There is virtually no awareness in the field of social entrepreneurship that social enterprises can cause negative social impacts, other than concerns about corruption (graft), misuse of funds, or discrimination in the selection of beneficiaries (Williams & Kadamawe, 2012; Dey & Steyaert, 2016). However, the perspective in the SIA field is that all projects (big and small) can cause negative and positive social impacts (Vanclay, 2002, 2012), and that all projects, including those that intended to do good, need to get a social licence to operate (Jijelava & Vanclay, 2014). The continuing lack of awareness in the field of social entrepreneurship is surprising given that the United Nations (2011) endorsed the United Nations Guiding Principles on Business and Human Rights (UNGP), which argues that all organisations (including private sector, government, and NGOs) need to consider human rights issues through their whole supply chains. SIA has become a way of considering human rights issues (as well as all social impacts), and of undertaking the due diligence assessments expected by the UNGP (Götzmann et al., 2016; Esteves et al., 2017). Therefore, SIA clearly is something that the field of social entrepreneurship should engage with. To overcome this deficiency in the field of social entrepreneurship, this thesis will propose that some form of an international standard, perhaps an International Organization for Standardization (ISO) standard or similar (or at least official guidance), should be developed.

1.4. Brief Overview of the Methodology

At the beginning of my research, I had planned to conduct quantitative research using a questionnaire with existing scales of proven validity and reliability. Thus, arguably I would have had the opportunity to reach a large number of social enterprises and to reach data with high generalizability. In addition, I would have had a chance to undertake multivariate analysis on the many variables I collected. However, after the fruitful discussions I had with my primary supervisor, I came to the conclusion that elaborating the underlying issues related to my research topic would best be revealed through in-depth qualitative analysis. In other words, in order to achieve the goals and objectives of my research, it was more appropriate to conduct an in-depth analysis through interviews rather than undertake a quantitative and relatively superficial survey. Without doing qualitative research, it would not have been possible to analyse in detail the intended or unintended potential negative social impacts of social enterprises. I also needed in-depth understanding in order to clarify how these potential negative social impacts can be managed.

It was considered expedient to collect data from Turkey, my country of nationality, and the Netherlands, the country where I was doing a PhD. This contrast was also appropriate in that one was a developed country while the other was a developing country. However, I would like to emphasise that this research is not about comparing the two countries in terms of the social enterprise sector. Instead, the research seeks to analyse and justify the differences between the two countries in terms of the social enterprise sector. In addition, it is assumed that some inferences can be made by reflecting on the different socio-cultural settings, legal regulations, and ways of doing business. Thus, in the interviews with social entrepreneurs, questions were asked about the concept of social entrepreneurship, their awareness of the possibilities of creating negative social impacts, whether there is a need for a standard for the social enterprise sector, their project planning capacities, and their knowledge of SIA in general.

Eventually, it was decided to conduct research on four cases, two from Turkey and two from the Netherlands. Therefore, this research can be considered as a multi-case case study (Flyvbjerg, 2006; Crow & Berggren, 2014). A full discussion of the methodology is given in Chapter 4.

It is very evident that social enterprises vary in size, form, purpose, source of income, ratio of volunteers to employees, business model, level of professionality, locally focussed versus internationally connected, effectiveness, and potentially in relation to many other aspects. It could be argued that the heterogeneity amongst social enterprises is greater than for normal private sector enterprises. Therefore, much consideration was given to considering which types of social enterprises to include in the research. Eventually, it was decided to focus on NGSEs because they are arguably in competition with the private sector, they are using private sector ways of doing business, they seek to be professional, and arguably they need to comply with the international standards that apply to business generally.

Four social enterprises were selected for detailed analysis. First, a list of social enterprises known to the researcher, his supervisors, and their contacts was compiled. Preliminary checking of these possible cases was done to determine possible cases for detailed analysis. Eventually, approaches were made to various social enterprises resulting in the four that are included. For many complex reasons, it has been decided that the cases should be anonymous, and arguably this is consistent with ethical social research (Vanclay et al., 2013).

Research, as typical for a case study methodology, was conducted on the four social enterprises, involving studying the organisations' mission, purpose, structure, strategies, policies, procedures, activities, and outputs. This was done by examining their websites and all available documentation (e.g. annual reports), and interviews with key staff. In addition, various experts in the fields of social entrepreneurship and/or social impact assessment were interviewed. They came from universities and key organisations. Although the two interview guides are similar (interview guide for managers and interview guide for experts), the reason for conducting these interviews with experts was to get opinions and suggestions from different perspectives about the topic, and especially about how social enterprises might manage social issues better. All interviews were done online.

1.5. Thesis Outline

This research consists of eight chapters, including the introduction **(Chapter 1**).

In **Chapter 2**, the concept of social entrepreneurship is examined through the first sub-question: *"What are the differences between (traditional) social enterprises and NGSEs?"* To guide my research, the past and current academic literature on the concepts of social entrepreneurship and social enterprise is analysed in depth by considering different perspectives and discourses about these two concepts. In parallel with this situation, the development, change and transformation periods of social enterprises in the historical process are discussed. Positioning social enterprises in the context of public, private and civil society sectors is elaborated. Also, some suggestions are made that a new fourth main sector, called social entrepreneurship, might emerge in the future.

In addition, some explanations are made about different concepts such as NGSEs, social innovation, intrapreneurship and social intrapreneurship. By doing this, a more holistic framework is tried to be developed by considering the relations between the concept of social entrepreneurship and the concepts of social innovation, intrapreneurship and social intrapreneurship. In the light of all these discussions, the concept of NGSE, which is one of the main concepts of this research is emphasised and the similarities/convergences and divergences between traditional social enterprises and NGSEs are discussed. At the end of the **Chapter 2**, some up-to-date explanations are made about what kind of legal framework, regulations and definitions social enterprises have in Turkey and in the Netherlands, which are the two countries that constitute the sample of the research.

Chapter 3 addresses the second subordinate question: "What is SIA and can a relationship be established or is it really a relationship between SIA and new generation social entrepreneurship?" In this chapter, some of the sub-concepts of the SIA discourse are discussed. The concepts of SLO; FPIC; IBA; Equator Principles; Benefit sharing; Shared value; ESG issues and SROI are analysed as a literature review and some inferences are made about how these concepts can be associated with the concept of NGSEs.

Chapter 4 explains the methodology of this research which consists of key informant interviews and analytical reflection. In accordance with the preferred methodological perspective, a multi-case case study was applied. The interviews were conducted with the founders or managers of four NGSEs, two from Turkey and two from the Netherlands. In addition to four NGSEs, interviews were conducted with six experts, consultants and academicians in the fields of NGSE and SIA.

In **Chapter 5**, the results of the interviews (ten in total) are shared as primary data and secondary data related to social entrepreneurship and SIA from both countries (Turkey and Netherlands) are presented without sharing any comment or discussion.

Chapter 6 includes the detailed discussions carried out in the context of issues facing social enterprises. Whether development of international standards for the social enterprise sector might increase the positive social impacts and decrease the negative social impacts of NGSEs on beneficiaries or not is debated. Also, some concepts, such as efficiency, legitimacy and access to international finance, which are highly related to international standards are discussed, elaborated and evaluated by using the primary and secondary data obtained. The detailed discussions and recommendations about existing standards are presented and some discussion is provided regarding the establishment of a standards body for the social enterprise sector. At the end of **Chapter 6**, a five-dimensional standards document for social enterprises is presented. **In Conclusion (Chapter 7)**, reflection on the research question and the potential value of SIA are provided. In addition, key contributions and limitations of this research are discussed. Finally, recommendations are made for future research.

1.6. My Personal Interest in This Topic and Research Ethics

In today's world, there is a widespread view that three main sectors (public, private, NGO) operate and that all services for people (and sometimes for other living things) are provided through these three main sectors (Rosenbaum, 2006). Therefore, very briefly, some social services, notably education, health, security and infrastructure, are provided by the public sector, while simultaneously, private sector initiatives also carry out activities in almost every sector. In addition, many small-medium-large scale projects are carried out with public-private partnerships (Hodge & Greve, 2017). Some private sector initiatives try to develop solutions to some social problems with corporate social responsibility (CSR) projects (Sharp & Zaidman, 2010). In addition to all these services, NGOs also carry out many social responsibility projects almost all over the world through the donations they receive (Usmani et al., 2022). However, despite all these services, increasing budgets and increasing cooperation between different types of organisations, social problems have been increasing rather than decreasing (Mooney et al., 2021). These social problems include: such as poverty, income inequality, incompetence and nepotism, the disadvantaged position of women in social life, negative issues in elderly care, violence against animals, racism, discrimination, difficulties in accessing basic education and health, climate crisis, corruption, freedom of expression and thought, disaster management before, during and after the disaster.

Considering that the resources in the world are limited and that the social problems experienced are increasing, it is necessary to seek a new way of organising society. At present, public sector services fail to solve social problems. The private sector largely does not aim to create social benefits other than their minimal CSR projects. In addition, many of the CSR projects carried out by private sector enterprises are aimed at increasing the reputation and legitimacy of their organisations in the eyes of society rather than creating social benefits by providing solutions to social problems (Graafland & Smid, 2019). Because of their need to obtain funding, the well-intentioned activities of NGOs tend to consist of limited and temporary approaches rather than radical, sustainable or innovative solutions to social problems (Islam et al., 2011). Arguably, the concept of social entrepreneurship and social enterprises emerged due to these and other reasons (Borzaga & Santuari, 2003). It can be argued that social enterprises, and especially NGSEs because of their financial independence, are organisations that aim to solve social problems and offer radical, sustainable and innovative solutions to a much larger extent. For this reason, as an early career academic who believes in the importance and critical value of the civil society sector in solving social problems, I wanted to focus on social enterprises in my doctoral research. However, as I investigated social enterprises and analysed the social enterprise sector in depth, I came to the conclusion that the available and limited resources are not being used efficiently and effectively, and in some cases even corruption occurs (Zahra et al., 2009; Boudreaux et al., 2019; Maseno & Wanyoike, 2022). I have also observed that social enterprises have a (probably) false assumption that they will always, anywhere and under all circumstances only have positive social impacts on beneficiaries. However, I claim that social enterprises might also create negative social impacts on beneficiaries, whether intentionally or unintentionally. Therefore, I believe that it would be appropriate to develop a standard, such as the documents that have obligations required by the World Bank or International Finance Corporation (IFC) from borrowers, or a document like ISO standards, for the social enterprise sector as well. I think that the SIA principles will contribute to the supervision and implementation of these standards. Thus, I sincerely believe that limited resources can be used more efficiently and effectively in the social enterprise sector and more sustainable solutions can be brought to social problems by following the procedures outlined in a standard.

In terms of ethics, prior to the data collection for the study, approval was obtained from the Ethics Committee of the Faculty of Spatial Sciences at the University of Groningen and its requirements were fully met. Also, the principles for ethical social research that are emphasised in the academic literature (Bulmer, 2001; Vanclay et al., 2013; Hammersley, 2015) were followed. In the research, data were collected only from adults and with their own informed consent. The purpose of the research was shared in detail with the interviewees and no deceptive information was given to them about the research. They were clearly informed that they could withdraw from the study at any time they wished. It was emphasised that personal and organisational data would be kept anonymous. The interviewees were treated as participants in the research rather than being respondents or subjects (Vanclay et al., 2013), and some changes were made to the data collection process in response to their opinions about the research. Care has been taken to ensure that the researchers were not harmed in any way. In addition, no questions were asked about the personal information, their beliefs, sexual orientation, race and similar issues of the interviewees. Also, data on private information such as financial statements related to the organisations in which individuals work has not been collected. Audio recordings were taken during the interviews so that the transcript of the interview would be more consistent with what was said and so that the data truly reflected the interviewee’s views. For this reason, additional permission was obtained from them specifically for audio recording of the interviews. Two people asked for the audio recording to be deleted immediately after the transcript was made. This was done. They were all very interested in the research, and wanted a copy of the PhD when it was completed.

A decision was made in the research process that the case studies would be kept anonymous. This was done to encourage honesty by the interviewees, including the sharing of things that did not work well, and to ensure that there would be no ramifications for the people interviewed or the organisations they represent. Despite my attempts to keep the cases anonymous, I am aware that the case studies might be identifiable to some people familiar with them. I have discussed this issue with the interviewees, and they have given permission for me to proceed. I shared a draft version of the PhD with them for their approval before it was finalised in its current public form.

2. THE MEANING OF SOCIAL ENTREPRENEURSHIP

2.1. Introduction

In **Section 2.2**, the concepts of social entrepreneurship, social innovation, intrapreneurship, and social intrapreneurship are discussed by referring to the literature. In **Section 2.3**, the conceptualisation of ‘New Generation Social Enterprise’ (NGSE) is made, which is only now emerging, is evaluated from different perspectives, and with an original analysis by the author of this PhD. In **Section 2.4**, some explanations are made about the legal structure (legal and regulatory issues in the operation processes) of social enterprises operating in the Netherlands and Turkey, where the social enterprises that constitute the sample of the research are located.

Although different concepts are included throughout this chapter, it is appropriate to state that the main concepts are social enterprise and NGSE. Also, before explaining and elaborating the social entrepreneurship perspectives and different understandings in this research, and discussing how the concepts have evolved, it is reasonable to emphasise why the concept of social enterprise is so significant, critical, strategic, and popular nowadays. In addition, a short discussion on the sectors that shape and design the life of humanity is made.

As is known and generally accepted in the literature, from historical times to the present, there are three main sectors in everyday life: public, private and civil society sectors (Bhui et al., 2016). One of the oldest civilizations in the world is the Sumerians, which was located at the southern end of Mesopotamia, between the Tigris and Euphrates rivers, later including Babylon, which today is Baghdad in Iraq. Thus, arguably the emergence of the public sector corresponds to approximately BC 4000 (Kramer, 1963). In some sources, it is claimed that trade life in Mesopotamian lands began in the context of a free market economy long before the beginning of the Sumerian civilization. Therefore, it would not be unreasonable to claim that the roots of the private sector go back much further (Glassman, 2017). The concept of civil society also dates back to ancient times and was defined by Aristotle, who lived in the BC 300s. According to Aristotle, civil society refers to a political community of free and equal, virtuous citizens, bound together by a willingness to advance their common interest by means of political self-rule in order to protect their liberty against despotism and anarchy (Forst, 2017).

Before moving on to **Section 2.2.**, where the concept of social entrepreneurship will be discussed, I would like to address one more issue. Of course, in today's world, there are different sectors, such as education, health, defence and trade. However, these sectors can be expressed as sub-sectors of the three main sectors mentioned. For example, educational services can be provided by public institutions as well as by the private sector. In addition, public institutions can also run economic enterprises. However, all these are in the form of sub-divisions of these three main sectors, rather than being a separate fourth sector. So, can it be argued that social entrepreneurship is on its way to becoming a fourth main sector? Also, why is social entrepreneurship becoming more significant, critical, strategic and popular? In **Section 2.2.**, I will discuss the change, transformation and evolution of the social enterprise sector and some projections will be made about whether it will become a fourth main sector in the future.

2.2. Historical Overview and Definitions

What is Entrepreneurship?

In this section, the definition of social entrepreneurship will be presented. However, I think that it is valuable to quickly define the concept of 'entrepreneurship' before addressing the definitions and different perspectives of ‘social entrepreneurship’ in the literature. Although entrepreneurship is an activity that has been carried out since ancient times, I have examined understandings of entrepreneurship using the views of the pioneers of relatively contemporary entrepreneurship studies such as Richard Cantillon, Jean Baptiste Say, Joseph Schumpeter (Table 2.1). Their definitions of entrepreneurship can be summarised as follows.

Table 2 1: The Pioneers' Definitions of Entrepreneurship

Pioneer	**Definitions and Explanations of Entrepreneurship**
Richard Cantillon (1680-1734)	Cantillon was the first to use the word entrepreneur and described the concept of entrepreneurship as buying needs at certain prices and selling them at uncertain prices (i.e. entrepreneur as a speculator).
Jean-Baptiste Say (1767-1832)	Say considered that *“The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield.”* (cited by Dees, 1998, p.1) (i.e. entrepreneur as a facilitator/organiser)
Joseph Schumpeter (1883-1950)	Schumpeter underlined that entrepreneurship requires innovation. According to Schumpeter, *“the function of entrepreneurs is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on.”* (Schumpeter, 1942, p.132). (i.e. entrepreneur as innovator)

Source: Stevenson & Jarillo, 1990; Dees, 1998; Parker, 2004; Baum et al., 2007; Boutilier, 2014.

Schumpeter has a more specific perspective on the concept of entrepreneurship compared to his predecessors and it can be claimed that he realised that entrepreneurship was an ‘economic process’. Schumpeter's basic views on the concept of entrepreneurship are listed below (Parker, 2004):

- A new product design,
- A new design for production,
- Opening a new market,
- To seize a new source of supply or
- To make a new organisation of the industry.

In the light of the debates that have been going on for several centuries, the generally accepted definition of entrepreneurship that is provided by Oxford Dictionary is as follows: "the activity of setting up a business or businesses, taking on financial risks in the hope of profit" (Upase & Poonawalla, 2022, p.508). So, considering that entrepreneurs aim to make profit, which is their main purpose, by sensing opportunities and developing solutions, what is the purpose of social entrepreneurs and how do they differ from entrepreneurs? To answer this question, I think it is appropriate to consider the different views about social entrepreneurship in the literature. Some of the definitions and views on social entrepreneurship belong to academics, while others belong to institutional structures (institutions/organisations) that carry out social entrepreneurship activities in the field.

History of Social Entrepreneurship

When the roots of the history of social entrepreneurship are discussed and the first examples are researched, it is seen that cooperatives were established in the United Kingdom (UK) in the middle of the 19th century for socioeconomic reasons and purposes (Sealey et al., 2000). In the 1960s and 1970s, and especially in the United States during that period, there was an increase in the number of organisations that can be described as social enterprises as a result of realisation that the services provided by public institutions were inadequate. Also, the desire of NGOs for independence and sustainability facilitated and accelerated this process (Ziegler, 2011). The 1980s was a time when there was a significant increase in the number and reputation of social enterprises in the US. An important reason for this was that President Ronald Reagan significantly reduced the level of government support provided to NGOs. It can be claimed that this situation led to NGOs evolving into social enterprises, especially those that had been conducting their activities with significant government support (Kerlin, 2010). The importance and popularity of the concept of social entrepreneurship occurred between 1990 and 2004, with many academic papers being published during this point (Galvin & Iannotti, 2015).

Different Perspectives About Social Entrepreneurship

The Homeless Economic Development Fund of the Roberts Foundation defines social enterprises by using the concept of 'non-profit enterprise' as "A revenue-generating venture founded to create jobs or training opportunities for very low income individuals, while simultaneously operating with reference to the financial bottom-line" (Emerson & Twersky, 1996, p.viii). This definition focuses on a specific segment of all possible target groups, and perhaps does not reflect the full range of social enterprises. The Skoll Foundation (2017, online), which is a prominent organisation in this field, describes social enterprises as: "the change agents for society … seizing opportunities others miss". The Schwab Foundation (2015) focuses on innovation, sustainability and income generation in their definition of social entrepreneurship. The Schwab Foundation updated the definition of social entrepreneur in 2021 and also emphasises environmental protection and human rights. The British Council's (2016) understanding of social enterprise also underlines addressing social and environment needs. These definitions are quite different in terms of scope, concept and application.

According to what might be regarded as the mainstream view, social entrepreneurship emerged in the 1980s with the founding of Ashoka by Bill Drayton. Ashoka operates as the largest network of social entrepreneurs and provides funding to social entrepreneurs worldwide (Dees, 2007). Ashoka (2021, online) defines "social entrepreneurs as individuals with innovative solutions to society's most pressing social, cultural, and environmental challenges." Conversely, the Non-profit Enterprise and Self-Sustainability Team (NESsT) describes social entrepreneurship as a 'funding system' for NGOs to gain sustainability. Dacin et al. (2011) state that every social enterprise should be run or managed by entrepreneurial actors. So, according to Dacin et al. (2011), the key factor for a social enterprise is an entrepreneurial mind rather than a certain sector or funding system. Yunus (2007), the founder of the Grameen Bank, describes a 'social business' as follows.

> In its organizational structure, this new business is basically the same as the existing PMB [profit-maximising business]. But it differs in its objectives. Like other businesses, it employs workers, creates goods or services, and provides these to customers for a price consistent with its objective. But its underlying objective – and the criterion by which it should be evaluated – is to create social benefits for those whose lives it touches. (Yunus 2007, pp. 21–22)

Considering the definitions of social entrepreneurs and social entrepreneurship presented so far, it is evident that there is a greater uncertainty than with the concept of entrepreneurship. However, the simplest and most appropriate answer to the question asked at the beginning of Section 2.1 (what is the difference between an entrepreneur and a social entrepreneur?) is: while the entrepreneur conducts activities to create economic benefit, the social entrepreneur aims to create social benefit (Zahra et al., 2010; Dacin et al., 2010).

Some respected guides like the *Brief Guide for Social Entrepreneurs* (Shortall & Alter, 2009), emphasise that social enterprises should carry out profit-oriented activities and be managed like a commercial enterprise. There are also some other schools of thought regarding social entrepreneurship from it being purely philanthropic to be purely commercial (Kerlin, 2009). While some social enterprises focus entirely on philanthropy with an almost NGO philosophy and view, social enterprises established with different motives operate with a relatively commercial business logic. As an example, Social Enterprise Netherlands (NL) (2022, online) describes social enterprise as follows: "A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than to make a profit for their owners or shareholders." Also, The European Commission's Social Business Initiative (SBI) defines social enterprises as synonymous with social business. SBI's (2015, p.3) definition of social enterprise/social business is: "A social business/social enterprise is an undertaking: whose primary objective is to achieve social impact rather than generating profit for owners and shareholders; which uses its surpluses mainly to achieve these social goals, which is managed by social entrepreneurs in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by its business activity."

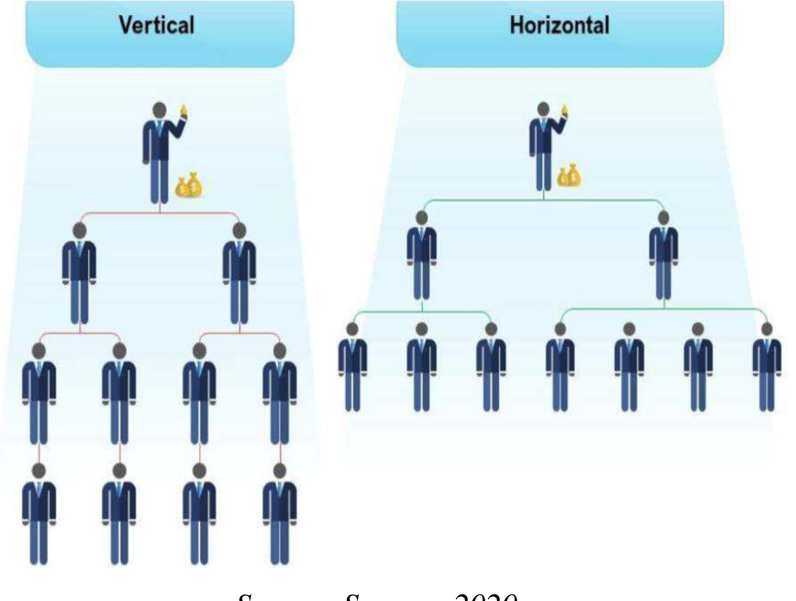
These differences between philanthropic versus commercial focus may be related to the country or geographical region in which social enterprises are established and/or operate. For example, social enterprises operating in the US are more commercially motivated and profit-oriented than social enterprises operating in Europe, which manage their financial inputs within the cooperative organisation scheme and/or are dependent on government support and other funding (Kerlin, 2006). When social enterprises in the US and UK are considered, different social enterprise structures are encountered. In the last few decades, several multinational companies have split their organisational structure in order to continue their activities with sub-organizational structures that pursue either social or commercial purposes. The extent to which company CSR units are real social enterprises is debated (Defourny & Nyssens, 2008).

The reason for reservation about this, is suspicion that these multinational companies only carry out these activities in order to appear to have a social purpose (i.e. like a form of green-washing). Arguably, the CSR activities carried out by the private companies are used as a tool to increase the commercial income rather than to solve societal problems (van der Ploeg & Vanclay, 2013).

What Makes Social Entrepreneurship/Social Enterprises Different from The Three Main Sectors?

Social entrepreneurship differs from public, private and non-governmental sectors in certain aspects due to their different motivations and hybrid structures. Social enterprises, like public institutions, have the purpose of providing social benefit and social value. However, due to their bureaucratic structures and organisational inertia, public institutions cannot act quickly enough in identifying and solving problems, and catching opportunities, whereas, unlike public institutions, the organisational structure of social enterprises are dynamic, flexible, and horizontal (Cimoli & Rovira, 2008) (see Figure 2.1).

Figure 2 1: Vertical (Public Sector) and Horizontal Structure (Social Enterprises) of an Organisation



Source: Sonava, 2020

Horizontal structure offers flexibility and opportunity of quick decision making to social enterprise organisations (Bagnoli & Megoli, 2009). These capabilities can be considered as an advantage of social enterprises over public institutions. However, such horizontal organisation and flexible decision-making mechanisms may prevent social enterprises from making long-term plans like public institutions. Therefore, it is suggested that it may be appropriate for social enterprises to have a hybrid/mixed organisational structure to a certain extent (Bornstein & Davis, 2010).

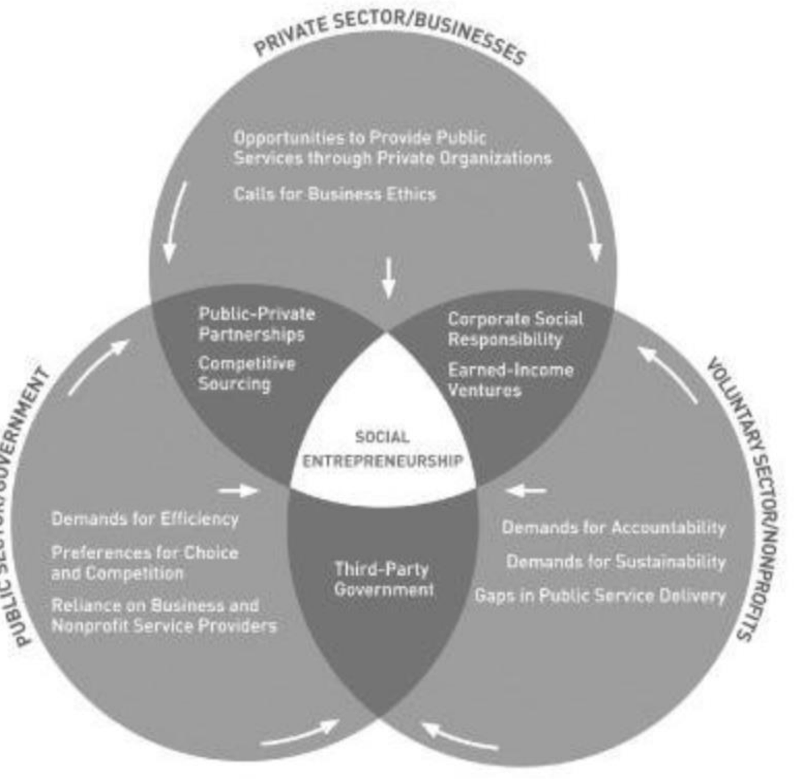
It can be claimed that all NGOs aim to produce social benefit and social value like social enterprises. However, while the majority of NGOs depend only on donations and public support, with the business model they create and to ensure their sustainability, social enterprises aim to continue their activities as independent of donations as possible. In addition, while the majority of the human resources in NGOs are volunteers, there has been an increase in the number and rate of professional and full-time staff in social enterprises (Rhoden, 2014).

Social enterprises differ from private sector enterprises in terms of their rationale for existence. As mentioned before, instead of creating economic value, social enterprises seek to create social value. Nevertheless social enterprises are not prohibited from making a profit. However, while the ultimate aim of the private sector enterprise is to make profit, the profit obtained by the social enterprise is not the ultimate purpose, but is a tool to be used in the activities and projects of the social enterprise (Besley & Ghatak, 2017).

Why is There an Increase in the Quantity of Social Enterprises Today?

It is appropriate to use the Social Entrepreneurship Venn Diagram (Venture Pragmatist, 2010) to answer the question about why there is an increase in the number of social enterprises. In Figure 2.2, the reasons that push or direct the actors of public, private and non-governmental sectors to turn into a social entrepreneur business model and/or to resemble social enterprises to a certain extent are explained.

Figure 2 2: Social Entrepreneurship Venn Diagram



Source: Social Entrepreneurship Venn Diagram (Venture Pragmatist, 2010)

Public institutions and social enterprises are types of organisations organised to create social benefit and value. However, the services provided by public institutions may be insufficient to react quickly to the rapidly changing demands and needs of society (Roper & Cheney, 2005). For this reason, public institutions, which have a certain degree of structural/organisational inertia and clumsiness, try to emulate social enterprises that carry out their activities with more flexible organisational structures in order to increase their efficiency

(Adnan et al., 2018). Arguably, due to neoliberalism trends in society, competition between the three sectors have been increasing. For example, whether a social enterprise or a public institution provides faster or more accurate service in a disaster area is evaluated by the society. This pushes public institutions to carry out their activities in a way similar to the social enterprise business model. NGOs also aim to identify areas where public services are lacking and turn them into opportunities. NGOs, especially those with a concern and desire for accountability and sustainability, are evolving towards social enterprise business models (Connolly & Kelly, 2011).

In terms of private sector enterprises, there are some tendencies towards social enterprises (Adnan et al., 2018). If private sector enterprises cannot gain legitimacy in the eyes of the society, they will have difficulty in operating within market conditions and developing cooperation with other actors. This is an obstacle for these enterprises to survive or to gain sustainable competitive advantage. Therefore, some private sector businesses now genuinely focus on issues such as business ethics, rather than only be profit-oriented (Roper & Cheney, 2005). In addition, considering that some public services are provided by private sector enterprises, it is not surprising that there is an evolution towards social enterprise.

Similar to the ideas listed above, Jackson (2016) considers the transformation of businesses in the context of the private sector. According to Jackson (2016), who divides the economy into a market economy and a social economy, three business archetypes have emerged. The organisations in the first archetype are purely profit-oriented and focus on market economy. They ignore social benefit and look after the benefit of shareholders rather than society. An example of this model is General Electric in the 1970s. Jackson (2016) claims that businesses in the second archetype try to balance economic and social benefit (economic market and social market) and gives Google as an example.

Although some businesses still have private sector status, some of them prioritise social benefit and social market. These private sector companies represent the third archetype, for example Grameen Bank, a microfinance business.

Social Enterprises as Hybrid Organizations

In light of the information about the transition and interaction between sectors, it is possible to define social enterprises as hybrid organisations. Considering that private sector businesses carry out their activities with a profit motivation, and NGOs with a mission motivation, social enterprises are organisations that have both motivations (Reis & Clohesy, 2001). In other words, it can be said that social enterprises are neither purely philanthropic nor purely commercial (see Table 2.2).

Table 2 2: Spectrum of Practitioners

	Purely Philanthropic	**Hybrid**	**Purely Commercial**
Motives	Appeal to goodwill	Mixed motives	Appeal to self-interest
Methods	Mission driven	Balance of mission and market (profit)	Profit driven
Goals	Social value creation	Social and economic value creation	Economic value creation

Source: Alter, Kim, Virtue Venture LLC Social Enterprise Typology, 2007

Although social enterprises can be defined as hybrid organisations, not every social enterprise has the same balance of mission and profit. In other words, some social enterprises may be more mission-oriented, while others may be more profit-oriented (Dees et al., 2002). In accordance with this, there is a hybrid spectrum in the literature that explains organisations from traditional non-profit to traditional for-profit (see Figure 2.3).

Figure 2 3: Alter's Hybrid Spectrum

Traditional Non-profit	Non-profit with Income Generating Activities	Social Enterprise	Socially Responsible Business	Corporate Practising Social Responsibility	Traditional For-profit

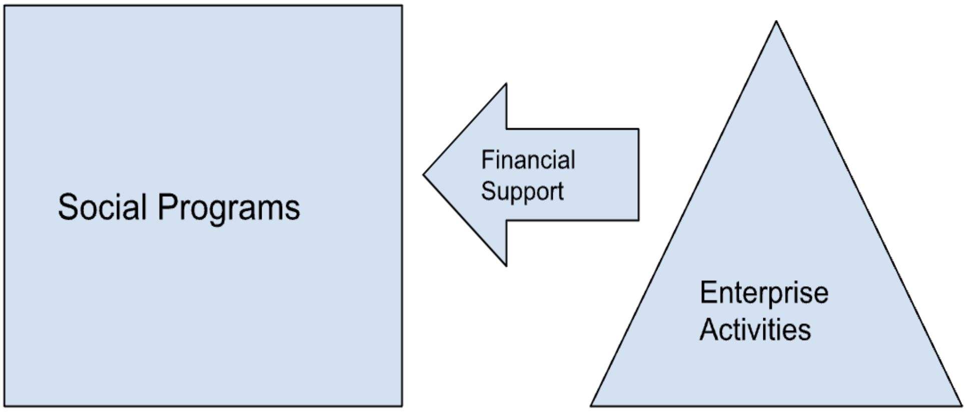
Source: Alter, Kim, Virtue Venture LLC Social Enterprise Typology, 2007

Organisations that are located at the left half of the spectrum are mission motivated and responsible to their stakeholders (see Figure 2.3). Also, they use their income in their future projects or as operational costs. Conversely, organisations that are located at the other side (right half of the spectrum) have profit-making motives and are responsible to their shareholders rather than stakeholders. Thus, these organisations aim to be accountable to the shareholders and almost ignore the stakeholders.

Organisational Structures of Social Enterprises

In addition to the explanations and categorizations listed above, there are some classifications for the organisational structures of social enterprises. The concept of "social enterprise", as the name suggests, stands out as organisations that focus on social problems and simultaneously carry out entrepreneurial activities. How the mission-based units that focus on social problems and the profit-based structures that focus on entrepreneurial activities are positioned within the organisation are among the issues that need to be discussed (Defourny & Nyssens, 2010). In other words, the main element that creates this categorization is the interaction between the units that run the social programs and the units that carry out the business activities. Here, three social enterprise models stand out in the literature. The first is the organisational structure in which the units executing social programs and the units executing enterprise activities are independent of each other. Social enterprises with this scheme are called “external social enterprises” (Virtue Venture LLC Social Enterprise Typology, 2007) and are organised as follows (see Figure 2.4).

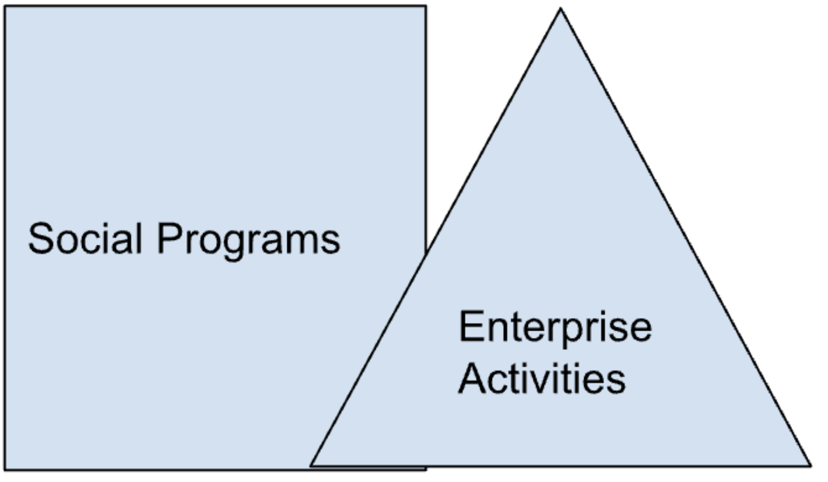
Figure 2 4: External Social Enterprises



Source: Alter, Kim, Virtue Venture LLC Social Enterprise Typology, 2007

In social enterprises organised as above, the unit that carries out the enterprise (commercial) activities is completely independent of the mission motivation and the group that runs the social programs sees them only as a financial support mechanism or resource. However, in some social enterprises, the aforementioned two units might not be intertwined but partially overlapped. In such social enterprises, the unit that carries out the enterprise activities partially assists the other unit (social programs) in the realisation of the objectives of the social enterprise. In this organisational structure, the unit that organises entrepreneurial (commercial) activities carries out secondary or indirect activities such as marketing, reaching new target audiences, seeking stakeholders, rather than basic social programs, and this structure is called “integrated social enterprises" (Alter, 2007) (see Figure 2.5).

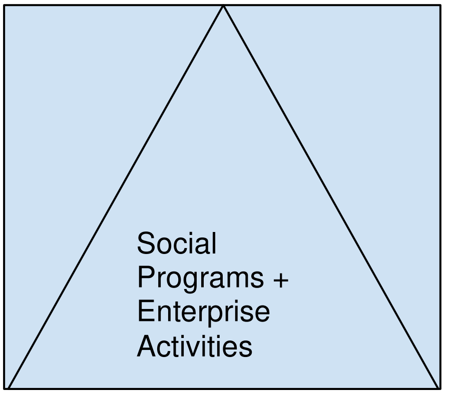
Figure 2 5: Integrated Social Enterprises



Source: Alter, Kim, Virtue Venture LLC Social Enterprise Typology, 2007

In some social enterprises, the unit that carries out business activities and the unit that carries out social programs are intertwined. Therefore, both units have almost equal mission and profit motivation. It is considered that this structure is the most suitable and optimal organisational structure for NGSEs, and this type of organisation will be addressed in Section 2.2. (Yorke, 2012). Such social enterprises are called "embedded social enterprises" (Alter, 2007) (see Figure 2.6).

Figure 2 6: Embedded Social Enterprises



Source: Virtue Venture LLC Social Enterprise Typology, 2007

The Meaning of Social Innovation and Its Importance for Social Enterprises

Taylor (1970), one of the first writers to focus on social innovation, defines social innovation as developing new solutions by identifying social needs and problems such as crime or poverty. However, Fontan (1998), who criticised Taylor's definition as being only result-oriented, emphasised the importance of social transformation and considered decision-making mechanisms and ongoing social relations for social change within the concept of social innovation. Therefore, the concept of social innovation gained a more holistic structure with its focus not only on society, but also on ongoing social life and social processes. Just as the meaning of innovation is not only the production of new products, but also new production processes, social innovation includes the attempt to find new solutions in different ways in addition to finding new solutions to social problems (Cloutier, 2013; Castro-Arce & Vanclay, 2020).

Mulgan (2006, p.146) defines social innovation as “innovative activities and services that are motivated by the goal of meeting a social need”. The European Commission (2011, online) considers social innovation “as innovation that is social in its ends and in its means, thereby embracing new ideas that meet social needs by creating new social relationships and collaborations”. Portales (2019) emphasises the core elements of social innovation that are satisfaction of a need, innovation of the solution, change of social structure/relationships and increase of society’s capacity to act. Social innovation has become the subject and area of interest of almost all sectors such as education, health, culture and sports that are directly related to the society, especially in the last two decades (Portales, 2019). In addition, the three main sectors, the public, private and NGO sectors, are also the subject and area of interest, and this concept is even included in the United Nations Development Plans (United Nations, 2015). In the concept of innovation, while the main purpose is arguably economic concepts such as commercializable efficiency, new products, new production methods and processes, social innovation deals with the impact of innovation on society (Sinclair & Baglioni, 2015). Social innovation has some different characteristics compared to other types of innovation. Social innovation seeks to create positive social change in order to improve society. In economic innovation, the main motivation is income and commercial purposes rather than social value or the transformation of society in a positive way (Portales, 2019).

Another important point about the concept of social innovation is that, as Moulaert et al. (2007) state, social innovation is not realised by using technology. According to Moulaert et al. (2007) and Hubert et al. (2010), technology can be used in social innovation, but the core element that needs to be emphasised is to provide sustainable solutions for the demands, problems and needs of society. However, it should not be forgotten that social enterprises are a form of social innovation, whether technology is used or not (Leadbeater, 2007).

The importance of the concept of social intrapreneur emerges when it is considered that social innovation is very critical for social enterprises to respond faster, more efficiently, more accurately and more innovatively to the demands, wishes and needs of the society (Kistruck & Beamish, 2010).

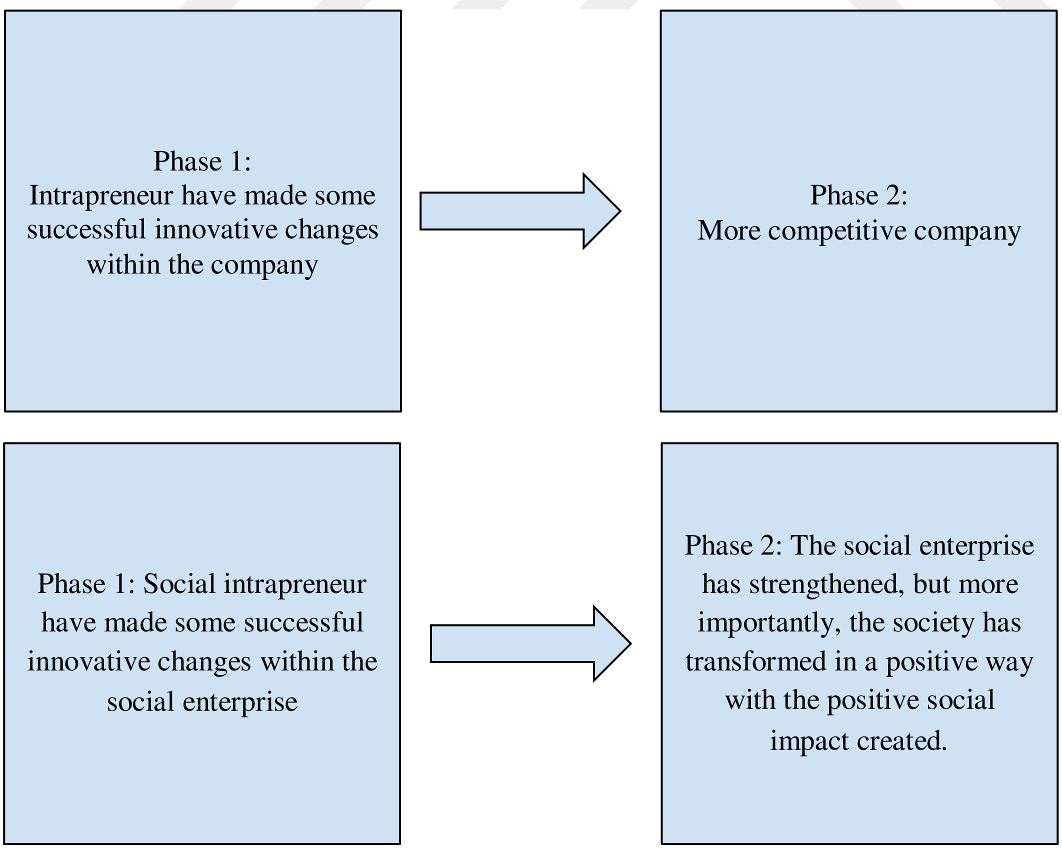
The Meaning of Social Intrapreneurship and Its Importance for Social Enterprises

In the broadest sense, intrapreneurship can be defined as the process of undertaking new ventures (e.g. activities, products) within an established organisation (Zahra 1996; Antoncic & Hisrich, 2001). The main source of motivation in intrapreneurship is commercial and can be described as a completely economy-based type of entrepreneurship (Wan & Liu, 2021). In order for intrapreneurs to emerge within the organisation or business, some organisational culture requirements are needed (Itzkovich et al., 2021).

- An organisational climate in which employees in the organisation can freely express their ideas,
- The absence of any punishment-like mechanism in case their ideas fail,
- Innovation budget,
- The high level of communication and interaction between employees.

While the aim of the intrapreneur is to increase the income and competitive advantage of the organisation they work for, the aim of social intrapreneurs is to create positive social change and social impacts on the society rather than the organisation they work for (Nandan et al., 2015) (see Figure 2.7). Both the intrapreneur and the social intrapreneur try to provide innovative changes in some businesses and processes within the organisation they currently work for.

Figure 2 7: The Difference between Intrapreneur and Social Intrapreneur



Source: Author

Grayson et al. (2011) described social intrapreneurs as people who are challenging the status quo within the organisation (especially the social enterprises) in order to create social change and transformation, and positive social impacts on the society. Social intrapreneurs are usually involved in social enterprises, but in some cases, social intrapreneurs may also be present in private enterprises or public institutions. For example, a social intrapreneur working in a private sector business can persuade their current business to go beyond doing corporate social responsibility projects and engage in corporate social innovation (Belinfanti, 2015).

Social entrepreneurs and social intrapreneurs have many common characteristics. They have innovative, open-minded, observant, risk-taking, transformative personality traits that object to the current situation and ways of doing business. There are also some differences between social entrepreneurship and social intrapreneurship (Grayson et al., 2011). These differences can be summarised as follows (see Table 2.3).

Table 2 3: Differences between Social Entrepreneurs and Social Intrapreneurs

Social Entrepreneur	**Social Intrapreneur**
Creating positive social and environmental impacts on society	Doing some positive changes within the organisation as a tool for creating positive social and environmental impacts on society
Creating impacts on society with less limitation (by not focusing existing organisational structure primarily)	Creating impacts by challenging organisational culture and capacity
Mostly the founder or senior manager of the social enterprise	Might be any level of the organisational structure

Source : Grayson et al., 2011; Belinfanti, 2015; Portales, 2019

As summarised in Table 2.3, while the aim of the social entrepreneur is to create positive social and environmental impacts on the society, the social intrapreneur tries to create positive changes and impacts within the organisation. Social intrapreneurs have more limitations as they struggle with existing organisational memory and culture. In addition, while the majority of social entrepreneurs are founders or senior managers, social intrapreneurs can be from any level of the organisation (Grayson et al., 2011; Belinfanti, 2015; Portales, 2019).

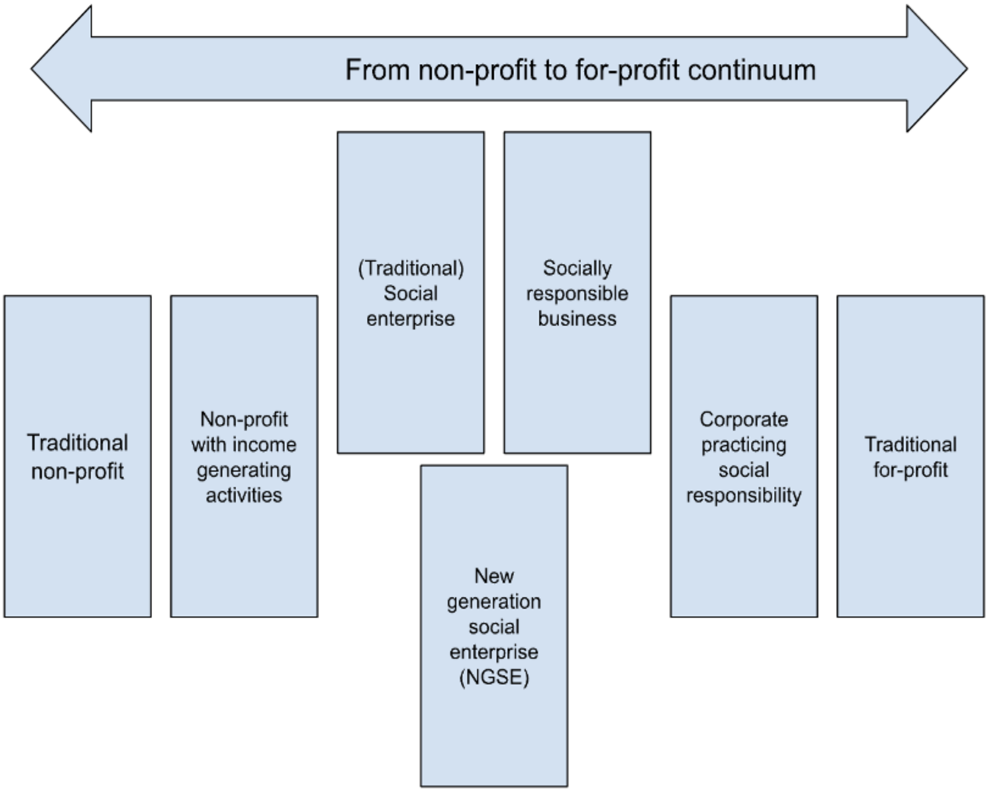
Social Enterprises are Significant, Critical, Strategic, Popular and Legitimate

Regarding the question at the beginning of the chapter; social enterprises have been gaining importance because there is a tendency towards increasing similarity with social enterprises across the three main sectors. Social enterprises are essential because they are the organisations that have the right organisational structure to find solutions to the increasing social problems. They develop systematic solutions to social problems in the medium and long term. Social enterprises are becoming much more popular in the eyes of society because they have a legitimate image as a result of creating social value for society.

2.3. Definition of New Generation Social Enterprises

There are very few articles about NGSEs in the literature, therefore what is presented here is largely an original analysis/conceptualisation of this concept. In some articles, 'new generation' means that the social enterprise is a newly established young organisation (or founded by young people) (Tkacz, 2016; Benadusi & Sapienza, 2018). For some others, it means that the social enterprise operates in new fields/markets/products/services that were not active before (Yorke, 2012). However, what is meant by the 'new generation' in this research is an evolution in social enterprises from being primarily not-for-profit with a social purpose to being more profit oriented in order to achieve the social purpose more effectively. As depicted in Figure 2.8, this is a shift in the continuum of the hybrid spectrum from centre left towards the centre.

Figure 2 8: The Area Where the New Generation Social Enterprises Are Claimed to Be Located



Source: Author modified from the original version of Virtue Venture LLC, 2007

Below, based on personal experience and analytical reflection, the characteristics of traditional social enterprises and NGSEs will be explained and the differences between them will be discussed. The differences between these two organisational structures are listed in Table 2.4.

Table 2 4: Differences between Traditional Social Enterprises and NGSEs

Traditional Social Enterprises	**New Generation Social Enterprises**
Mission-driven	Mission-profit equilibrium (might change according to circumstances)
Lack of longer term planning	Medium or long term planning
Limited strategic planning	Strategic planning
Less social innovation activities	More social innovation activities
Less social intrapreneurship initiatives	More social intrapreneurship initiatives
Failure to consider sustainability	Awareness of the need for sustainability
High dependency on donations/grants	Typically independent, income from own activities (almost no donations)
Mostly volunteers and/or a few part-time employees (lower income)	Mostly professional, full-time employees (higher income)
Organisational structure is flexible/weak	Organisational structure is strong (with the logic of a professional organisation like many private sector organisations)
Similar to NGOs in some aspects	Similar to socially responsible businesses
Typically lacking in innovation	Entrepreneurial and innovative manner
Purpose: provide social value to society	Purpose: provide economic value to employees and social value to society
Less competitive orientation	Competitive orientation in order to gain sustainable competitive advantage

Source: Author

Reflecting on all this, my definition is that: New Generation Social Enterprises are organisations that aim to create sustainable solutions for social problems by being independent of donation or sponsors, by having a balance between mission orientation and profit orientation, and by seeking to gain competitive advantage in the free market through their social purpose and by being innovative. In short, they are commercial companies that seek to have a social purpose as well as a profit motive.

2.4. Legal and Regulatory Issues in the Operation of Social Enterprises in Turkey and the Netherlands

Turkey

There is not yet a separate legal status for social enterprises in Turkey. This means that social enterprises have to use one of the following options to establish a business: Association or Foundation; Cooperative; or a Joint Stock and Limited Liability Company (Tunar, 2020). Apart from these structures, social entrepreneurs can also officially establish their businesses as sole proprietorships or as social cooperatives. According to the European Commission (2011, 2013), most social enterprises in Europe are organised as 'cooperatives'. However, this form of entity is still under construction in the legislation in Turkey (British Council Turkey, 2019). There were some attempts by the Ministry of Trade (Turkey) (2018) to create awareness of social cooperatives, including a mobile display, the 'social cooperative train', with some suggestion that there would be legislation for social enterprises in the near future. However, as at the time of writing (2023), the members of the 'social entrepreneurship ecosystem' are still unaware of the stage of these developments and whether and when they will be concluded.

The British Council Turkey (2019) undertook a survey of social enterprises in Turkey, obtaining a sample of 129 entities. Noting that some were registered in more than one form, 29% of the social enterprises were registered as cooperatives, 19% were limited liability companies, 19% were sole proprietorships, 14% had the status of association, 13% were joint stock companies, 3% were a foundation, and 10% did not have an official legal status.

The lack of a legal status for social enterprises was a major obstacle to growth. It caused problems such as limited access to finance, unfairness in taxation, inability to benefit from tax exemptions, complex relations with public institutions, and uncertainty in the establishment process (British Council Turkey, 2019; Tunar, 2020).

In the social entrepreneurship ecosystem in Turkey, apart from social entrepreneurs, a range of other actors operate including: intermediary institutions (incubation centres, accelerator platforms, co-working spaces, and grant programs), universities, research institutions, local governments, and funders. These organisations support social enterprises with financial and non-financial (acceleration programs, training, mentoring support) methods (British Council Turkey, 2019; Kılıç, 2021).

Most NGSEs in Turkey cooperate with international social enterprise network organisations such as ASHOKA, the Skoll Foundation, Global Social Entrepreneurship Network, Echoing Green, Good Company Ventures, Impact Hub Network, Conscious Venture Lab, the Schwab Foundation, Draper Richards Kaplan Foundation, Change Labs, Y Combinator, Fledge, Halycon, Accelerate2030, Acumen Academy and Open Ideo (Kılıç, 2021).

The Netherlands

According to the umbrella body, Social Enterprise NL, the take-off of social enterprises in Dutch business life occurred around 2010. The establishment of Social Enterprise NL in 2012 increased the awareness and recognisability of social enterprises in the Netherlands. Although between 2009 and 2012 there were investigations by Dutch politicians to determine whether a special legal status was needed for social enterprises, a final outcome was not reached, primarily because of the view that the concept of 'social cooperative' in European law was adequate (OECD/EU, 2019). In 2015, with endorsement from the Dutch Social and Economic Council (SER), the concept of 'social enterprise' became well understood and accepted (Bosma, 2019). To promote recognition and appreciation of social enterprises, SER (2015) investigated having some form of a label for the sector in addition to their existing legal status. However, there still is not a dedicated legal status or legal form for social enterprises in the Netherlands. While emphasising the value of social enterprises in the Netherlands in an official planning document prepared by the Dutch National Government, no legal status or positioning was mentioned (OECD, 2019). Thus, in order to operate, social enterprises have to choose one of the following existing legal forms (Bosma, 2019):

- Association (*Vereniging*)
- Foundation (*Stichting*)
- Cooperative (*Cooperatie*)
- Private company with limited liability (*Besloten Vennootschap*; BV)
- Public limited company / stock corporation (*Naamloze Vennootschap*; NV)

There is very little statistics or quantitative information about the social enterprises in the Netherlands in terms of number, size, and scope (Bosma, 2019). According to Argyrou (2017), the fact that social enterprises do not have a separate legal status in the Netherlands causes some problems, such as bureaucratic obstacles, inability to cooperate with public institutions, uncertainty, injustice in taxation, difficulties to achieve financial independence, and difficulties to become established.

According to Social Enterprise NL (2015), 69% of social enterprises experienced difficulty in gaining understanding of their social mission from their stakeholders, primarily due to the lack of legal infrastructure. Therefore, 40% of them carry out their activities as a normal commercial company (without special consideration for their special status). This leads to inefficiencies and a degree of competitive disadvantage (Social Enterprise NL, 2015).

In summary, in Turkey and the Netherlands there is a need for an appropriate legal structure for social enterprises that make intra- and inter-sectoral competition fair and appropriately regulated.

3. OVERVIEW OF SOCIAL IMPACT ASSESSMENT AND RELATED CONCEPTS

3.1. Introduction to Social Impact Assessment

There are competing and conflicting discourses around the concept of 'social impact assessment' (SIA) (Vanclay, 2020). Apart from the discourse discussed in this chapter, there are at least two other discourses. One is related to the quantitative methods of evaluating the social returns from the operations of philanthropic organisations. In other words, this discourse is about establishing and measuring the positive outcomes from their grants (Nicholls et al., 2009). Another discourse is about assessing the anticipated social outcomes of EU projects and the extent to which they are consistent with the European social policy goals (European Commission, 2009). The SIA discourse on which this research is based, and which is the predominant discourse about SIA, came out of the field of environmental impact assessment (EIA) in the early 1970s (Vanclay, 2003, 2015, 2020). In the guidance document published by the International Association for Impact Assessment, SIA is defined as: "the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions" (Vanclay et al., 2015, p.1).

This definition of SIA reveals the features this discourse attaches importance to. For example, SIA is a process that spans the whole project lifecycle (from beginning to end including post-closure) rather than being a single point-in-time assessment. SIA incorporates analysis, monitoring, and management (mitigation of harm and enhancement of benefits). In this discourse, social impacts can be both positive and negative; intended and unintended. Also, SIA tends to be practical and interventionist in the project development process and seeks to assist in the (pro)active management of social change and transformation arising from projects (Vanclay, 2003; Esteves et al., 2012; Vanclay et al., 2015).

There are many well-established examples of good international industry practices (GIIPs), which lead to better outcomes for the community and the project (Vanclay et al., 2015; Vanclay & Hanna, 2019). They include: ongoing analysis of stakeholders and stakeholder concerns before, during and after a project is implemented; addressing the needs and desires of affected individuals and groups; undertaking monitoring and management of social impacts; developing a monitoring plan; preparing a social impact management plan (SIMP); minimising negative social impacts; enhancing social development opportunities; ensuring consideration of the alternatives to the project; demonstrating full respect for human rights throughout the process; obtaining free, prior and informed consent (FPIC) from all directly and indirectly affected people; and negotiating an Impacts and Benefits Agreement with affected communities (IBA) (Esteves et al., 2012; Vanclay & Hanna, 2019).

Before addressing each of the concepts related to SIA, it is appropriate to have a general discussion about what social impacts are. According to the International Principles for Social Impact Assessment (Vanclay, 2003), social impacts cover all issues that arise directly or indirectly on individuals and communities affected by planned interventions. It is claimed that these social impacts may occur in physical and perceptual forms (Vanclay, 2002). Social impacts can occur at different scales or levels, such as the individual, economic unit, a social group, a business structure, or society in general (Vanclay et al., 2015).

Social impacts have many different forms and are of many different types (Vanclay, 2002). According to Vanclay (2002, 2003, Vanclay et al., 2015), social impacts might occur on people's way of life, their culture, their community, their political systems, their environment, their health and wellbeing, their personality and property rights, and their fears and aspirations (see Table 3.1). Social impacts are everything that affect people (Vanclay, 2012).

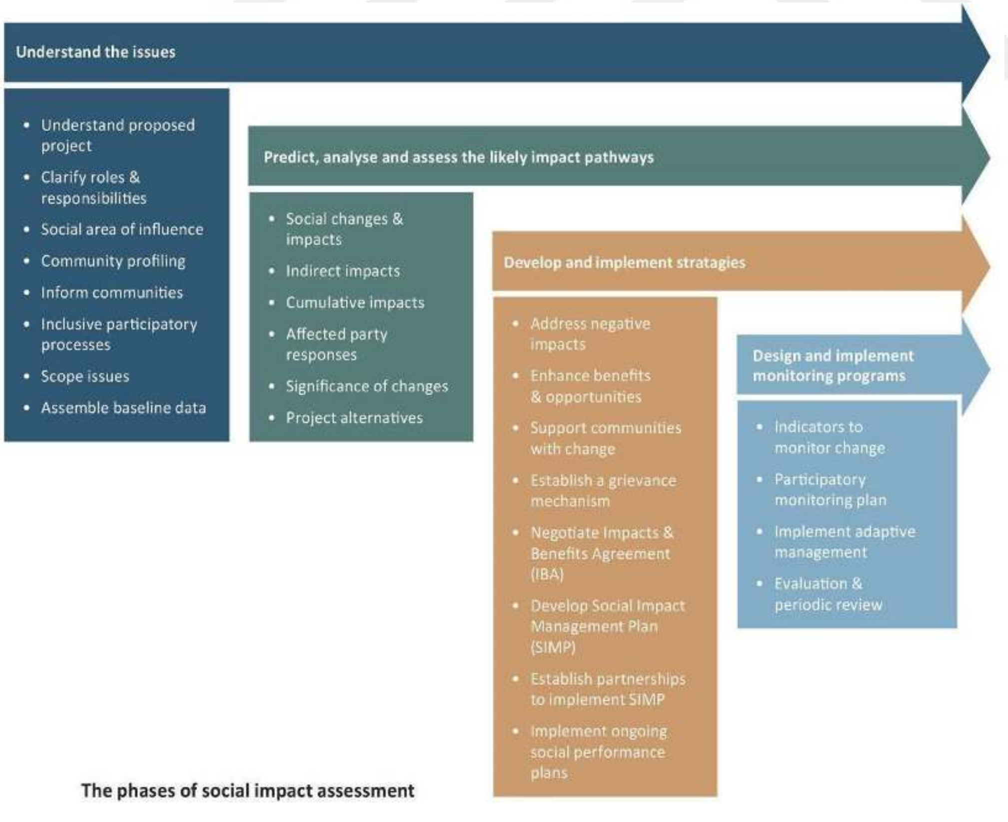
Table 3 1: A Way of Thinking about Social Impacts

Social Impacts	Explanation of Social Impacts
people’s way of life	how people live, work, play and interact with one another on a day-to-day basis
culture	people’s shared beliefs, customs, values and language or dialect
community	community’s cohesion, stability, character, services and facilities
political system	the level of democratisation that is taking place, the resources provided for this purpose, the participation in decision-making processes
environment	the quality of water and air, the level of noise in the living environment, the quality of food etc.
health and wellbeing	physical, mental, social and spiritual wellbeing
personality and property rights	whether people are economically affected, or experience personal disadvantage in terms of civil liberties
fears and aspirations	fears and aspirations for the future about themselves, their children, and the society in which they live.

Source: Vanclay, 2002, 2003; Vanclay et al., 2015

According to this discourse and throughout this research, these potential positive or negative social impacts will be discussed in a comprehensive and multidimensional way. Also, it is observed and claimed that “good organisations” (social enterprises and especially NGSEs in this research) carry out their activities with the possibly wrong assumption that they create positive social impacts under all circumstances. Is this really the case? Also, can SIA and its sub-concepts be a useful interdisciplinary tool for social enterprises in order to minimise potential negative social impacts? Before answering these questions, some information about concepts related to SIA will be given in this chapter. In addition, some discussions will be made on how these concepts can be related to the concepts of social entrepreneurship and social enterprises that define themselves as 'good organisations'. According to Vanclay et al. (2015), SIA consists of 26 tasks across 4 overlapping and iterative phases (see Figure 3.1).

Figure 3 1: Four Stages of SIA



Source: Vanclay et al., 2015, p.6

During the implementation of the SIA, in the first stage, the significance of the full identification of the project's general and specific activities, the examination of national laws and international standards, the identification of the social environment that will be directly or indirectly affected by the project. Also, informing all of the affected people fully and clearly about the project, the full realisation of the community engagement, fully involving those affected in the processes and providing guarantee on respect for human rights throughout the process are listed. In the second phase of SIA, it is important to predict possible social impacts, identify direct, indirect and cumulative social impacts, and present project alternatives. It should also be explored how the affected groups will respond to potential social impacts. In addition to these, besides the project alternatives, even the possibility of cancelling the project completely should be considered. In the third stage, negative social impacts should be considered and Social Impact Management and Social Performance Plans should be created. In addition to these, IBA and grievance mechanisms should be established. In this way, as underlined in the sections above, the SIA process should be treated as a highly dynamic management rather than a static and one-time process. In the fourth stage, great importance should be attached to determining the indicators related to monitoring methods, carrying out the monitoring process with a participatory method, implementing adaptive management and periodic review activities, and maintaining all these processes even after the closure of the project (Vanclay et al., 2015).

3.2. Key Concepts in Social Impact Assessment and Their Relationship to Social Entrepreneurship

In this section, short descriptions of various other key concepts that are strongly related to the field of SIA are provided. These sub-concepts are drawn from the key literature on SIA, including Vanclay (2002, 2003, 2020), Esteves et al. (2012), and Vanclay et al. (2015). After explaining each of these related concepts of SIA, some inferences will be made about how these concepts can be associated with social entrepreneurship.

Free, Prior and Informed Consent (FPIC)

Free, Prior and Informed Consent (FPIC) has gained formal status with its inclusion in some documents, such as the United Nations (2007) Declaration on the Rights of Indigenous Peoples and the International Labour Organization (1989) Indigenous and Tribal Peoples Convention, C169. It is a procedural mechanism, originally developed to help ensure the right to self-determination of Indigenous peoples affected by government or private enterprise projects and operations (Hanna & Vanclay, 2013). Countries that have signed the above-mentioned international conventions are required to fulfil the requirements and obligations of FPIC in their domestic law (Esteves et al., 2012; Kemp & Vanclay, 2013; Vanclay et al., 2015). The key words in the FPIC concept are explained in Table 3.2.

In summary, the concept of FPIC can be defined as obtaining the consent of individuals directly or indirectly affected by the projects, but advancing the process of receiving the consent as free, prior and informed on the basis of human rights of individuals and communities (Hanna & Vanclay, 2013; Schilling-Vacaflor, 2017).

Table 3 2: The Components of FPIC

Concept	**Definition/Meaning**	**Significance**
Free	The word ‘free’ means that the consent of the stakeholders affected by the project is obtained without any coercion or harassment by governments or companies. In addition, no intimidation, insistence or	If material, moral or social pressure is created on individuals and communities who are likely to be affected by the project, these communities cannot make decisions with their free will. In this case, the emergence of possible negative

Concept	Definition/Meaning	Significance
	manipulation should be done if affected individuals respond negatively.	social impacts in the future will be inevitable. Protests are very likely to occur in the future if the project coordinator puts pressure on the affected communities.
Prior	‘Prior’ expression means that the communities that are likely to be affected by the projects should be given a fair and reasonable time before the project starts. Thus, stakeholders who are likely to be affected will have the opportunity to evaluate the project in a more rational way and to approve or reject it accordingly.	Individuals or communities likely to be affected by the project should be given sufficient time to think and make decisions. Otherwise, the affected stakeholders cannot reasonably evaluate the project. They cannot exchange ideas with their relatives, consult different experts and have sufficient knowledge about the project.
Informed	The concept of 'informed', on the other hand, means providing truly in-depth information in a language and framework that the affected people from the project can clearly understand. In this way, potential affected communities can be informed more transparently and accurately about all aspects of the project. Otherwise, affected people can just get superficial and procedural information and cannot decide rationally.	The stakeholders of the project should be provided with sufficient information in an appropriate language, in appropriate environments, under reasonable conditions. For example, some communities may have low academic literacy or technical knowledge. If so, it would be more appropriate to make a narrative that can be understood more easily by the relevant community. Or, for instance, in some communities, women may not be able to express their own free expression in front of men. Therefore, separate meetings can be organised for women so that they can express their thoughts freely.

Concept	Definition/Meaning	Significance
Consent	The ability of potentially affected people to say yes or no.	While there is understanding of 'consent' in general terms, there is complexity about what this means in practice, especially since communities are rarely homogenous and typically do not have a single view. For community consent to be given or withheld, what percentage of the community should be in agreement? How would this be determined?

Source: Hill et al., 2010; Kemp & Vanclay, 2013; Hanna & Vanclay, 2013; Buxton & Wilson, 2013; Vanclay et al., 2015

The Potential Application of the Concept of FPIC in Social Entrepreneurship

As mentioned in the sections above, SIA is defined as analysing, monitoring and managing of positive and negative social impacts that occur as a result of planned interventions by public institutions or private sector companies. In the academic literature, many fields of activity such as mining constructions, construction of hydroelectric power plants, tourism investments, operations related to forestry and oil palm, integrated coastal zone management and gas extraction projects are discussed. In addition, the impacts of such projects on affected individuals, for example Indigenous peoples, are evaluated. Therefore, in these studies, a specific construction is mostly built and the direct, indirect or cumulative social impacts of this construction on people are analysed and tried to be monitored and managed in order to maximise positive social impacts and to minimise negative social impacts (Vanclay et al., 2015).

However, the main focus of the operations implemented in almost all of the activities carried out by social enterprises is mostly directly on people/communities who are more likely to be vulnerable. Therefore, social enterprises' main goal is to provide social value by producing sustainable solutions to social problems (Rawhouser et al., 2019). In addition, there is a false assumption that social enterprises, unlike the aforementioned sectors, will consistently produce positive social impacts with the services they provide. The importance of breaking the perception regarding this false assumption is among the issues highlighted in the main and sub-research questions of this research. For this reason, when the main target audience of social enterprises is considered to be immigrants, children, poor individuals, people with disabilities, individuals who cannot access education and health services, animals, minorities, women, and the elderly, it is considered necessary and vital to attach a higher level of importance to FPIC. In summary, SIA concepts such as FPIC are considered to be of vital significance for social enterprises to use their resources more efficiently, perhaps even more than other sectors.

The concept of FPIC is listed as one of the necessary conditions for granting by many international funding institutions such as IFC. In addition, it is discussed as a concept that can pave the way for organisations that have internalised the requirements of FPIC to obtain a social licence to carry out their operations. Another related concept which is 'social licence to operate' will be discussed in the next section (Vanclay et al., 2015).

Social Licence to Operate (SLO)

A 'social licence to operate' can be defined as the acceptance of the activities carried out by an organisation by all relevant stakeholders (Dare et al., 2014; Jijelava & Vanclay, 2017). In addition to meeting legal obligations, any organisation in any field needs to obtain the social approval and acceptance of communities directly or indirectly affected by their operations. Otherwise, the organisation could face one or more of the hundreds of forms of protest, e.g. strikes, protests, blockades, sabotage, legal action (Hanna et al., 2016). As these protests may cause down time, loss of reputation etc, this will cause financial losses and cost increases (Jijelava et al., 2018; Vanclay & Hanna, 2019). Therefore, it is of great importance for organisations to gain a certain level of legitimacy in the eyes of all stakeholders affected by the project in which they operate. In order to gain (social) legitimacy, it is vital for the organisations to carry out their activities in a transparent and accountable manner, and most importantly, to approach and behave with respect to all affected communities by using the principles of community engagement (Boutilier & Thomson, 2011; Prno & Slocombe, 2012; Vanclay et al., 2015; Gehman et al., 2017).

SIA is beyond traditional public participation. Rather than top-down actions such as ‘decide, announce, defend’ (DAD), SIA recognizes approaches based on the full participation of affected communities in decision-making processes. For example, the SIA discourse on which this research is based adopts MUM ('meet, understand, modify') or POP ('public owns project') in contrast to the traditional public participation mentioned above. With these features, the concept of SLO is of great importance for individuals and communities whose lives will be affected (Vanclay et al., 2015).

To gain a SLO requires acting in accordance with social norms, in making long-term plans for businesses and gaining legitimacy if community engagement is realised (Gunningham et al., 2004; Vidal et al., 2010; Esteves et al., 2012). Also, we can see the significance of SLO in many different scale sectors and projects that are the subject of SIA.

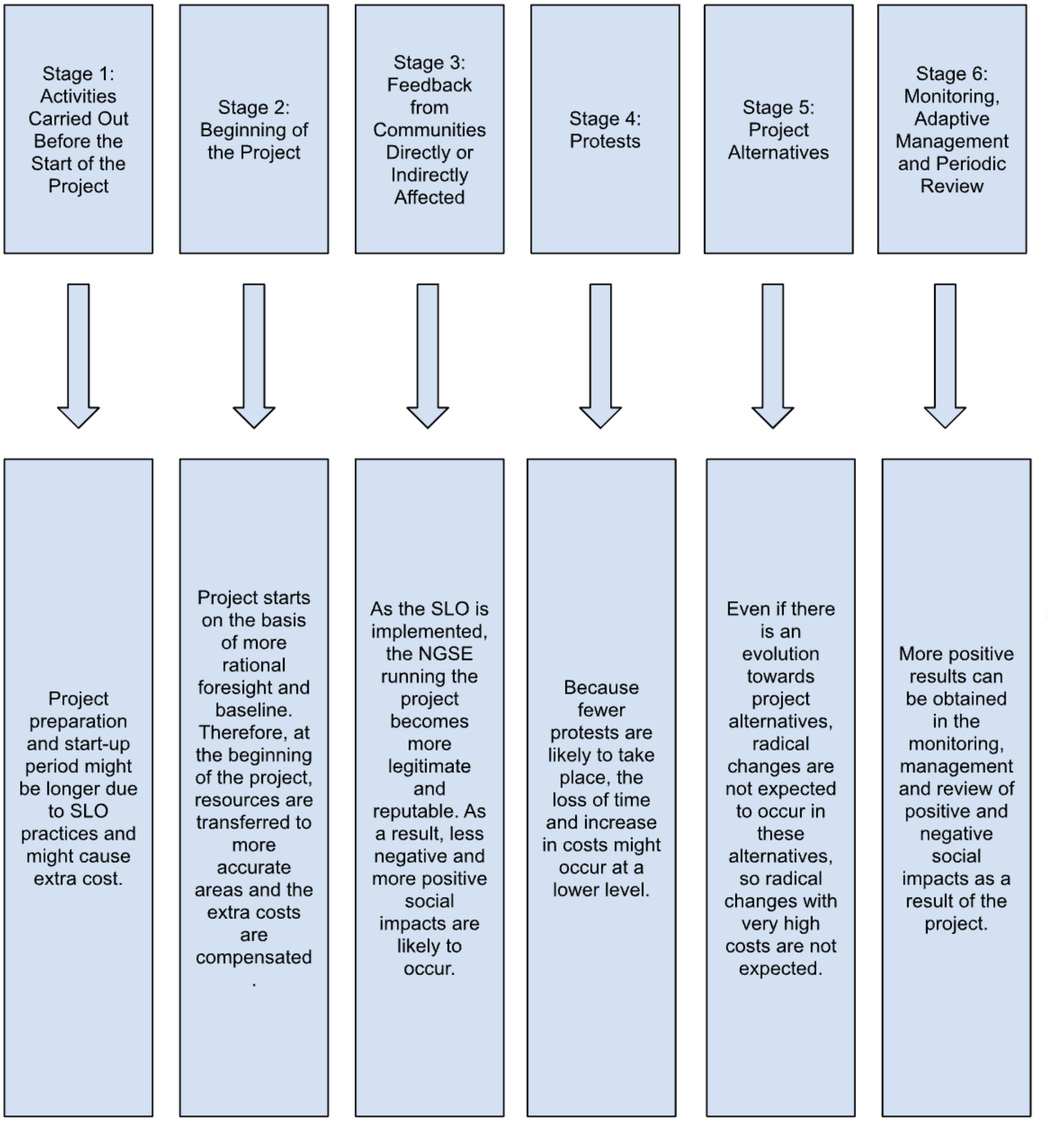
Boutilier (2014) discusses whether communities really hold power to veto a project or not. Boutilier (2014) answers this by stating that, in addition to states, paramilitary forces and international organisations, civil societies also have the power and opportunity to hinder projects. So much so that civil societies may delay or change the relevant project, causing some time and cost-related problems. It also damages the legitimacy of the business in question and adversely affects its reputation. In the long run, this situation reduces the efficiency and capacity of the company in question to do business in the market. Also, it can be claimed that socially responsible companies that have lost the SLO may face many negative consequences in the eyes of the other actors of the sector. It can be argued that negative examples in any sector may cause a negative perception of that sector in the society, and even if they are not guilty of any crime, it may cause damage to the SLO by causing loss of legitimacy and reputation on other companies operating in the sector. This can happen even in 'good organisations', which are expressed as social enterprises and/or socially responsible firms (Nelson & Scoble, 2006; Boutilier, 2014).

SLO is applied in many different sectors, such as forestry, mining, oil palm, tourism, hydroelectric power plants, nuclear power plants, gas extraction, operations that affect Indigenous peoples, transport planning, urban projects and integrated coastal zone management (Vanclay, 2012; Hanna et al., 2014; Van der Voort & Vanclay, 2015; Pasaribu et al., 2020; Mottee et al., 2020; Pasaribu et al., 2021). In this research, it is argued that the concept of SLO is also applicable to 'good organisations', which define themselves as socially responsible businesses to some extent. In fact, it is essential for NGSEs, which ultimately aim to create social value rather than economic value, to achieve a SLO in order to ensure their effectiveness and efficiency.

The Relationship Between the Concept of SLO and Social Entrepreneurship

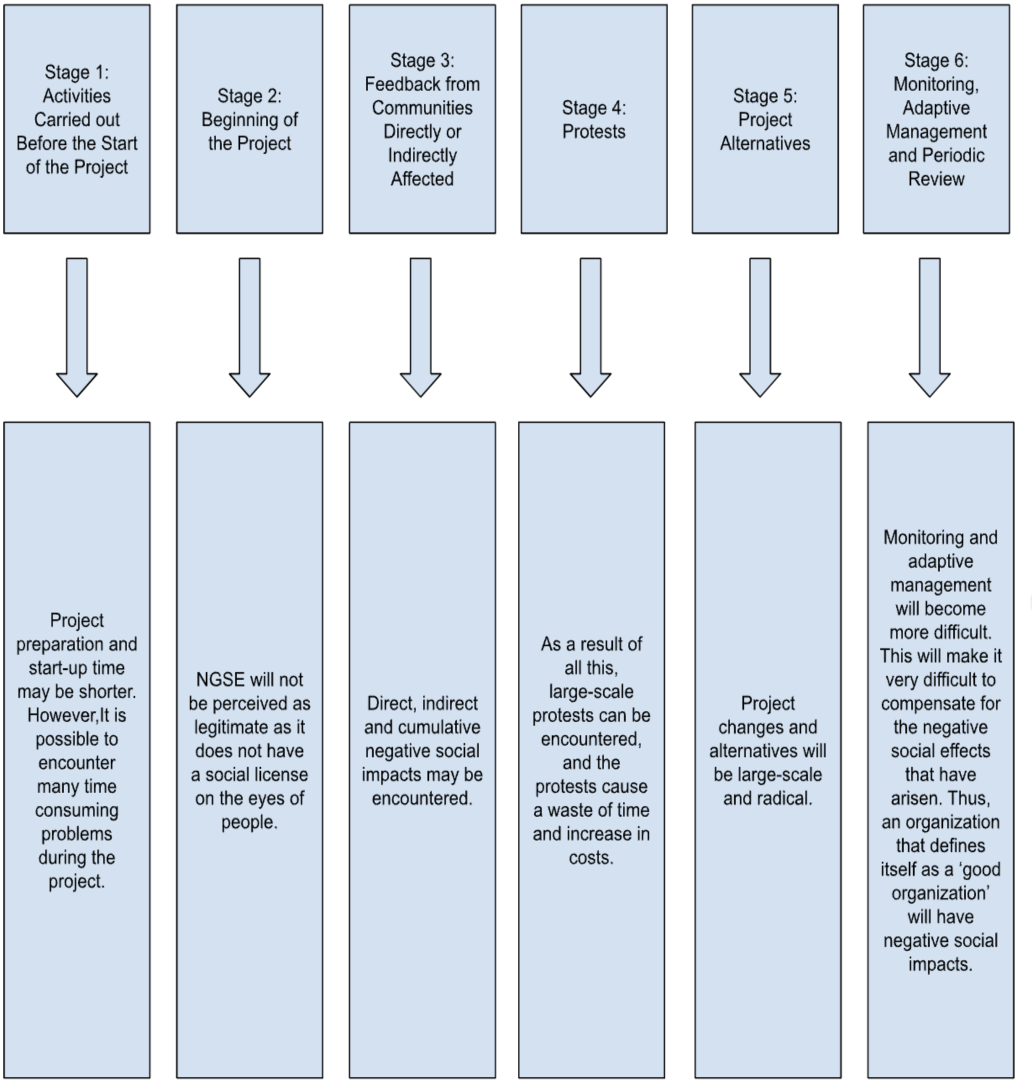
Social enterprises should especially gain SLO in order to create much more positive social impacts on the target group and elaborate, manage and mitigate their negative social impacts. In Figure 3.1 and Figure 3.2, it will be tried to explain what potential opportunities and/or issues NGSEs which have and do not have SLO will encounter in the project processes.

Figure 3 2: An NGSE That Seeks to Have SLO (Scenario Analysis)



Source:Author

Figure 3 3: An NGSE That Does Not Seek to Have SLO (Scenario Analysis)



Source: Author

Impacts & Benefits Agreement (IBA)

An IBA (also called Community Development Agreement, CDA) can be described as a negotiated agreement between affected parties and a project developer (Gibson & O'Faircheallaigh, 2010; Vanclay et al., 2015). Prior to the emergence of IBAs in Canada and Australia, agreements and contracts between project developers and affected communities were determined by government-set environmental impact assessment procedures and policies (O’Faircheallaigh & Corbett 2005; Hanna & Vanclay, 2013). However, such agreements and contracts did not give a fair result. With the emergence of IBAs, the mediation role of the state has almost completely disappeared and the relevant agreements have started to be made between the actors which are the project developers and the affected groups (Galbraith et al., 2007). For example, Caine and Krogman (2010, p.80) described IBAs between project developers and Aboriginal communities in Australia as: “agreements that establish formal relationships between signatories, mitigate negative development impacts, and enhance positive development outcomes for Aboriginal communities”.

Cascadden et al. (2021) conducted a comprehensive literature review on IBAs. While doing the literature research, they searched for other concepts that are synonymous or related to IBA such as ‘Indigenous, Aboriginal Community Development Agreement (CDA)’, ‘Negotiated Agreement (NA)’, ‘Community Benefit Agreement (CBA)’, ‘Community Development and Evaluation (CDA)’. As a result, Cascadden et al. (2021) have reached 30 IBA best practices. According to 30 best practices, they claim that for an IBA to be a best practice, 10 features are required from project developers. These 10 criteria are as follows (see Table 3.3).

Table 3 3: Best Practice Criteria for IBA

Criterion	**Explanation**
Empowering	• Inclusion of affected communities • Give even more importance to the vulnerable or marginalised groups • Consider affected groups as legal entities
Respect for Local Culture	• Try to deeply understand the local culture • Do not harm and do not change existing local culture even you do not like it • Obey their rules and traditions
Affirmation	• Stick to the agreement and show good faith
Open Communication	• Be honest • Be transparent • Be accountable
Capacity Building	• Support the professional, cultural, educational capacity of the affected community
Equity	• Privilege in the affected community • Ensure that they enjoy equal opportunities • Make affirmative action equally to all affected individuals (e.g. prioritise in employment)
Enforceability	• Meet all of the objectives and obligations
Effective Implementation	• Effective co-management of company and community members
Monitoring and Adaptability	• Co-management of monitoring • Implement alternative plans in order to manage impacts in an efficient way
Breadth	• Comprise and manage all phases of the project

Source: Cascadden et al., 2021, pp. 3-6

Hanna and Vanclay (2013) evaluated the relationship between IBA and FPIC. According to them, in fact, the existence of IBA between the project developer and the affected communities, which are the two parties of the agreement, does not mean that FPIC principles and obligations are fulfilled. Because the IBA may have been enforced by the project developer (not free), who is the strong side of the agreement. Or, there may not have been enough time to understand the details of the project (not prior) and even information about the project may not have been given (not informed). However, an IBA signed in accordance with all the principles of FPIC can be considered as the final result of FPIC (Hanna & Vanclay, 2013).

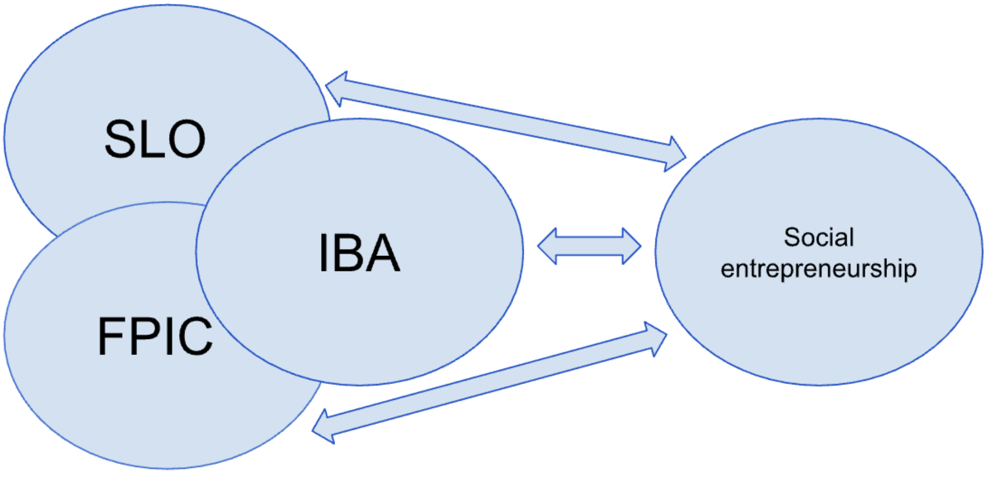
According to Vanclay et al., (2015, p.56) some issues should be definitely included in the IBAs in order to build healthy and fruitful relationships between two parties and provide respect and trust between them. These issues are as follows:

- all financial payments,
- employment and contracting requirements,
- statements about the project's commitment to local content;
- environmental, social and cultural impact management plans and mitigation activities;
- capacity building plans;
- governance arrangements and grievance mechanisms;
- and any agreements related to specific things of concern to the local community (Vanclay et al., 2015, p.56).

The Relationships Between the Concept of IBA and Social Entrepreneurship

All three SIA concepts (FPIC, SLO, IBA) detailed so far are considered to be very important for NGSEs, which aim to produce sustainable solutions to the social problems of disadvantaged groups such as children, people with disabilities, women, animals, Indigenous peoples and immigrants. It is thought that the application of IBA for the project with these vulnerable groups and indirectly affected communities, which are the main affected communities, will add social value to the projects. In addition, these three concepts are considered to be complementary to each other (see Figure 3.4).

Figure 3 4: Three Concepts That Can be Applied to Social Entrepreneurship



Source: Author

For this reason, in this research, in addition to measuring the impacts of projects carried out by NGSEs, managing impacts is considered as important, and this seems to be in line with the basic assumptions of the SIA discipline and IBA as a sub-concept. For this reason, it is thought that IBA best practices applied in sectors such as mining, forestry and oil palm industry can also be adapted to the social enterprise sector.

Human Rights-Based Approach

When the SIA academic literature is analysed, it is evident that a human rights-based understanding is a dominant perspective (van der Ploeg & Vanclay, 2017). Project developers should not conduct their activities by violating human rights (Kemp & Vanclay, 2013; Götzmann et al., 2016; Esteves et al., 2017). The United Nations defines human rights related to the basic needs of humanity as: “universal legal guarantees protecting individuals and groups against actions which interfere with fundamental freedoms and human dignity” (cited by

Vanclay et al., 2015, p.14).

As it is known, SIA deals with the processes of analysing, monitoring and managing the policies, plans, programs and projects related to a project within a certain framework. For this reason, improvement and protection of human rights is of great importance in all policy, plan, program and project processes (Vanclay et al., 2015). Human rights are universal, focus on the inherent dignity and equal worth of all human beings, and are equal, indivisible and interdependent (United Nations, 1948).

The Relationship Between a Human Rights Based Approach and Social Entrepreneurship

When the United Nations approved the *Guiding Principles on Business and Human Rights* (UNGP) in 2011, many things changed in business life in terms of human rights. The obligation of organisations to respect human rights was firmly established as a key aspect of corporate responsibility (Vanclay et al., 2015). The concept of 'due diligence' was introduced and companies were expected to 'know and show' (rather than be named and shamed) (Kemp & Vanclay, 2013). Due diligence deals with the commitment of companies to human rights and evaluates their effects on human rights, integrates the effects into corporate management systems, and reveals and shares the results of this process. So, here it is argued that these values and processes should apply to all organisations. Even 'good organisations' (social enterprises), which carry out their activities with the assumption that they will only create positive social impacts under all circumstances, may intentionally or unintentionally create some negative social effects that may harm human rights.

It is the obligation of every individual, organisation and society to respect all human rights. Furthermore, some activities of social enterprises completely overlap with the basic human rights such as:

- The right to life, liberty and security of person,

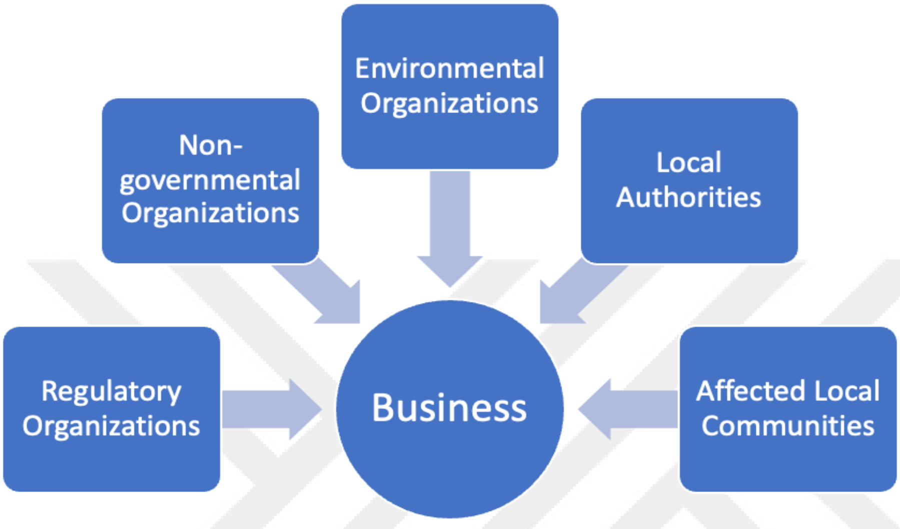
- The right to the highest attainable standard of health,
- The right to just and favourable work conditions,
- The right to adequate food, housing and social security,
- The right to education,
- The right to equal protection of the law,
- The right to vote and take part in the conduct of public affairs,
- The right to participate in cultural life.

The activities carried out by social enterprises can directly create negative social impacts on vulnerable communities and can affect basic human rights. For this reason, it should be emphasised that the principles of human rights-based approach and due diligence should be taken into account by social enterprises, perhaps more seriously than other sectors.

Non-technical and Social Risks

While technical risks are engineering, environmental, physical and structural risks, non-technical risks emphasise the importance of legal, political, managerial and social risks as a result of some projects (Franks et al., 2009; Vanclay et al., 2015). While these interactions may cause some negativities in the project process, they may also offer some opportunities to the project manager if deeply analysed and foreseen. At the very least, it could be argued that it is of paramount importance to take some initiatives to reduce risks and manage such interactions. Scholars (Franks et al., 2019; Vanclay & Hanna, 2019) include these interactions as follows (see Figure 3.5).

Figure 3 5: Interactions Between Business and Other Actors



Source: Based on Franks et al., 2009; Vanclay et al., 2015; Vanclay & Hanna, 2019

According to some scholars (Kytle & Ruggie, 2005; Basak et al., 2021), companies that usually carry out engineering-oriented projects focus on technical risks and underestimate non-technical risks. However, underestimating non-technical risks has many negative impacts on businesses and affected communities during and after the project. In terms of enterprises, results such as cost increase, prolongation of the project period, failure of the project to reach the desired targets and failure to achieve efficiency may occur. In terms of affected communities, results such as social conflict, perception of injustice, and negative impacts on culture and traditions might exist.

Social risks are largely similar to non-technical risks in terms of social impacts and corporate project discourse. Also, The World Bank deals with social risks from two perspectives. The first is defined as the emerging social risks associated with the execution of the project. The second point of view refers to the risks such as social conflict, injustice and inequalities on the affected communities as a result of the interventions arising from the project activities (McKinnon, 2004; Holzmann & Kozel, 2007; Vanclay et al., 2015).

The Relationship Between the Concept of Non-Technical and Social Risks with Social Entrepreneurship

Businesses operating in relatively conventional sectors such as hydroelectric and nuclear power plant, mining, port, gas and oil field construction focus more on technical risks and may not attach due importance to non-technical or social risks. This situation might cause some negative social impacts on the businesses and affected communities. Considering that even the conventional businesses mentioned above should consider all aspects of social risks and minimise negative social impacts by managing them, non-technical and social risks are considered to be of vital importance for social enterprises. The main factor that makes this situation inevitable is that the main and ultimate aim of social enterprises is to produce sustainable solutions to social problems and to create positive social impacts on the affected communities. Another factor that needs to be mentioned is that social enterprises should also consider technical risks. Because, it is seen that the NGSEs operating today are more likely to be technology-oriented than traditional social enterprises.

Equator Principles

The Equator Principles is the sustainability framework for the finance industry. It is a voluntary set of principles for financial institutions that was developed by the banking sector itself. The concepts of corporate social responsibility and sustainability are the main foci in the Equator Principles. Banks that are signatories to these principles commit to not providing loans or financing to businesses that do not measure, evaluate, monitor or manage their environmental and social impacts (Vanclay & Hanna, 2019; Equator Principles, 2020).

The Equator Principles were first introduced in 2003. It has been updated over the years. To give an example, in 2023 the Equator Principles were accepted by 10 international financial institutions and were to be applied to the financing of any project over USD 50 million. Later, this was reduced to USD 10 million. As stated on their website, as at May 2023, 138 financial institutions across 38 countries have adopted the Equator Principles and fulfilled their obligations to these principles. The 10 principles that comprise Equator Principles are listed in Table 3.4.

Table 3 4: Statement of 10 Equator Principles

Principle	**Explanation**
1. Review and Categorisation	According to IFC's environmental and social categorization, projects are divided into three categories, A, B and C. These categories are determined by the level of possible social and environmental negative social impacts. ●Category A: Projects with potential significant adverse social and environmental risks/impacts; ●Category B: Projects with potential limited adverse social and environmental social and environmental risks/impacts; ●Category C: Projects with minimal or no adverse social and environmental risks/impacts.
2. Environmental and Social Assessment	Businesses should prepare and submit an Impact Assessment Documentation proposal to identify, mitigate and manage environmental and social impacts such as climate change and human rights.
3. Applicable Environmental and Social Standards	For Projects located in Non-Designated Countries, compliance with the applicable IFC Performance Standards on Environmental and Social Sustainability (Performance Standards) and the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines). For Projects located in Designated Countries, compliance with relevant host country laws, regulations and permits that pertain to environmental and social issues.

4. Environmental and Social Management System and Equator Principles Action Plan	For all Category A and Category B Projects, the Equator Principles Financial Institutions will require the client to develop and / or maintain an Environmental and Social Management System (ESMS).
5. Stakeholder Engagement	For all Category A and Category B Projects, the Equator Principles Financial Institutions will require the client to demonstrate effective Stakeholder Engagement, as an ongoing process in a structured and culturally appropriate manner, with Affected Communities, Workers and, where relevant, Other Stakeholders.
6. Grievance Mechanism	For all Category A and, as appropriate, Category B Projects, the Equator Principles Financial Institutions will require the client, as part of the ESMS, to establish effective grievance mechanisms which are designed for use by Affected Communities and Workers, as appropriate, to receive and facilitate resolution of concerns and grievances about the Project's environmental and social performance.
7. Independent Review	For all Category A and, as appropriate, Category B Projects, an Independent Environmental and Social Consultant, will carry out an Independent Review of the Assessment process including the ESMPs, the ESMS, and the Stakeholder Engagement process documentation in order to assist the Equator Principles Financial Institutions' due diligence and determination of Equator Principles compliance.
8. Covenants	For all Projects, where a client is not in compliance with its environmental and social covenants, the Equator Principles Financial Institutions will work with the client on remedial actions to bring the Project back into compliance. If the client fails to re-establish compliance within an agreed grace period, the Equator Principles Financial Institutions reserve the right to exercise remedies, including calling an event of default, as considered appropriate.

9. Independent Monitoring and Reporting	For all Category A and, as appropriate, Category B Projects, in order to assess Project compliance with the Equator Principles after Financial Close and over the life of the loan, the Equator Principles Financial Institutions will require independent monitoring and reporting.
10. Reporting and Transparency	For all Category A and, as appropriate, Category B Projects: ● The client will ensure that, at a minimum, a summary of the ESIA is accessible and available online and that it includes a summary of Human Rights and climate change risks and impacts when relevant. ● The client will report publicly, on an annual basis, GHG emission levels. ● The Equator Principles Financial Institutions will encourage the client to share commercially non-sensitive Project-specific biodiversity data with the Global Biodiversity Information Facility

Source: Equator Principles, 2020; pp. 8-16

The Relationship Between the Concept of Equator Principles and Social Entrepreneurship

As the main topic of this research, there is a false assumption that social enterprises always have positive social impacts on those affected under all circumstances. In this context, of course, social enterprises can also create negative social impacts, intentionally or unintentionally. For this reason, it is thought that the financial or social benefit-oriented national and international institutions that fund social enterprises will also contribute to the more efficient use of limited resources and the solution of social problems, which meet certain standards. From this point of view, it is thought that it would be appropriate to design and modify principles similar to the Equator Principles for social enterprises. This situation will contribute to the (clarification) differentiation of social enterprises that create positive and negative social impacts, and will support (really) 'good organisations' to increase their organisational capacity and internationalisation by reaching more financial resources.

Benefit-sharing

The World Bank has many guides on benefit-sharing (World Bank Group, 2009, 2011, 2015, 2019). In these guidebooks, the World Bank discusses and advises on examples of good practice for many different sectors such as forestry, renewable energy, land use and natural resources in general. It also explains the obligations of the companies that are the project manager regarding benefit-sharing. For example, the World Bank's definition of land use is as follows (World Bank Group, 2019, p.5).

> Benefit sharing is the intentional transfer of monetary and nonmonetary incentives (goods, services or other benefits) to stakeholders for the generation of environmental results (such as greenhouse gas emission reductions) funded by revenues derived from those results.

It is claimed that SIA has gone beyond just mitigating and managing negative social impacts (Vanclay, 2020). So much so that, in addition to reducing the negative social impacts of any project, it is also of great importance to share the benefits of the project with the affected communities (Vanclay, 2017a, 2017b). Vanclay (2020, p.127) emphasised that “benefit sharing refers to the arrangements by which a project provides benefits to local communities”. There is an assumption that benefit-sharing agreements will add an additional time burden to the businesses running the project. It is also thought that if the benefit is shared with the affected communities, the project will be delayed and there will be an additional financial burden. However, according to Cernea (2007, 2008, 2009), if benefit-sharing agreements are made with the affected communities, social conflicts, injustices and possible poverty will decrease, the project can be terminated in a shorter time, and as a result of all this, it will bring a cost advantage to the company that implements the project.

The Relationship Between the Concept of Benefit-Sharing and Social Entrepreneurship

The main purpose of social entrepreneurs is to identify the problems and needs in the society and develop sustainable solutions. In this process, social entrepreneurs try to create social value and maximise the social benefit to the affected communities. Therefore, social enterprises should develop proactive and flexible action plans by considering all directly and indirectly affected communities while carrying out projects. Therefore, it is thought that it would be appropriate for social enterprises to apply benefit-sharing principles by minimising the potential negative social impacts and simultaneously maximising the social benefit, similar to the private sector enterprises applying SIA (Hasan, 2005).

Shared Value

According to Porter and Kramer (2011), in accordance with the preconceptions of the traditional capitalist economic system, businesses that carry out their activities only for profit tend to lose their legitimacy in the eyes of the society and therefore their sustainable competitive advantage. In the course of time, there have been some changes in the classical capitalist-only profit-oriented paradigm and businesses have started to carry out corporate social responsibility activities in order to gain and maintain their legitimacy. However, in this model, profit-oriented main activities of enterprises and corporate responsibility activities are generally carried out independently of each other. In some cases, it is tried to cover up the dark side of the business, which harms the environment and/or society, with corporate social responsibility activities (Jackson, 2010; Jackson, 2016; Dembek et al., 2016). It is no coincidence that businesses like Shell or British Petroleum that cause incredible damage to the environment are also businesses that carry out the most corporate social responsibility activities and projects (Boele et al., 2001;

Schouten & Remme, 2006; Cox, 2008). On the other hand, the concept of shared value means producing social benefit and value in order to meet the demands and needs of the society simultaneously while carrying out its activities with the aim of making profit as a private sector enterprise. In this context, it should be emphasised that what is meant to be explained by the concept of shared value is that obtaining economic benefit and generating social benefit and value are simultaneous activities that are interconnected and considered as a whole, rather than being independent of each other (Kramer & Porter, 2011; Porter et al., 2011; Pfitzer et al., 2013; Hidalgo et al., 2014; Porter & Kramer, 2019; Sinthupundaja et al., 2020). Jackson (2016, p.302) analysed and explained the concept of shared value by separating it from related concepts and perspectives as follows.

> The conclusion is that a radical alteration of perspective is needed to restore business legitimacy. Under the old model, business distinguished between profit and social responsibility. Shared value, by comparison, is about ‘creating economic value in a way that also creates value for society by addressing its needs and challenges'. The authors assert that, unlike corporate philanthropic efforts, this alternative approach is not on the margin of what companies do, but at the centre. In contradistinction from Corporate Social Responsibility, shared value mandates that all of an enterprise’s budget be dedicated to shared value. For it is within shared value that business converges with social needs. Since it brings about a positive impact on a community, shared value turns out to be good for the company as well.

The relationship between the concept of shared value and SIA is expressed by Vanclay et al., (2015, 2017a) as follows. Vanclay et al., (2015) claims that businesses that carry out projects of various scales and sizes and implement SIA should have a shared value approach and adopt a value-creating approach for all stakeholders, rather than just being profit-oriented before, during and even after the project.

The Relationship Between the Concept of Shared Value and Social Entrepreneurship

Porter and Kramer (2011, p.16) express the differences between the concepts of corporate social responsibility (CSR) and creating shared value (CSV) as follows (see Table 3.5).

Table 3 5: CSR and CSV

CSR	**CSV**
Value: doing good	Value: economic and societal benefits relative to cost
Discretionary or in response to external pressure	Joint company and community value creation
Philanthropy	Integral to competing
Separate from profit maximisation	Integral to profit maximisation
Agenda is determined by external reporting and personal references	Agenda is organisation specific and internally generated
Impact limited by corporate footprint and CSR budget	Realigns the entire company budget

Source: Porter & Kramer, 2011, p.16

Although there are studies in the literature that associate CSV with private sector enterprises, it is claimed in this research that especially NGSEs can be associated with CSVs in a more rational way, as the subject of this research. For example, it is of great importance for NGSEs to create economic and social value simultaneously and as a whole in order to ensure their sustainability. In addition, considering the conceptual framework of NGSEs, it should be noted that the entire budget is to ‘develop the good and present it to the target audience'. For this reason, making a profit and ultimately making CSVs by using the profits in their future activities comes to the forefront as a highly relevant and vital concept for NGSEs.

Environmental, Social, and Governance Issues (ESG Issues)

According to the Principles for Responsible Investment (PRI) initiative, ESG issues refer to the study of a company's environmental, social and governance practices, their impacts, and progress based on these assessments. It includes a set of criteria that investors consider when searching for socially responsible companies (Halbritter & Dolfreitner, 2015). Capital markets use ESG to evaluate organisations and determine future financial performance. Ethical, sustainable and corporate governance are considered non-financial performance indicators and provide accountability and systems for managing a company's impact, such as its carbon footprint (Vanclay & Hanna, 2019; Dimson et al., 2020).

Businesses that have signed up to the PRI have an obligation to comply with six main principles (Vanclay & Hanna, 2019; Sullivan et al., 2019). These six main principles are listed as follows (UNPRI, 2011, accessed on 12 December 2022).

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

- Principle 6: We will each report on our activities and progress towards implementing the Principles.

Businesses that play an important role in increasing the focus on sustainable and responsible investments undertake to adhere to the principles listed above and design their investment instruments in accordance with this context by carrying out their activities in this direction. Table 3.6 provides an overview about the explanation of ESG issues.

Table 3 6:Overview of ESG Expectations of Organisations

	Why important	**Key points to consider (an organisation should:)**
Environmental Issues	With the negative effects of the climate crisis, investors are now seriously considering how companies manage their environmental impacts (and therefore they require some indicators about the effectiveness of environmental management).	• More efficient use of energy resources and, if possible, focusing on renewable energy sources • Net zero emissions strategy • Strong efforts in relation to protecting biodiversity • Reduction of waste, pollutants and emissions • Reduce use of dangerous chemicals • Consider the product life cycle of all inputs and outputs
Social Issues	This criterion considers how a business treats all its stakeholders, including host communities and employees.	• Develop effective stakeholder relationships, especially with the local communities in which it operates • Provide clear, transparent and accurate information to all stakeholders • Fully compensate and/or rectify any harms or negative social impacts that might be created • Ideally implement a benefit sharing strategy, or at the

		very least have some form of community investment program ● Be respectful of human rights ● Implement a grievance redress mechanism ● Ensure that there are no human rights issues throughout the organisation's supply chains ● Ensure fairness and avoid discrimination ● Promote awareness of gender equality and LGBTQI+ rights ● Ensure employee diversity, equality and inclusion ● Ensure health and safety in the workplace and in surrounding communities
Governance Issues	This criterion covers all factors necessary for good governance, including issues related to transparency, accountability, inclusivity, compliance, and avoidance of corruption. Governance examines how a company controls/audits itself, and focuses on the organisational structures and practices to maintain compliance.	● Be transparent and accountable ● Include independent directors on the Board of Directors ● Ensure diversity of the Board of Directors ● Observe current corporate governance requirements, including those relating to fiduciary duty ● Meet the requirements of regulators, and the expectations of business partners where these are consistent with the law ● Avoid corruption ● Implement data protection and privacy policies ● Produce sustainability reports and have independent auditing

Source: IFC, 2012; Syed, 2017; PRI, 2019; Vanclay & Hanna, 2019; Koh et al., 2022

Businesses ranked higher in the ESG ranking appear to have higher growth and profit rates in the long run. This can be explained by the fact that businesses that implement ESG principles adopt the right management strategies, as well as taking into account the opinions, wishes and demands of all stakeholders such as shareholders, consumers, and suppliers. In addition, businesses that implement ESG attract investors more than other businesses because they are more transparent and accountable (Verheyden et al., 2016).

There have been great changes and transformations in consumer behaviour, especially in the last few decades. In today's world, the vast majority of consumers are not only interested in the product or service they buy, but also in matters such as whether that product or service is environmentally friendly or whether the employee's personal rights are respected during the production process. Therefore, it is argued that enterprises that fully implement ESG principles are more advantageous in obtaining sustainable competitive advantage (Nguyen & Magoji, 2022).

The Relationship Between the Concept of ESG and Social Entrepreneurship

ESG issues is a relevant consideration for social enterprises given that, with the activities they conduct, social enterprises aim to solve social problems and create positive social impacts on the beneficiaries. In addition, no organisational legal entity limitation to be included in the ESG ranking system. It is understood that a large number of NGOs are already included in this certification. Being included in the ESG rating system will contribute to social enterprises in four main contexts. It will primarily provide the opportunity to conduct social enterprises' activities with respect to the environment, nature, employees and all stakeholders. Second, it will ensure that social enterprise is transparent and accountable. As a result of the second dimension, it will facilitate access to funds to be offered by international organisations and private sector enterprises. Fourth, employee engagement and satisfaction and volunteer satisfaction will be ensured. Thus, in all these aspects, ESG issues are considered to be of great importance for social enterprises that seek to manage their social impacts (Pagano et al., 2018; Katsamakas et al., 2022)

Social Return on Investment

The Roberts Enterprise Development Fund (1996) tried to develop a measurement model in order to clarify the real value of its investments in the San Francisco Bay Area. Until that time, there was not a concept of SROI. They thought that if they could not measure the real return of their investments in economic, socioeconomic and social terms, they would not be able to know to what extent their investments provide social benefits and how efficiently they are used (Gair, 2002). For this reason, they would not have followed a rational path in allocating their portfolio to different projects in the future (Fujiwara, 2015). In fact, SROI is also expressed as a type of cost-benefit analysis. SROI can be expressed as a comparison of the cost of the investment made by the social investor with the social benefit. In particular, social and environmental returns are difficult to detect and measure because they are intangible. For this reason, social investors can choose to express intangible returns with financial values with the SROI method, and thus they can evaluate their investments in real and monetary terms (Arvidson et al., 2010; Yates & Marra, 2017). Vanclay et al. (2015, p.96) defined SROI "as a method for measuring the additional benefit beyond immediate financial return investment (SROI) of investments in projects or activities, for example of social investment funding. It is usually expressed as a ratio relative to resources invested."

Although there are many different methods for measuring SROI, the overall framework and ultimate goal are thought to be quite similar. For example, let's assume that a social investment for a project that periodically conducts elderly individuals do low-intensity sports in a certain region. While measuring the social return of this project, the social enterprise should evaluate whether there is an improvement in terms of the health problems of the elderly in the long run. If there has been improvement, and therefore the elderly are less likely to consult a doctor and use less medication, it can be argued that the investment in question has a social return. However, there are also many criticisms of SROI. Although there are many criticisms, the primary criticism is that extrinsic factors are often overlooked when measuring SROI. For example, the air quality in the area where elderly people live might have been improved or the drinking water may have become healthier. Another criticism is that SROI experts only aim to finance abstract social returns, but ignore social investment. According to the experts who made this criticism, for example, it is not possible to measure the social and most importantly the moral investment of volunteering with monetary values. Therefore, eliminating project-independent factors such as these, or developing new methods for valuing difficult-to-measure social elements is of great importance in terms of measuring the real social return of the project (Arvidson et al., 2010; Pathak & Dattani, 2014).

The Relationship Between the Concept of SROI and Social Entrepreneurship

As mentioned many times in this research, the ultimate goal of all social enterprises, whether they generate economic income or not, is to provide social benefits to the direct or indirect beneficiaries. Therefore, it is of great importance to measure whether social enterprises really provide social benefit as a result of the activities they carry out, and if they do, how much of this benefit is. In this context, it is thought that social enterprises that measure SROI will increase the level of trust in the eyes of their funders. Confidence-building factor, on the other hand, is the actualisation of SROI measurement with scientific methods and objective approaches, and reporting and sharing it with the public. Thus, the social enterprise will gain a more transparent and accountable character (Rotheroe & Richards, 2007; Ali et al., 2019). This will not only please existing investors but also have positive impacts on potential investors. It will also increase engagement and motivation of professionals and volunteers that are already working or seeking to work in the social enterprise (Ryan & Lyne, 2008). In my opinion, it would be more ethical and rational to measure SROI by independent organisations rather than by the social enterprise itself.

3.3. Significance of Social Impact Assessment for Social Entrepreneurship

Social Impact Assessment (SIA) holds significant importance for social enterprises as it helps them measure, monitor, manage, assess and deeply understand the social impacts of their activities. While social enterprises are generally aimed at creating positive social and environmental impacts, it is possible for them to inadvertently cause harm. It is important to acknowledge that no organisation (including social enterprises that intend to do good) is immune from negative consequences, whether intended or unintended. Therefore, SIA is an important tool in minimising the potential negative social impacts and maximising the positive social outcomes of social enterprises. In addition, SIA is even of greater importance for social enterprises when the target audience is largely composed of vulnerable communities, such as poor people, children, the elderly, disabled, minorities, or Indigenous peoples. Below are some more key reasons why SIA is significant for social enterprises:

Accountability and Transparency: SIA allows social enterprises to demonstrate their commitment to accountability and transparency by assessing and disclosing the impacts, both positive and negative, of their operations. It helps build trust with directly and indirectly affected people, and other stakeholders including investors, employees, and the wider community.

Evidence-based Decision Making: SIA provides social enterprises with valuable data and insights about the social, economic, and environmental consequences of their initiatives. This information enables evidence-based decision making, helping organisations identify potential risks, refine strategies, and allocate resources more effectively.

Continuous Improvement: SIA might enable organisations to evaluate the effectiveness of their programs, policies, and interventions, leading to continuous improvement and better outcomes for the communities they serve.

Stakeholder Engagement: SIA involves engaging various stakeholders, including local communities, beneficiaries, and other relevant parties. This engagement fosters dialogue, inclusivity, and participatory decision making, ensuring that the voices and needs of those affected by social enterprises are considered.

Market Differentiation and Competitive Advantage: SIA allows social enterprises to differentiate themselves in the market by showcasing their positive social impacts (and lack of negative impacts). In an increasingly socially conscious consumer landscape, this differentiation can lead to a competitive advantage, attracting customers who prioritise supporting businesses that are aligned with their values.

Attracting Investment and Funding: A social enterprise that implements SIA can demonstrate that its activities create positive social impacts (not negative social impacts). These kinds of reliable evidence can assist them in attracting funding and investment from organisations such as philanthropic organisations, impact investors, and other stakeholders seeking to support their activities.

Policy and Advocacy: SIA generates evidence that can be used for policy development, advocacy, and influencing systemic change. Robust impact assessments can help inform policymakers about the benefits and challenges associated with social enterprises, contributing to the creation of supportive regulatory frameworks. This situation might enable a growing business environment for social enterprises.

In summary, SIA plays a vital role in the success of social enterprises by enabling them to understand the full range of their social impacts (both positive and negative). It enhances accountability, supports evidence-based decision making, fosters continuous improvement, facilitates stakeholder engagement, and contributes to market differentiation, thus attracting investment and funding. Moreover, SIA can inform policy development and advocacy efforts, driving systemic change and creating a more favourable environment for social enterprises.

4. METHODOLOGY

4.1. Research Design

The research question being considered in this PhD is: ***How can the potential negative social impacts of social enterprises be better identified, mitigated and managed?*** To consider this issue, case studies of four social enterprises were conducted. In addition, interviews were done with key experts in the fields of social entrepreneurship and social impact assessment.

As introduced in the Introduction and described in detail in Chapter 2, the research focuses on 'New Generation Social Enterprises' (NGSEs). Four NGSEs, two from Turkey and two from the Netherlands, were chosen for this research. The primary reasons for selecting these two countries were expediency and interest. I am a Turkish scholar and thus naturally interested in studying this issue in the context of Turkey. Also, I am doing a PhD at a Dutch University (University of Groningen), and thus it was expedient to consider some Dutch examples of NGSEs. This arguably makes sense for a range of reasons, including that Turkey is a developing country while the Netherlands is a developed country, which may or may not have an effect on the operation of NGSEs. However, the research is not intended to be a comparative analysis between Turkey and the Netherlands, rather the diversity across the four case studies enables a greater ability to determine the issues that affect the way NGSEs operate. Nevertheless, it is appropriate to consider these two countries in terms of their legal, cultural and economic contexts in order to make appropriate inferences about the issues affecting NGSEs.

There are some underlying reasons for choosing NGSEs as case studies: NGSEs are a type of social enterprise that seek to create positive social impacts on society; they are market-oriented; and they aim to make profit in order to undertake activities that contribute to sustainability. NGSEs, like all other types of organisation, need to get social and legal legitimacy for their survival. To achieve legitimacy and to be able to compete with other organisations (both commercial and not-for-profit), it is highly advantageous for them to utilise social impact assessment.

This research explores whether SIA is an appropriate tool to help NGSEs gain social and legal legitimacy, and considers whether SIA can help NGSEs find solutions to social problems more efficiently. Finally, I consider whether SIA is the appropriate discourse for designing an international standard for social enterprises. Because of their profit-oriented activities, it is assumed that NGSEs would be more likely to embrace international standards than traditional social enterprises.

4.2. Methods Used for the Four Case Studies

Four case studies were done, two in Turkey and two in the Netherlands. These social enterprises were first identified from the researcher's networks and by trawling the internet looking for good examples of social enterprises. In Turkey, the two cases studied came to the researcher's awareness as a result of encounters at professional events. They were appropriate cases to consider, and the encounters established a relationship that led to these organisations agreeing to be studied. In the Netherlands, an open call was made within the Faculty for nominations of possible social enterprises to consider. Considerable internet searching was done and I carefully considered information on the websites of many organisations. Eventually, about 20 candidate social enterprises were selected and contacted by email. Of these, 14 failed to respond to the emails (after several attempts); and 4 replied saying that they did not want to be studied. The remaining two comprise the two Dutch case studies used in this research.

Data about the four NGSEs were collected in a variety of ways. However, the primary source of data was online interviews with the founder and/or manager. Interviews took place in late 2022 and early 2023, and each interview lasted around 75 minutes. The typical format of each interview is indicated in Table 4.1.

Table 4 1: Interview Guide for NGSE Founders/Managers

Section	**Indicative topics**
Introduction	● General information about the founder/manager of NGSE ● General information about social enterprise
About Your Social Enterprise	● Detailed information about social enterprise like aims, objectives, activities ● Target audience ● Organisational and legal structure of the social enterprise
Projects and Project Planning	● How do you begin the project? Which procedures does your organisation follow? ● Level of monitoring and managing projects ● The activities that you conduct after closure of the project
Harm creation	● Do you assume that your organisation always creates positive social impacts? ● Or, do you consider that social enterprises might also create negative social impacts on society intentionally or unintentionally?
Need for a standard	● The current situation of social enterprise sector about standards like private sector already has ● Do you think that there are some standards for the social enterprise sector? ● Do you think that some standards will increase the accountability, legitimacy and transparency of the sector or not?
Knowledge of SIA	● What do you know about SIA? ● Does your organisation already conduct SIA? How? ● If not, would you like to have some training or consultancy in terms of SIA? ● Does your organisation include consideration of any negative consequences?

In addition to the interviews, I also obtained secondary data about the social enterprises through various sources, including their websites, reports, strategic plans, policy documents, media, and similar documents. Any written, visual, or social media statements made by people affiliated with these NGSEs were investigated. The opinions of those who benefited from the NGSE’s activities were also examined where they were available. Collecting secondary data allowed me to gain multiple perspectives rather than relying solely on the founders’ or managers’ views.

The interviews were recorded and transcribed. The interviews about the two Turkish cases were done in Turkish, while the Dutch cases were done in English. Verbal informed consent was obtained before proceeding with the interview, and is recorded on the audio recordings. The data were analysed by using a process of analytical reflection of the comments. The small number of interviews, the topic-by-topic nature of the questions and answers, and the case-by-case analysis mean that use of qualitative data analysis software would not have assisted.

The results of the case studies are presented in Chapter 5. Relevant details have been provided, although the cases have been anonymised and some key details have been reported in a somewhat non-specific way to prevent the cases from being identifiable.

4.3. Interviews with Experts

Interviews were also conducted with six people (academics or practitioners) who were experts in the fields of social entrepreneurship or SIA. Conducting interviews with these experts allowed me to tap into their expertise and draw on their practical experience and theoretical understanding. The content of the interviews with the experts was substantially similar to the interviews with the founders and managers of social enterprises (see Table 4.2).

Table 4 2: Interview Guide for Experts of Social Entrepreneurship and SIA

Section	**Indicative comments**
Introduction	● General information about the interviewee/expert ● Field of expertise ● From the expert's perspective, what does social entrepreneurship mean and what should be the social entrepreneurs' main traits?
About Social Entrepreneurship	● What kind of aims and objectives should social enterprises have?
Projects and Project Planning	● According to you, how do social enterprises begin the project? ● Level of monitoring and managing projects ● The activities that they conduct after closure of the project ● How can social enterprises undertake evaluations of their projects?
Harm creation	● According to your expertise in the field, do they assume that they always create positive social impacts on society? ● Or, do they consider that they can create negative social impacts on society intentionally or unintentionally?
Need for a standard	● What international standards or guidelines influence your operations and/or social enterprises generally? ● What additional standards or guidelines does social entrepreneurship need? ● Do you think that the field of social enterprises needs an overarching standard or agreed guidelines and principles?
Knowledge of SIA	● Have you heard about SIA? ● Can you explain to me what you think SIA means? ● Do your social enterprises generally consider the impacts created by their projects? How do these organisations do this? ● Do social enterprises monitor what negative social impacts are actually created by their organisation?

As with the interviews with founders and managers, these interviews were recorded and transcribed. However, these interviews tended to be over 90 minutes long. When analysing the data collected from these expert interviews, I considered the themes, patterns, and commonalities in their responses.

4.4. Ethical Considerations

As indicated in the Introduction (Section 1.6), approval for this research was obtained from the Ethics Committee of the Faculty of Spatial Sciences at the University of Groningen. Also, the principles of ethical social research stated in the academic literature (Bulmer, 2001; Vanclay et al., 2013; Hammersley, 2015) were followed. Data were collected only from adults and with their own informed consent. The purpose of the research was shared with the interviewees in advance and no deceptive information was provided. The participants were clearly informed that they could withdraw from the study at any time. It was emphasised that the names of the organisations, interviewees, and all personal and organisational data would be anonymous, and that care would be taken (as much as possible) to ensure that the organisations would not be identifiable.

The interviewees were treated as participants in the research rather than being respondents or subjects (Vanclay et al., 2013), and some changes were made to the data collection process in response to their opinions about the research. Care was taken to ensure that the researchers were not harmed in any way. In addition, no questions were asked about personal information, beliefs, sexual orientation, race, or any issues that might cause discomfort. Participants were informed that they could skip any question they did not want to answer, or could not answer. No organisational data that was not already publicly available was collected.

As stated in the Introduction, audio recordings were made so that the transcript would be more consistent with what was said in the interview and so that the data truly reflected the interviewee's views. Therefore, permission was obtained specifically for audio recording of the interviews. Two people asked for their recording to be deleted immediately after the transcript was made, which was done. All participants were all very interested in the research, and wanted a copy of the PhD when it was completed.

A decision was made early in the research process that the case studies would be kept anonymous. This was done to encourage honesty by the interviewees, especially in terms of sharing the things that did not work well, and to ensure that there would be no ramifications for the people interviewed or the organisations they represented. Despite my attempts to keep the cases anonymous (including by being nonspecific with details), I am aware that the case studies might be identifiable to some people familiar with them. I have discussed this issue with the interviewees, and they have given permission for me to proceed. I shared a draft version of the PhD with them for their approval before it was finalised in its current public form.

4.5. Limitations of This Research

In this research, a qualitative case study research method was used. Interviews were conducted with four social entrepreneurs and six experts. The first constraint of the research is related to the subjective nature of the research procedure and the possibility of bias (in its technical meaning in social research) by the people being interviewed. For example, social entrepreneurs might avoid criticising their organisation or they may give a more negative picture than what is the actual situation, especially if they are not satisfied with the organisation they work for. Also, the interviewee may not reflect the true capacity and vision of the social enterprise.

A second constraint is that, given the small number of people being interviewed, I might gain a distorted view of the sector as a whole, because the social entrepreneurs I interviewed might be more (or perhaps less) knowledgeable than others in the sector.

Another limitation of the study is that, due to various constraints and limited resources, data could only be collected from a narrow range of sources, a small number of experts and (in most cases) a single person from each social enterprise, typically the founder or the CEO. Although various forms of secondary data were accessed, it is possible that more thorough and triangulated forms of primary data collection may have yielded greater insights.

Finally, in order not to be trapped by the potentially one-sided perspective of the entrepreneurs, experts in the field of social entrepreneurship and SIA were also interviewed. However, no meetings were held with the beneficiaries, who are among the most important stakeholders of social enterprises. The opinions and suggestions of beneficiaries regarding past projects and activities of the four social enterprises could have contributed to the research. In fact, it was intended to interview beneficiaries, but complexities about how this would be done and issues about security of personal information made this impossible.

5. RESULTS: FOUR CASE STUDIES OF SOCIAL ENTERPRISES AND EXPERT INTERVIEWS

5.1. Case Study 1: Turkey A

The Key Informant

Turkey A is a large-scale social enterprise (a cooperative) that carries out social entrepreneurship activities across Turkey. The interview was held with a manager who stated that he was one of the 10 founding members of this cooperative. He described himself as the 'Business Development and Youth Coordinator'. He stated that he has been working as a social entrepreneur for 12 years and that, alongside Turkey A, he also voluntarily assisted some NGOs. He described the characteristics of a social entrepreneur as follows:

> *"We can define social entrepreneurs as individuals who are brave, not afraid of taking risks and losing, whose goal and primary purpose is to produce social value even if they seek profit, who have a spirit of 'gönüllülük' [volunteerism, altruism], who care about social problems, respect nature and animals, give importance to gender equality, and not concerned about ethnic or religious differences."*

He emphasised that Turkey A is very familiar with the concept of social entrepreneurship and applied it in their activities. He claimed that 'social entrepreneurship' is a completely different concept from 'volunteering', in that, while volunteering is an additional activity for people who have a job, social entrepreneurship is a full-time professional role that requires expertise and training. Social entrepreneurs should be full time professionals rather than part-time volunteers.

About Turkey A

Turkey A was established around 7 years ago as a non-profit organisation with a social cooperative status and legal entity. Turkey A is a brokerage entity that aligns people in need with potential donors and helpers. They also run commercial activities (including concerts) to generate income to fund their operations and to support projects. Turkey A has had over 120,000 volunteers, has provided assistance to hundreds of NGOs and public sector agencies, and has received support from over 70 companies. The manager stated that, by establishing a 'sharing economy' (and a social enterprise ecosystem), which has harnessed about USD 26 million worth of input, a positive social impact has been created. He explained why their organisation defined itself as a 'social enterprise' but had to be established as a cooperative:

> *"In Turkey, there is no legal basis for social enterprises, and furthermore even the definition of social cooperative does not exist. In fact, we would like to describe ourselves primarily as a social enterprise, but this is not possible. Given that it is not possible to legally operate as a social enterprise, we would like to define ourselves as a social cooperative, which is also not possible. Thus, we can only define ourselves in the context of the traditional law on cooperatives. We have to describe our legal entity as a traditional cooperative, which is totally not suitable for our fields of activity, organisational structure and purposes."*

The manager stated that some Turkish government staff had unofficially said that there were new laws in preparation to address this legal issue. However, there had been no concrete developments so far. According to him, uncertainty about the future legal situation has stopped some intending social enterprises from making large investments. The manager indicated that, according to the law, cooperatives are prohibited from making a profit, therefore Turkey A also had to establish itself as a company (or economic enterprise independent to the cooperative). He emphasised that the profit obtained through the economic enterprise always transfers back to the cooperative to provide funding for new projects. He also stated that, if an appropriate social enterprise law had been in place, Turkey A would have created a much greater social benefit. From calculations made in a scenario analysis done, it had been estimated that Turkey A would have achieved approximately three times its income over the last 10 years.

A commission had been established in the National Assembly to develop an appropriate law, but due to political differences, after two years no outcome had been achieved. The manager stated that, in order to develop the legislation, the commission had asked Turkey A to prepare a comprehensive report about its needs. Turkey A therefore researched best practices from other countries. Some of this information appears on the website of the Association of Civil Society Development Centre (STGM, 2021, online):

> *"Italy ranks first among the countries that define the definition of the social cooperative as a different concept. Cooperatives, which have been operating under the name of social solidarity since the 80s, gained legal status with the name of "social cooperative" with law no. 381 adopted in 1991. The legal status has enabled social cooperatives to develop rapidly, establish more extensive cooperation, and accelerate the development of the people of the region where they are located. In all these respects, it would not be wrong to say that Italy has a leading role in the field of social cooperatives."*

The manager also claimed that, because of the lack of a Social Cooperative Law, Turkey A currently has to pay company taxes. This makes it very difficult for Turkey A, given that they have to compete with private sector organisations in relation to their commercial activities. The manager explained the need for a Social Cooperative Law as follows:

> The main point that distinguishes social cooperatives from other types of cooperatives is that they see the public interest as their main purpose. The goal of every product or service they produce should be for the public interest. However, the capacities of the disadvantaged individuals [we employ] in labour integration are a major difference between social cooperatives and other types of cooperatives [which don't employ them]. … In terms of supporting the public interest, instead of profit distribution to the members of the cooperative, there is limited or no profit distribution made in social cooperatives [with all the profit going to social purposes]. Therefore, social cooperatives should be able to benefit from tax advantages like traditional non-governmental organisations.

The manager also works in an international development consultancy that is a spin-off from Turkey A. It is an independent legal entity operating as a private company. Through its activities, it supports Turkey A. Also, there is an informal cooperation with another social enterprise that was founded by mostly the same people. The manager indicated that, in its first two years, Turkey A was like a newborn baby, and that initially they had to focus on organisational and legal issues, as well as hiring appropriate professional staff. Recently, they have been actively carrying out social enterprise projects in fields such as culture and the arts, immigrant support and training, and poverty at national and international levels. At the international level, they were following a strategy with international partners and funding bodies. Table 5.1 provides some examples of the internationally funded projects.

Table 5 1: Some Internationally Funded Projects of Turkey A

Topic of the Project	**Collaborating Institution**	**Explanation and Outcome of the Project**
Culture and arts	A foreign incubation centre	Some for-profit activities were carried out with a focus on gender equality.
Culture and arts ecosystem	A foreign embassy	With this project, a map was designed for the development of a cooperation ecosystem between the culture and arts institutions in the foreign country and the culture and arts institutions in Turkey.
Digital training for artists	A major Dot.com	A digitalization training program was designed for artists who could not work during the pandemic. With this project, Turkey A enabled individuals in the arts field to present their work online more effectively.
Increasing the income sources of immigrants	A major foreign bank	Turkey A started a three-year project to increase the income of immigrants, especially Syrians. In this project, Turkey A also provided psychosocial support, skills development, and vocational training. There have been over 250 graduates so far.
Art entrepreneurship	Ministry of Culture and Tourism (Turkey)	Turkey A is running a culture and arts entrepreneurship program with the Ministry of Culture and Tourism. So far, they have conducted workshops with about 400 participants, and that, like some angel investors, they will run a competition for culture and arts entrepreneurs for the best business plan.
Lobbying for training for social entrepreneurs	(none)	An important goal is to provide opportunities and guidance to individual social entrepreneurs. Therefore, Turkey A lobbies public institutions, international fund organisations, and angel investors. In this sense, Turkey A organises training for social entrepreneurs.

Source: Summary of comments from manager of Turkey A

Project Planning Capacity

According to the manager, Turkey A undertakes human and financial resources planning on a project-by-project basis. There is no overall plan for all projects. They take the opinions and advice of beneficiaries into account before starting the project. However, this process was not systematic. There was no regular support from academics or consultants expert in the social enterprise or SIA fields. They do a survey of meaningful relevant indicators before and after every project, however, there is no systematic, continuous assessment of social impacts. During a project, they consider the opinions of participants and make some changes to the project, but such changes happen informally. Other issues are listed in Table 5.2.

Table 5 2: Turkey A: Performance on Expected Project Management Tasks

Expected Project Management Task	**Performance in Relation to Task**
Obtain consent of beneficiaries before starting	Turkey A provides detailed information about the project to beneficiaries and gets their consent in writing. If the beneficiaries are underage, consent is obtained from the parents or guardians of the participants. However, the manager was unsure about how thoroughly they conduct this consent process.
Have a Project Implementation and/or Management Plan	There is no written project implementation plan. They think that they have to be flexible during projects. "Although we do not receive any academic support or consultancy, we have a project management plan"
Consider project alternatives	They always consider project alternatives and conduct a risk analysis before starting a project.

Conduct Monitoring and Evaluation	There are staff within the organisation dedicated to monitoring and evaluation. This derived not from Turkey A itself, but because international organisations and funders require this as part of project support. Also, various national and international organisations suggested to Turkey A that this was desirable.
Conduct follow-up after project closure and beyond (i.e. the end of each annual course)	At the end of each project, impact measurement is made by means of a post-test survey, which is compared against the pretest survey. However, it was stated that it was not always possible to reach all the beneficiaries after project closure.
Have implemented a Grievance Redress Mechanism	The manager indicated that he was not familiar with the concept of grievance redress mechanism and that (after some explanation) he said that they do not have any similar mechanism.

Source: Manager of Turkey A

Harm Creation

According to the manager, every social enterprise might cause some negative social impacts on beneficiaries, even for projects the social enterprise might have confidence in and trust. He indicated that they hold periodic meetings with their employees and volunteers about the potential problems that might be faced during a project. He also added that they address any negative issues that have already taken place from previous projects and organise some meetings to discuss any issues at the end of each project. At these meetings, they discuss in detail whether they are creating negative social impacts on the target audience or not. They discuss how they might create less negative impacts and minimise the risks of the activities they carry out. However, he pointed out that these meetings are only informal and ad hoc, rather than being part of any organisational procedure.

There is no written SIA guideline or framework that Turkey A follows. By only pretesting and post-testing, the change over time is measured longitudinally. The manager stated that Turkey A intends to recruit an SIA expert with the guidance of international funders and independent audit companies. He even stated that they had posted a job advertisement in order to hire personnel last year, but no SIA expert had applied. He explained the reason for this situation as follows.

> *"SIA has not become widespread in Turkey and the level of awareness has not improved. Training on SIA expertise is insufficient in Turkey. In addition to all this, public authorities do not give SIA as much importance as they attribute to the EIA. Therefore, it is almost impossible to find a qualified SIA specialist in Turkey."*

When asked about the possibility of social enterprises having negative social impacts on beneficiaries, the manager of Turkey A gave an interesting example.

> *"In one of our projects, we realised that we had negative social impacts on beneficiaries, but it was too late. Let me explain what happened. According to unofficial statistics, more than ten million immigrants live in Turkey. Approximately eight million of the immigrants are Syrians. Despite the assistance provided by the state, it is very difficult for these people to access education and health services. They also have difficulties in meeting other basic needs such as housing and employment. Therefore, the vast majority of these immigrants are in a great poverty spiral. We were running a project to increase the income level of refugees. However, the resident Turks in that region were disturbed by our project, and we unintentionally caused conflicts*

between the Syrians and Turks. The reason for the tension was that the Turks living in the region were also quite poor. The Turks saw themselves as being the owners of the country and thought that, if there was a community to be helped, it should be them. Therefore, they believed that resources should first be transferred to them. They even believed that some resources were stolen from them by the Syrians. These conflicts between the two communities reached the level of racism. Because of us (our project), the police had to relocate some refugees to other neighbourhoods and cities. This is where I think the importance of SIA comes into play. If we had a written SIA procedure and experts who could implement it in the field, we would have done some research before this project and perhaps would never have even started the project. ... At the end of this project, both the Turks and the Syrians were trying to kill us."

The manager of Turkey A stated that there is still no SIA procedure or experts in their organisation, but at least they conduct more detailed research before starting projects. He thinks that they can cause negative social impacts on beneficiaries as well as on employees and volunteers. To give an example, it was underlined that they carry out projects in some very problematic and unsafe neighbourhoods. This may cause volunteers or professional employees to experience negative social impacts, and not just the beneficiaries.

The Need for a Standard

The manager stated that, in many countries of the world and in Turkey, civil society and social enterprises are corrupt to a certain extent. This situation prevents the effective and efficient use of resources for solving social problems and reduces the desire of qualified staff to work in the social enterprise sector in Turkey. He pointed out that setting international standards would make a great contribution to the social enterprise sector. For example, by doing this, a distinction could be made between poor and good social enterprises. However, he had not thought about this issue before. He suggested that an umbrella body like 'European Business Network for Corporate Sustainability and Responsibility' (csreurope.org) could be founded for the social enterprise sector. The manager mentioned the World Fair Trade Organization as being a way by which social enterprises can gain international recognition and increase their legitimacy and reputation, potentially leading to increased access to international funding.

Knowledge of SIA

The manager suggested that he has a smattering of knowledge about SIA. He stated that he was aware of the concept, and that they wanted to integrate it into their organisation. The social enterprise in question has a strategic plan and he expressed that they want to conduct SIA as a medium-term goal in order to minimise their potential negative social impacts on affected communities. He specified that Turkey A has been planning to make a collaboration with a social enterprise from abroad which is already implementing SIA. By doing this, they think that they can easily transfer the institutional capacity of the foreign social enterprise to their organisation. Also, he stated that they can create this collaboration via an internationally funded project.

Additional Comments

According to the manager, in order to improve the effectiveness of social enterprises, some new networks will need to be designed and collaborations established. He argued that there should be a network for new generation, prestigious, transparent, accountable, legitimate social enterprises. He also indicated that key staff from Turkey A had participated in training in a foreign country, and later conducted training to other social enterprises across Turkey.

5.2. Case Study 2: Turkey B

The Key Informant

Turkey B is a social enterprise that primarily runs educational programs for children in rural villages. An interview was held with one of its three senior executives. She described herself as a social entrepreneur who had been working for Turkey B since 2013. She was part of the establishment of Turkey B. At the time of the interview, she concurrently held three positions: Vice President, strategic consultant, and coordinator for European Union relations.

The Vice President indicated that she and her colleagues were familiar with the concept of social entrepreneurship. She described social entrepreneurs as people who are dedicated and passionate about solving social problems in a sustainable and innovative way. She specified that social entrepreneurs should be brave, innovative, and able to solve problems and crises. She used a metaphor to explain what social entrepreneurs were: “Creating value for disadvantaged communities by being Robin Hood without stealing something from rich people”. With this metaphor, she wanted to emphasise that the income inequality in the societies, and the problems in accessing basic needs such as education, health, transportation, and housing, can be solved by using the practices and principles of social entrepreneurship.

About Turkey B

The main purpose of Turkey B is to carry out training activities in villages (in Turkey) that will contribute to the personal development of children in disadvantaged locations. It was emphasised that activities were carried out to strengthen children’s awareness and skills in social responsibility, entrepreneurship, and volunteerism, so that when they grow up, as adults they will take responsibility for the world in which they live.

Turkey B was first established as an association, but later the legal entity was changed to be a foundation in order to appear more ‘mission-oriented’ from the perspective of their stakeholders. They also established an organisational structure comprising a Board of Directors, a Supervisory Board, and a commercial company to run their income generating activities. Therefore, in addition to donations and grants, they conduct their activities with the income they gain from their economic enterprise. It was suggested that, in this way, they ensure their sustainability and independence. Thus, instead of being solely dependent on the requests of donors, they can independently continue operating their mission-oriented activities and make their own strategic decisions. She claimed that this situation gave them the opportunity to operate much more efficiently and innovatively.

The Vice President claimed that Turkey B simply aims to discover and develop the talents of children living in disadvantaged areas (especially in small villages). The staff and volunteers of Turkey B go to selected villages and organise extra-curricular training for children. Their main purpose was expressed as contributing to children’s personal development. The Vice President described the organisation's main areas of activity, objectives and institutional capacity as follows (see Table 5.3). According to her, the target group is not only the children who live in the disadvantaged regions, but also Turkey B’s many volunteers, each of whom learns from the activities they assist in.

Table 5 3: Some General Information about Turkey B

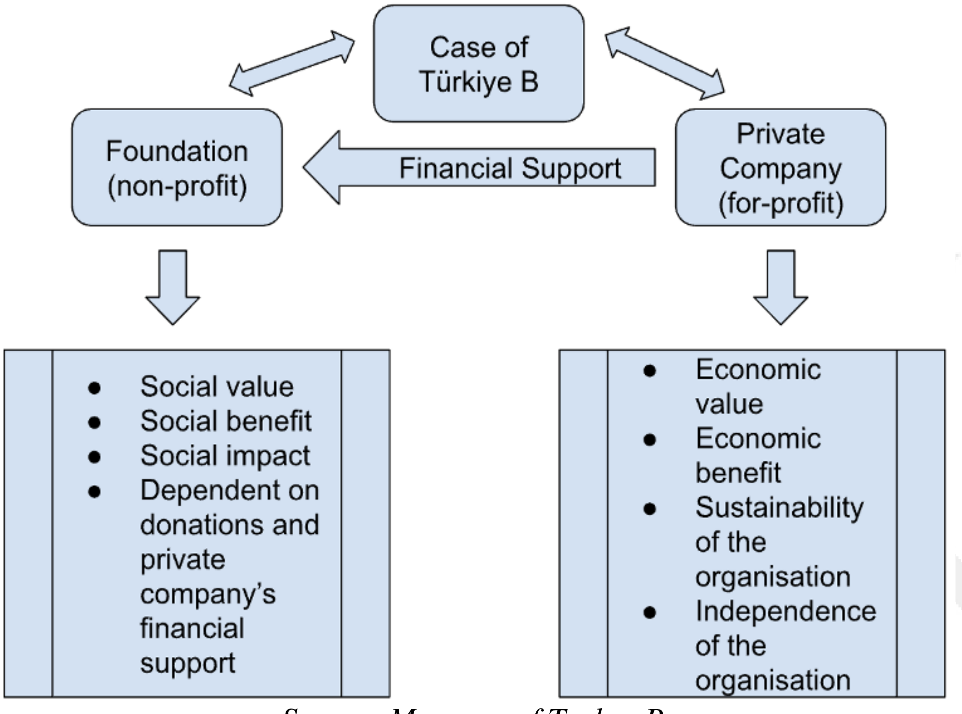
Main Goal	• to make children aware of entrepreneurship (especially social entrepreneurship) and volunteerism
Some topics covered in educational programs	• Painting, dance, music • Dance and sports • Brain and intellectual games • Creative writing • Short films and photography
Number of volunteers in the field	• over 500
Number of 'e-volunteers' for online programs	• over 800
Beneficiaries	• over 45,000 (as at early 2023)
Locations of activities	• primarily Turkey, but also a few other countries
Expected outcomes	• discovery of children's talents • development of children's talents • guidance of children's talents

Source:Manager of Turkey B

Turkey B has been facing some problems with Turkey's legal framework. The Vice President emphasised that Turkish legislation forces organisations to either be 'for-profit' or 'not-for-profit', and that there was no hybrid category for organisations which introduce themselves as social enterprise.. In order to overcome this tension, social enterprises like Turkey B tend to establish a foundation and a private company (see Figure 5.1).

> *"If there was a legal structure that would allow social enterprises to make a profit, we would be able to devote more of our income to creating more positive social impacts, rather than having to pay taxes through the private arm of our organisation."*

Figure 5 1: Organisational Structure of Turkey B



Source: Manager of Turkey B

She added one more thing about legislation issues. According to her, because there is no legislation on volunteering, many NGOs in Turkey have been fined for having unpaid workers, and for not having appropriate insurance.

Project Planning Capacity

The Vice President claimed that Turkey B conducts formal (written) and informal (unwritten) needs analysis before each project starts and during implementation. She indicated that Turkey B has an expert committee to give advice. She stated that they require a written project implementation plan for each project. Also, an overarching project management plan was under development.

The Vice President emphasised that the input of beneficiaries in the preparation of project management plans was critical. She said that, if they do not consider the views and demands of beneficiaries (whether directly or indirectly affected), Turkey B always faces some problematic phases during the project, and that there are negative consequences at project completion. For this reason, they try to involve beneficiaries in the development of project management plans. She indicated that they have realised that they cannot be efficient or effective unless the beneficiaries adopt the project as their own. However, she stated that, in reality, the advisory committee conducts the needs analyses and that the participation of beneficiaries was not ideal. The Vice President added that this situation might have caused negative social impacts, or at least it might have reduced the positive impacts that could have been achieved in some projects. The manager stated that they wanted to include a SIA expert in the advisory committee, and that they had advertised such a position, but did not receive any applications. A summary of some planning issues is given in Table 5.4.

Table 5 4:Turkey B: Performance on Expected Project Management Tasks

Expected Project Management Task	**Performance in Relation to Task**
Obtain consent of beneficiaries before starting	It was underlined that their target group is children. Therefore, they obtain the consent from parents. It was also specified that some psychologists assist them in this period.
Have a Project Implementation and/or Management Plan	They have a written project implementation plan. Currently, they have a somewhat informal project management plan but they are giving some effort to prepare a new project management plan.
Consider project alternatives	They always consider alternative plans.
Conduct Monitoring and Evaluation	They do not have the human resources (personnel) to undertake evaluation.

Conduct follow-up after project closure and beyond (i.e. the end of each annual course)	It was stated that after the project is concluded, observations are made by visiting the same region two or three times, but this observation was informal (not systematic).
Have implemented a Grievance Redress Mechanism	The manager does not have any knowledge of the concept of grievance redress mechanism and after being informed about it expressed that they do not have any such mechanism.

Source: Manager of Turkey B

Harm Creation

According to the Vice President, Turkey B was aware of some unintentional negative impacts on beneficiaries as a result of their projects. In order to minimise their potential negative social impacts, at various stages of a project they hold meetings with directly affected communities, including children and parents, to discuss the project. However, the Vice President emphasised that they do not measure these impacts. Thus, they were not really aware of the extent of their social impacts on beneficiaries, whether positive or negative. Some examples of Turkey B’s negative social impacts on beneficiaries of past projects were given. One was that, because of perceived inequality or envy, sometimes peer bullying would arise between the participants and non-participants. In her opinion, it was vital to establish a mechanism that evaluates each project in all its dimensions and perceptions, perhaps like a 360 degree feedback survey. However, the Vice President claimed that they were limited in their financial and institutional capacity to do this. Nevertheless, in order not to harm children, periodically they hold somewhat informal focus groups with beneficiaries. Also, they always try to get everyone's opinions about the projects.

The Need for a Standard

According to the Vice President, it would be highly desirable for the social enterprise sector to have an ISO-like standard. She stated that Turkey B originally intended to get a B Corp certificate. However, they found out that B Corp criteria are more geared towards product-oriented social enterprises. Since Turkey B is a service-oriented social enterprise, they abandoned this idea. Nevertheless, some form of certification for service oriented social enterprises was appropriate.

According to the Vice President, standards appropriate for the whole world, or variable standards that adjust for different cultural and socioeconomic conditions, should be established. However, she was not sure what would be the most appropriate form of such a standard. She also added that effective inspection and monitoring mechanisms should be developed.

Knowledge of SIA

The Vice President confessed to not knowing very much about SIA in Turkey.

Additional Comments

In closing the interview, the Vice President brought up an issue. She said that, in the past, there was a phrase alluding to the use of sex in advertising, 'sex sells'. Today, this has turned into 'corporate social responsibility' and 'social entrepreneurship'. Many people employ these terms for certain hidden reasons, like changing the negative image of an individual or an organisation in the eyes of society. As a result, corruption, deceit and greenwashing are widespread in the social entrepreneurship ecosystem. There are many fake social enterprises in the sector all over the world. Therefore, having a standard is of great importance.

5.3. Case Study 3: Netherlands A (and DutchAgency)

The Key Informant

Netherlands A is one of several components of a much larger social enterprise consultancy firm (given the pseudonym of DutchAgency here) in which each component operates as a separate entity. The entities earn income from consulting in certain areas of activity (broadly speaking sustainability) and by other entrepreneurial activities, including by being a ‘social angel investor’. In effect, Netherlands A is a social enterprise about social enterprises. The person interviewed was the manager of Netherlands A and was one of four senior managers of the overarching organisation, DutchAgency. He described himself as a social entrepreneur for about 30 years. He stated that he was one of the first in The Netherlands to identify with the concept of social entrepreneurship, at least as a non-academic. However, he pointed out that in the early years, social enterprises operated differently than nowadays (the mindset then was more like volunteerism). Over time, the differences between volunteer-based organisations and professional social entrepreneurs have increased considerably. He considered that there had been relatively no change in volunteerism over his 30 years working in the field, but that social enterprises have significantly diverged from NGOs, and now tend to resemble private sector actors.

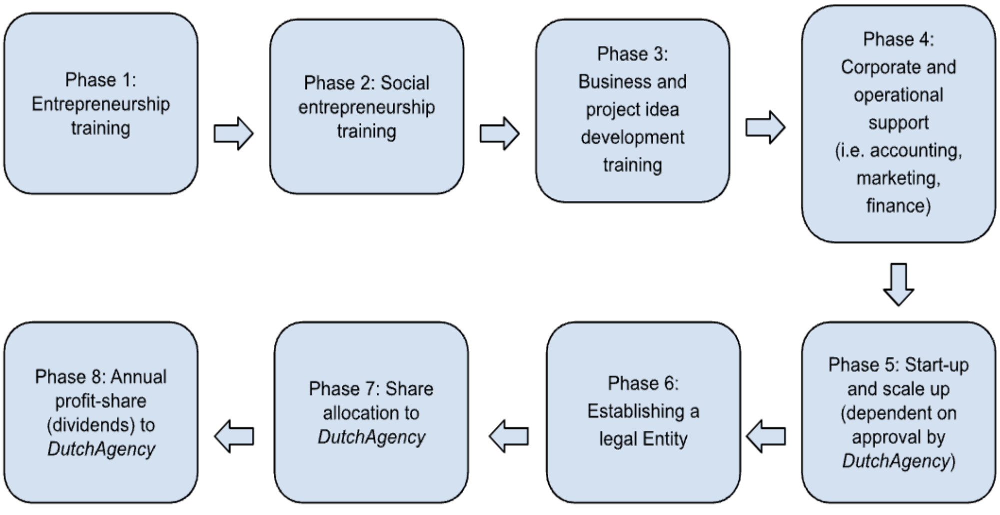
About Netherlands A

Netherlands A conducts training programmes for social entrepreneur ‘candidates’ (the word he used). These candidates could also be considered as being potential ‘start-ups’. According to the manager, Netherlands A aims to provide a social entrepreneurship ecosystem for discussion and exchange of ideas. They also facilitate the commercial development of social enterprises that have ideas that are consistent with their social vision, and they act as an incubation centre. The candidates have to pay around 5,000 euros for the 12 months training program.

The manager stated that the only objective of Netherlands A is to provide services to potential social entrepreneurs, including training, business idea development, establishing a start-up, and scaling up. He said that helping to transform a social entrepreneur candidate (starting from scratch) to being the founder of a large-scale social enterprise is their mission. He was keen to point out that they are not angel investors, but that they label themselves as a 'social angel investor'.

The manager outlined the activities they provide to their candidates by using a diagram, which has been redrawn as Figure 5.2. In Phase 1, Netherlands A first provides training in basic entrepreneurship. In Phase 2, the focus shifts to social entrepreneurship and then to the activities that the candidates want to develop (Phase 3). The manager emphasised that a person wanting to be a social entrepreneur should first have a comprehensive knowledge of the concept of entrepreneurship. This was because a very high percentage of social enterprises fail and become bankrupt. Therefore, it is of great importance that social entrepreneurs should: know their business; carefully consider profit and loss and that they know how to assess risk; be innovative; be flexible and adapt to changing market conditions; and have project planning and management skills. He claimed that a social enterprise which cannot gain a sustainable competitive advantage will likely be a dead organisation in the short-term, just like a private sector company.

Figure 5 2: Phases of Netherlands A's Activities Provided to an Entrant



Source: Manager of the Netherlands A

After social entrepreneurship training (Phase 2), the emphasis shifts to specific business and project idea development training (Phase 3). Corporate and operational support are provided in areas such as accounting, finance, marketing and product development (Phase 4). At various points in the process, if there is an assessment that a candidate is not serious or that their ideas are unlikely to be successful, their trajectory is terminated. Those whose business ideas are seen by *DutchAgency* as being feasible are taken to the next steps of establishing their business (social enterprise). However, a condition of this process is that a certain percentage of shares (various, but generally less than 10%) of the social enterprises must be allocated to the DutchAgency. According to the manager, this key point distinguishes *DutchAgency* (and Netherlands A) from other social organisations, especially those that operate in a traditional way by depending on donations. He considered this income generation to be vital to the sustainability and independence of *DutchAgency*. The manager claimed that if Netherlands A was not financially independent, this would prevent them from supporting start-ups in a rational and merit-based manner.

DutchAgency is a registered foundation in terms of its legal entity. However, there is also a private company that holds the shares from the candidate start-ups and receives dividend earnings, which provides income (donates in tax terms) to the foundation. The manager stated that they preferred this structure since there is no existing legislation for social enterprises in The Netherlands. A summary of the support Netherlands A provides to candidates is presented in Table 5.5.

Table 5 5: The Support Netherlands A Provides to Candidate Social Entrepreneurs

Content	**Form of support**
Building Entrepreneurial and Social Entrepreneurial skills	- having entrepreneurial knowledge - having social entrepreneurial knowledge
Creating a Great (doable, feasible) Idea for a Candidate Social Enterprise	- learning how to design your project - learning how to implement your project - getting support from alternative disciplines
Growing an already existing Social Enterprise	- being a member of an social enterprise ecosystem and having chance to make collaborations - expanding the product and service range - having chance to implement socially innovative projects - joining incubator and accelerator programmes and having chance to get new funds (not only nationally but also internationally)
Scaling Existing Social Enterprise	- optimum organisational structure by converting from start-up to scale-up social enterprise

Source: Manager of the Netherlands A

According to the manager, in 2021 over 200 social entrepreneur candidates started Phase 1 and a further 350 existing social entrepreneurs joined these training programmes (potentially at some other point). He indicated that the training programmes were very popular. The manager also discussed the scale-up phase. Scaling-up is when, after initial establishment, a social enterprise focuses on organisational growth. He indicated that this period was perhaps the most troublesome moment for social enterprises. He added that social enterprises that are not capable of changing successfully during this period cannot survive.

Project Planning Capacity

Netherlands A regarded each course as a separate project. The manager stated that they have a four-stage written project implementation plan that is very strictly implemented. This plan is periodically updated. They have an annual evaluation process to review their training program and their skill in assessing who are likely successful social entrepreneurs. Table 5.6 provides a summary of the manager's perspective of key planning tasks.

Table 5 6: Netherlands A: Performance on Expected Project Management Tasks

Expected Project Management Task	**Performance in Relation to Task**
Obtain consent of beneficiaries before starting	The manager stated that beneficiaries voluntarily apply to them and that they agree to pay the training fees. As the training program progresses, they sign a commercial contract relating to the ongoing relationship between *DutchAgency* and the candidate (start-up social enterprise).

Have a project ımplementation and/or management plan	They had a written project implementation plan for their training course, which they continue to update. In effect, it is now a project management plan.
Consider project alternatives	As they are satisfied with their current course (and the way they update it), at present they are not considering alternatives.
Conduct monitoring and evaluation	They follow the career journey of social entrepreneur candidates who receive consultancy services from them and they informally try to measure the impact created in this way.
Conduct follow-up after project closure and beyond (i.e. the end of each annual course)	They receive suggestions and occasional complaints from participants through questionnaires after each course (project) is closed. The main source of complaints are from candidates that Netherlands A decides not to assist further.
Have implemented a grievance redress mechanism	The manager indicated that he was knowledgeable about the concept of a grievance redress mechanism, but said that they do not have one in a formal sense. He emphasised that it would be so useful to integrate this into their organisation.

Source: Manager of the Netherlands A

In terms of obtaining permission from the target group, the manager specified that social entrepreneur candidates apply to them voluntarily and therefore they do not have any specific permission process.

The response of the manager to the question about what activities they carried out after the project closure was as follows.

> *"Any social entrepreneur candidate or current already existing social entrepreneur can terminate* [leave from] *the project at any stage. That is, they do not necessarily have to complete the whole project. We try to continue to follow and/or monitor the person who received consultancy services from us, regardless of the stage at which they left the project. Also, we try to find answers to some questions by asking them personally and sometimes by observing them as an outsider. These questions can be summarised as follows. For example, will the social entrepreneur in question ensure its sustainability? Are they capable of competing in the free market? Is that social enterprise innovative? Are they capable of being internationalised? Is that social enterprise efficient in producing social benefits for the society?"*

Harm Creation

The manager answered the question as to whether a social enterprise could create negative social impacts as well as positive social impacts on the society, *"Of course, social enterprises might create negative social impacts"* in practice.

> *"As a social enterprise, our main goal is to find solutions to social problems. While doing this, we want to maintain our sustainability by generating income. In addition, we are in competition with many different organisations that carry out their activities with the principles and philosophy of the private sector. However, our situation is a little different. As a social enterprise, we advise people and organisations we believe will create social benefits. Therefore, as a social enterprise that provides consultancy services to social entrepreneur candidates or existing social enterprises, the concept of "Harm" stands out as a very*

complex and difficult issue to design and explain to you, which we could not solve despite long thought and [our internal] *focus group meetings."*

The manager claimed that, for their organisation, it would be appropriate to consider the potential negative social impacts in two different contexts. The first context is the possibility of creating negative social impacts on social entrepreneur candidates and (existing) social entrepreneurs who get training from them.

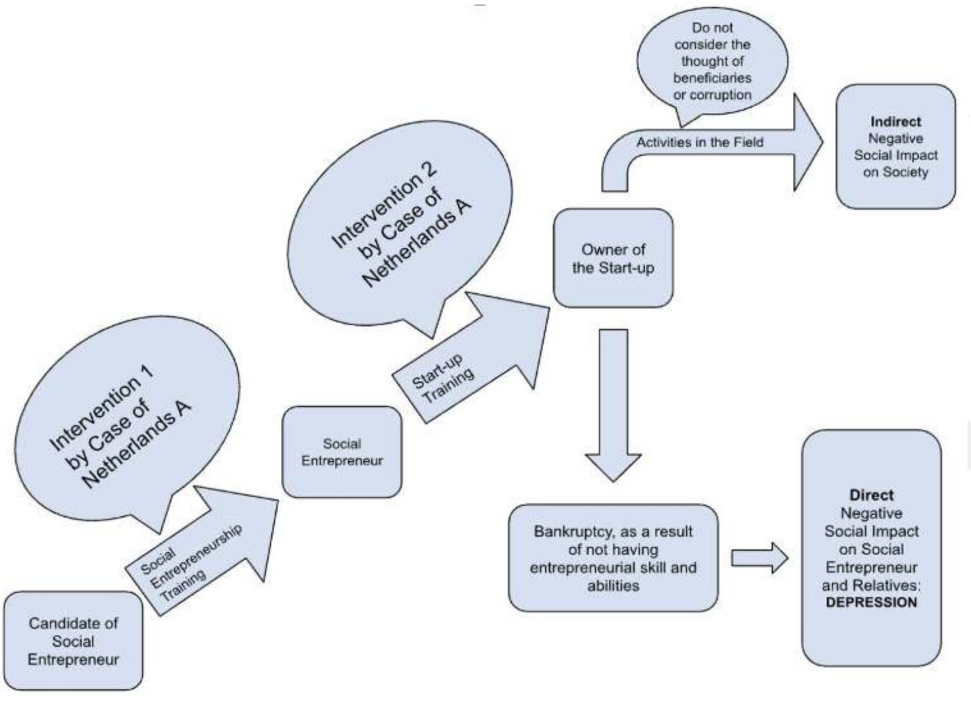
"For example, it can be understood that any candidate who applies to us for the purpose of being a social entrepreneur [Phase 1] *might not have the characteristic traits that a social entrepreneur should have. This may cause people to fail in the business they will establish. They might have taken a loan or borrowed money from family or friends to make their business idea real. All these situations can drag that person into a deep depression. Or, the person who already owns a start-up can go on the path of organisational growth and perhaps go bankrupt after getting our advice. Therefore, I would like to describe such potential impacts as direct or primary potential negative social impacts."*

The second context may occur indirectly through social enterprises that get training and other support from Netherlands A and operate in the market.

"To give an example, a social enterprise that receives consultancy services from us may be operating without considering the views and demands of the beneficiaries and create negative impacts on society. Also, it may be corrupted and might deliberately create negative impacts just to generate more income. Similarly, under the guise of a social enterprise, it may be acting as a private-sector business with purely commercial purposes without considering the social benefit of the society."

The potential direct and indirect impacts mentioned above are summarised as a scenario analysis in Figure 5.3.

Figure 5 3: Potential Direct and Indirect Negative Social Impacts of Netherlands A



Source: Manager of the Netherlands A

The manager also answered the question about what should be done to reduce the possible negative social impacts. He pointed out that Netherlands A demands a certain level of knowledge from social entrepreneur candidates in order to minimise what they describe as the direct negative social impacts. However, according to the manager, even though a person might be highly educated, they still might not have entrepreneurial skills. From this point of view, the manager added that they perform an entrepreneurial personality test using a scale they developed.

In terms of potential indirect negative social impacts, the manager mentioned that the key point is the social entrepreneur's commitment to ethical values. However, he indicated that Netherlands A could not do anything to determine the commitment of social entrepreneur candidates to ethical values. It was also emphasised that the consultancy service might be terminated by them when it was foreseen that some project ideas could harm society, even if the person was an individual who ascribed to ethical values.

The Need for a Standard

According to the manager, there is a lot of corruption in the social enterprise sector. It was claimed that social enterprises that do not work with professional teams operate in a non-professional way. He remarked that the ultimate beneficiaries of social enterprises are humans and therefore it would be appropriate to introduce certain standards and have a certification system for social enterprises who meet these standards.

> *"The field of activity of social enterprises covers all kinds of social and environmental issues in the world and all kinds of problems related to these issues. For this general framework, animals and plants are included as well as humans (the old, young, children, unemployed, women, disabled people). Issues such as climate crisis, urbanisation, waste management are also among the fields of activity of social enterprises. I think that it would be appropriate to develop a standard mechanism for social enterprises, which are organisations operating in such vulnerable fields. Opinions and suggestions of us, that is, social enterprise managers operating in the field, should also be sought."*

Knowledge of SIA

The manager stated that he is knowledgeable about SIA to some extent. The manager elaborated that he got this knowledge through a two-week certificate program he had attended two years ago. He specified that an SIA expert gave them (*DutchAgency*) advice for two months about three years ago. He claimed that with this consultancy service, a general framework was created and he had a view about what to pay attention to while carrying out their activities. However, he stated that they do not need to conduct SIA in each activity period, since the social enterprise of which he is the manager periodically performs the same activity. Thus, it can be said that he justified his reason for not applying for SIA.

When asked about the scope of the concept of 'impact', he answered as 'any kind of psychological, cultural, social, environmental and spatial change that occurs as a result of activities of the organisation'. He also clearly pointed out that social impacts can be positive as well as negative.

Additional Comments

The manager expressed that, in addition to a standard to be applied to all social enterprises, it would be appropriate to prepare a separate document for social enterprises (like Netherlands A) that only provide consultancy services.

5.4. Case Study 4: Netherlands B

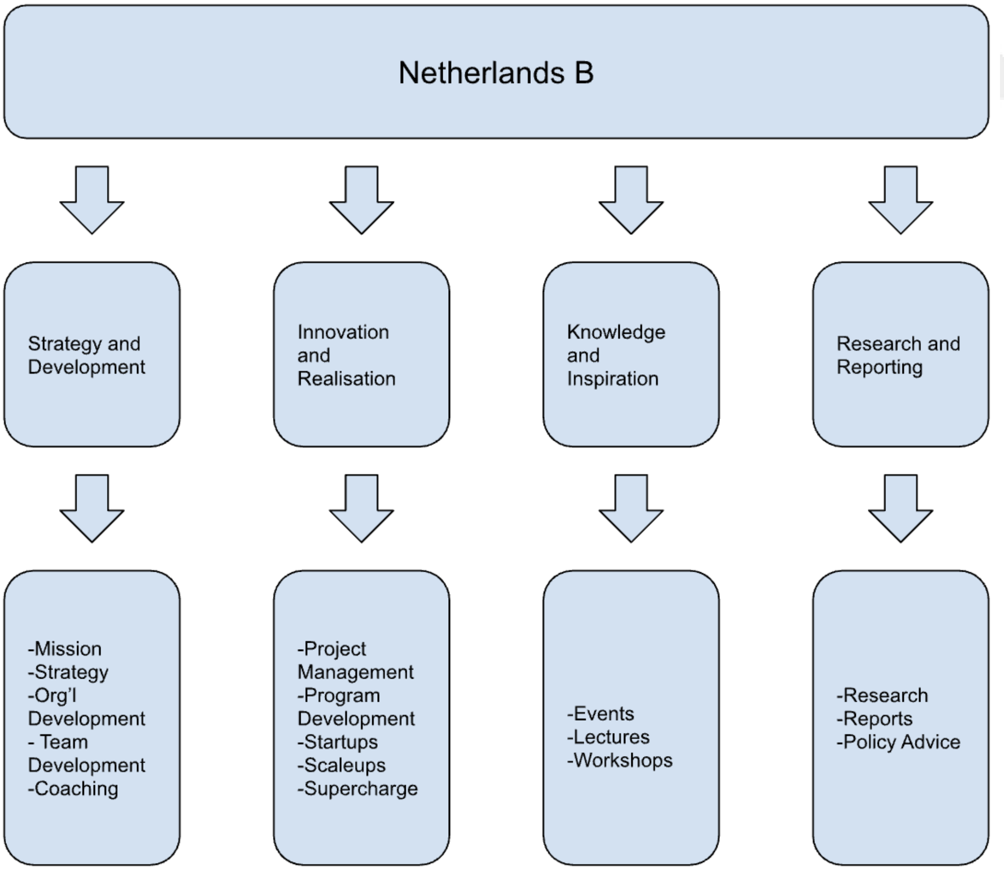
The Key Informant

Netherlands B is a relatively small-scale social enterprise that can perhaps be best described as a business development consulting firm. It typically carries out local and usually short-term projects. The interviewee had worked as a project manager with Netherlands B for several years. The manager stated that there was no hierarchy or departmentalization and there was a horizontal structure in the organisation. However, he also mentioned that he was one of the three founders of Netherlands B. He described himself as being an 'entrepreneur' since 2007, and as an 'entrepreneur and social entrepreneur' since 2012. According to the manager, it was incorrect to consider entrepreneurship and social entrepreneurship as independent concepts. He claimed that any entrepreneur who carries out commercial activities can be considered to be a social entrepreneur if they create social benefits at any time, or if they have positive social impacts even without realising it. When asked to give a definition about the concept of social entrepreneurship, the manager stated: “A social entrepreneur is a person who deals with, struggles with, social issues and sustainability challenges.”

About Netherlands B

Somewhat similar to Netherlands A, Netherlands B is a social enterprise consulting firm that provides support to social enterprises, other organisations and individuals to enhance their social objectives and social outcomes (see Figure 5.4).

Figure 5 4: Netherlands B's Fields of Activity



Source: Manager of the Netherlands B

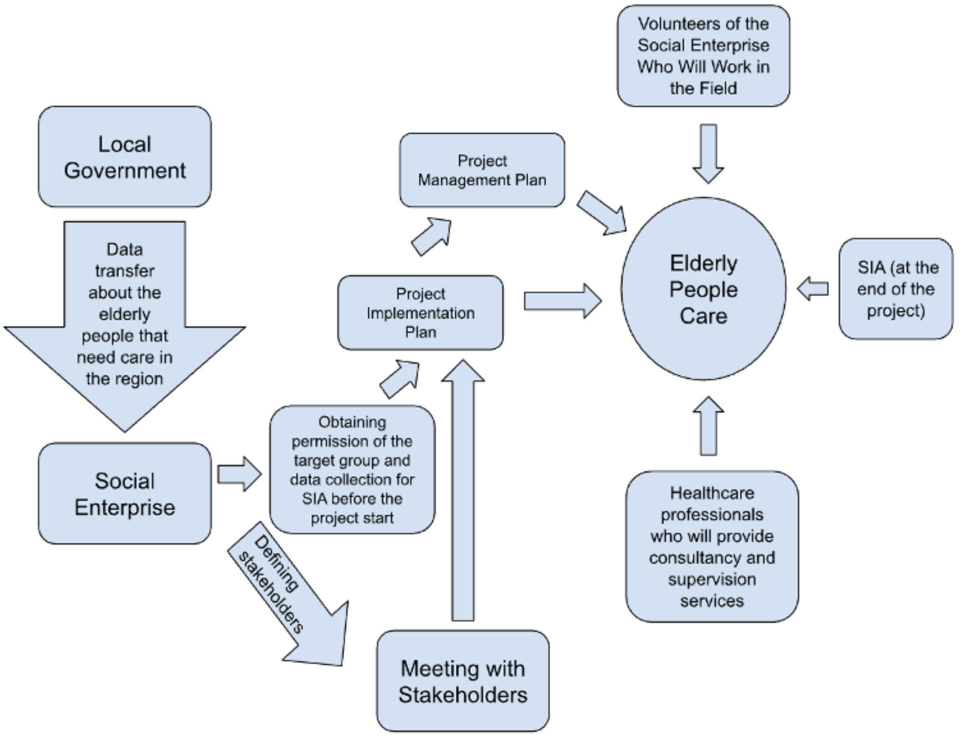
Netherlands B provides a range of services to their fee-paying clients including: help in determining the mission and long-term strategies of organisations; project management; program development; start-up & scale-up activities; activities such as events, lectures, and workshops; and the facilitation of a 'supercharge' mechanism. According to Netherlands B, a difficult period for social enterprises is when they have a great business idea but do not know how to (or otherwise can't) implement it. At this time, there is a huge potential for Netherlands B to 'touch' (nudge/affect/influence) the social enterprise so that it can develop into a productive enterprise and have a positive impact on society. By interacting with other social enterprises in a supercharge ecosystem, social enterprises with different business ideas can obtain different perspectives and be stimulated to excel.

The manager specified that they have a legal structure as a private limited company (*besloten vennootschap* B.V. in Dutch) due to the lack of legal regulation for social enterprises in the Netherlands. In addition to some ongoing consultancy and training activities, Netherlands B has conducted a large number of projects at the local scale, mostly short-term (from one month to one year). The manager stated that they were happy to consider consultancies from all sectors or topics, and that they had carried out projects from rural development to urban planning, women's employment to migrant aid, minorities' needs to protection of cultural heritage, and care of the elderly. On their website, press releases, policy recommendations, and as stated by the interviewee, they consistently emphasise that creating positive social impacts for the local community is their ultimate goal.

Project Planning Capacity

They have a written project evaluation roadmap and they evaluate their projects periodically. The manager stated that they use the data and experience they obtained through the evaluation reports from previous periods while designing the next project. The manager stated that there was a written project implementation and project management document. The manager specified that they revise these texts by re-considering them during each project. According to him, it is significant and critical to communicate with all stakeholders before, during and after the project, since they carry out local scale projects. He also indicated that before each project, they make a list of potential affected people and stakeholders and organise preliminary evaluation and consultation meetings with support from the local government. For example, he emphasised that if they were to carry out a project related to elderly care, they would create a general framework and create it visually and design all their planning in accordance with this framework. The interviewee shared a general framework for the example project of elderly care (see Figure 5.5).

Figure 5 5: An Example of General Framework of a Project Focusing on Elderly Care



Source: Manager of the Netherlands B

According to the framework in Figure 5.5, Netherlands B firstly obtains data from the local government about the elderly people who need care in the region. Then, they get permission of elderly people (who are the beneficiaries) and conduct a needs analysis to collect data before the project starts. The manager stated that they apply the same survey to the elderly people at the end of the project as this will give them an empirical difference over time. According to him, this difference was equal to the social impact they created. They also organise some meetings with potential stakeholders. He stated that they follow the written procedures of project implementation and management plans. He added that they might make some revisions throughout the project. The manager emphasised that the activities of the volunteers in the field were supervised and monitored by the health workers during the project. The manager indicated that they do not have any follow-up activities after the closure of a project. It was also indicated that there was no grievance redress mechanism (see Table 5.7).

Table 5 7: Netherlands B: Performance on Expected Project Management Tasks

Expected Project Management Task	**Performance in Relation to Task**
Obtain consent of beneficiaries before starting	They obtain consent of the target audience.
Have a Project Implementation and/or Management Plan	There is a written project implementation and/or management plan.
Consider project alternatives	They always consider project alternatives.
Conduct Monitoring and Evaluation	They conduct monitoring and evaluation. However, this process is managed by using some informal ways like observation.
Conduct follow-up after project closure and beyond (i.e. the end of each annual course)	They do not conduct any activities after the project closure.
Have implemented a Grievance Redress Mechanism	The manager indicated that they do not have any grievance redress mechanism.

Source: Manager of the Netherlands B

Harm Creation

The manager stated that they have not evaluated the negative social impacts of the projects they have carried out so far. He specified that they only focus on positive social impacts and carry out innovative activities on how to maximise these impacts. However, he requested that I record that, given the question about whether social enterprises could have negative social impacts on beneficiaries, they would consider this issue in future. He stated that perhaps he might organise a workshop to discuss this issue with his colleagues and stakeholders.

The Need for a Standard

The manager suggested that it would be very beneficial to have a standard for the social enterprise sector. However, he stated that there was far too much political interference in the discussions and decision making around the issues of interest to the social enterprise sector, and that there was no mechanism for social entrepreneurs to have a voice. In other words, he was rather pessimistic that such a standard would be developed, or if it would, it would not reflect the needs and desires of social entrepreneurs. He emphasised that, if such a standard was ever to be prepared, the text should be short. He thought that making a comprehensive text would be impossible, given the cultural differences between countries (mentioning that many countries do not accept LGBTQI+ rights). He stated that a concise global standard would be appropriate, but pressure from international organisations such as the UN should be put on each country to prepare its own national standard.

Knowledge of SIA

As discussed, the manager primarily considered positive social impacts. They apply a form of ‘social impact analysis’ by conducting a survey of the beneficiaries before and after each project and measuring the change over time.

The interviewee emphasised that he was unsure about whether they had actually done SIA, and stated that he does not have much knowledge of this subject.

Additional Comments

The interviewee indicated that he found the question – about whether social enterprises can also have negative social impacts – to be very interesting and mind-opening. He also wanted to talk about a story he had read recently. In that story, the author claimed that the Ford Motor Car company was actually a social enterprise in its first years of establishment. By solving people's transportation problems in an innovative way, and making cars more affordable, this was perhaps a solution to social problems in those years. According to the author, the invention of the cheap automobile gave the opportunity to bring families and friends living in distant places closer. However, nowadays it is considered that fossil fuel consumption by vehicles is one of the most damaging factors to the environment and therefore Ford is no longer considered to be a social enterprise anymore.

5.5. Synthesis of Interviews with Relevant Experts

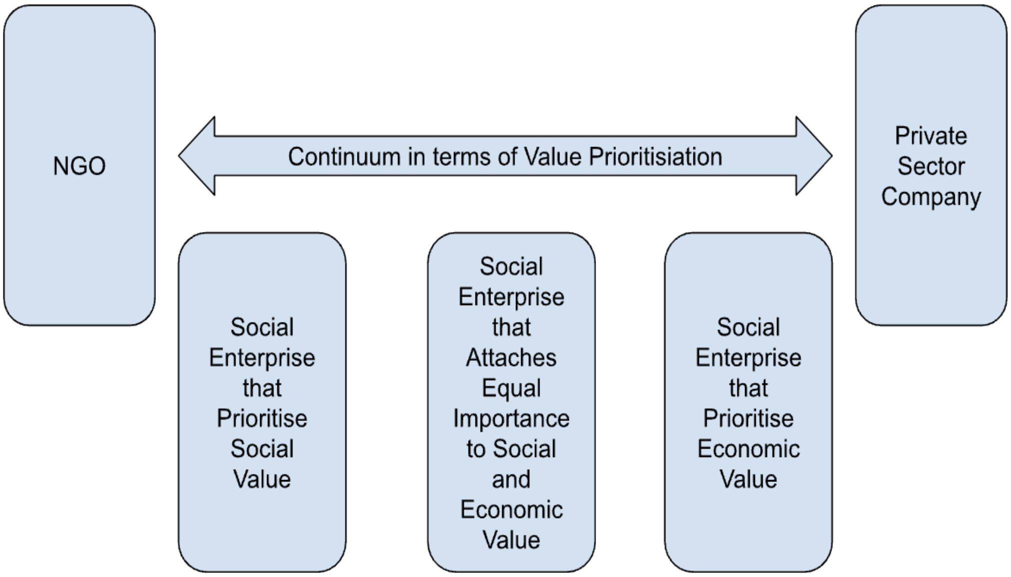
Introduction

To learn more about social entrepreneurship, in addition to the four case studies, online interviews were conducted with six experts who had some experience in the fields of social entrepreneurship, SIA, and/or in some other disciplines related to these concepts. In these interviews, the general perspectives of the experts about social entrepreneurship, their observations on how social enterprises do project planning, their opinions on whether social enterprises can create negative social impacts, their knowledge about SIA, and their opinions on whether an international standard for social enterprises can be developed or not were discussed. In this thesis, the experts are identified as Experts A, B, C, D, E, F.

General Information about the Experts and Their Views on the Social Enterprise Sector

Expert A was an academic who had done much research in the fields of sustainable society, cross cultural management, global value chain and corporate social responsibility. In addition, he worked as a researcher and project coordinator in many projects on an international scale, especially from European Union funding. He stated that he was interested and knowledgeable about the concepts of social entrepreneurship and civil society. He indicated that he was aware of difficulties and conflict-related stories of social enterprises, especially during their internationalisation period. According to Expert A, the concept of social enterprise is difficult to define. There are social enterprises with very different characteristics, purposes and ways of doing business. However, when a survey is done of the concept of entrepreneurship in the literature, there is some consistency about the definition and features of the concept. Expert A defined social enterprises as organisations formed by entrepreneurs in order to solve social problems. However, according to him, it would be appropriate to talk about a continuum of social entrepreneurship. This continuum is about whether social enterprises prioritise social value or economic value, extending from NGOs at one end, to private sector enterprises at the other end (see Figure 5.6).

Figure 5 6: Continuum of Social Enterprises According to Expert A



Source: Expert A

Expert A answered the question about what kind of characteristics social entrepreneurs should have as follows. Social entrepreneurs are neither volunteers working in NGOs, nor are they entrepreneurs starting private sector businesses. Social entrepreneurs need to be people who are concerned about social problems and have the knowledge to earn income by taking economic risks.

Expert B expressed her areas of expertise as SIA, Environmental and Social Compliance Reviews, Policy & Law Analysis, Public Consultation, Disclosure Planning, and developing Resettlement Action Plans. She had twenty years of experience in projects about energy resources, water resources and transportation, which were conducted in various countries in line with the World Bank and IFC standards. According to her, social entrepreneurship can be defined as solving social problems in a sustainable way. Social entrepreneurs should have some traits like being open minded and having innovative thinking skills. She underlined that social entrepreneurs are the actors who are not afraid of taking risks and making investments in the free market.

Expert C started his career as a researcher of the social policies and interventions of public institutions. He subsequently worked as a consultant providing consultancy services to social enterprises conducting social development projects. Over time, he realised that projects implemented by public institutions were not effective or appropriately targeted. Often public institutions cannot elaborate what the different segments of society actually need and want, or how they might be met. He added that most public institutions have ‘structural inertia’ and cannot intervene quickly in response to social problems that are urgent. Also, these institutions tend not to have alternative plans in place to cope with changing circumstances. He argued that entrepreneurial skills were needed to solve social problems in a more innovative way. He described the concepts of social entrepreneur and social enterprise in a single sentence: “Social entrepreneurs identify areas where public, private and NGO sectors are inadequate in providing services and [they] develop innovative and sustainable solutions through their social enterprises, which are the organisations they have established.”

Expert D specialised in the fields of SIA, social risk management, social development, social sustainability, and social inclusion. She provided consultancy services to national public institutions, local governments, international organisations such as the World Bank, and large-scale NGOs for over fifteen years. She stated that social entrepreneurship has a blurred conceptual framework. According to her, many NGOs around the world define themselves as social enterprises even though they are actually NGOs. Furthermore, some divisions of private sector businesses that conduct CSR activities might regard themselves as social enterprises. She claimed that, even in the many reports and guidance documents about social entrepreneurship of the various United Nations bodies, there is much conceptual ambiguity. Expert D argued that social enterprises in Europe were generally considered to be ‘social cooperatives’.

Expert E started her career in a well-known international NGO but later specialised in social entrepreneurship as she did not like the traditional ways of doing business of NGOs. She also specialised in impact investing and venture philanthropy. She claimed that the field of social entrepreneurship has become too profit-oriented, especially recently. She said that this situation causes social enterprises to prioritise creating economic value more than social value. According to her, social enterprises can obtain the financial resources they need from private sector enterprises or international organisations. She argued that: “social entrepreneurs should be people who deeply internalise that they are not just any commercial entrepreneurs” and that social entrepreneurs should not seek to primarily make a profit.

Expert F has gained expertise about the concept of social impact, social value measurement, and impact investment. She had experience in Social Value UK and with the European Union. Later, she worked in a consulting firm of which she was a founder. She stated that there are many different perspectives and complexity in the business world regarding the concept of social entrepreneurship. She emphasised that social enterprises should not be purely profit-oriented or completely mission-oriented. According to her, social entrepreneurs should be individuals who aim to solve social problems and create maximum positive social impacts for communities.

Comments About the Current Legal Structure of Social Enterprises and Recommendations

The opinions of the experts on the current legal status of social enterprises and their suggestions for the future are given in Table 5.8 (and are given as edited extracts from the interviews).

Table 5 8: Opinions of Experts on the Current Status of Social Enterprises and Suggestions for the Future

	Current Legal Status	Recommendations
A	The current situation is very problematic, social enterprises have to be organised under different legal entities, such as foundations or associations. For foundations or associations, it is complex to make a profit. However, most social enterprises seek to have profit. This situation is a bit like: there is a law, and penalties apply, but no one follows the law. [It is a grey zone] Oddly enough, the government does not impose penalties because it knows that this is due to the inadequate legislation. Due to this situation, many problems are experienced, which cause difficulties in accessing financial resources and in the ability to grow. The problems about financing are closely related to the lack of clear legal structure. For example, social enterprises operating as cooperatives have difficulties in gaining bank loans, while social enterprises operating as commercial companies cannot apply for many national or international grants.	The Social Enterprise World Forum has been organised in a different country every year since 2008. In this forum, the current status and future of social entrepreneurship and other topics are discussed. This forum should take a lead role in discussing the legal status of social enterprises and seek change in current arrangements. All stakeholders of the social enterprise sector should be included in these discussions. In addition to representatives of social enterprises, the participation of international organisations such as the United Nations, the European Union, the World Bank, public authorities, local governments and lawyers should be ensured. It might be possible to reach a consensus about the legal status of social enterprises with such a meeting.
B	Social enterprises can be organised in any way they wish. For example, they can establish a foundation and an economic enterprise, and have a flow of financial resources between them. So, I don't see a problem with this issue.	None that come to mind.
C	The uncertainty of the legal structure causes many problems. Social enterprises need a large number of full-time professionals compared to NGOs (who rely on volunteers).	In my opinion, as the European Commission has already pointed out, social enterprises should operate under the social cooperative legal entity. However, a certain degree of

	Since some social enterprises operate as associations, which in the legislation of some countries it is difficult to employ people on a paid basis, therefore salary payments are typically made secretively and without normal employment benefits. Some social enterprises operate as private sector enterprises to avoid such problems. However, such social enterprises may not be competitive given that they have to pay taxes. There are hundreds of issues that occur due to the lack of an appropriate legal structure for social enterprises.	freedom and privilege should be given to them because of their profit-oriented commercial activities. These privileges should come with certain obligations. For example, it may be required to be constantly audited by internationally prestigious independent audit institutions.
D	In fact, it is very difficult to determine the number of social enterprises and the current size of the social enterprise ecosystem due to the lack of a legal status describing social enterprises and sufficient world-wide data on the field. An issue is that a wide range of entities might be included in the social entrepreneurship ecosystem, including micro, small and medium-sized enterprises and organisations claiming to be social enterprises, along with non-governmental organisations, and traditional cooperatives. Now, it is not possible to regulate and audit social enterprises due to the lack of legislation specific to social enterprises. This situation makes it impossible to have fair competition within the sector.	A key point is that social entrepreneurship contributes significantly to the economy. The social enterprise sector has entered an irreversible growth path. As has always been the case in history, a phenomenon first emerges and then laws and regulations are created regarding that phenomenon. However, it is unbelievable that there is still no law for such an established sector as social entrepreneurship. This damages the reputation of social enterprises that do their job properly and causes a loss of momentum in finding solutions to social problems. My suggestion for the future is that making a definition by focusing on 'what social enterprises are not', rather than on 'what they are' will be helpful. Thus, organisations that describe themselves as social enterprises that do not actually have social enterprise characteristics (and that may harm the sector) can be controlled.
E	In the current situation, I think that social enterprises that prioritise profit	There is no need for legal regulation of the social enterprise sector.

	unfairly gain competitive advantage within the sector. Such organisations should be pushed out of the sector and should be put into competition with private sector enterprises.	Already, quality determination and categorization can be made by using some methods and certifications such as ESG, SROI, and B Corporation.
F	Arguably, the absence of a legal framework for social enterprises causes these organisations to engage in corruption in that social enterprises have to establish parallel organisations in order to generate income and provide income flows. Therefore, in order to develop a fair taxation system for social enterprises, a legal status specific to social enterprises should be created.	A commission for discussing the legal status of social enterprises should be established within the United Nations with the participation of all member states. In the future, this commission could be expanded with the participation of all stakeholders related to social entrepreneurship. Finally, a document about the legal status could be prepared and submitted for the signature of the member states. In the early years, this document could be put forward as a policy recommendation. Subsequently, some binding obligations might be brought into the document. If these and similar international efforts are not made, corruption in the social enterprise sector will increase and it will not be possible to offer sustainable solutions to increasing social problems.

Project Planning Capacity

Experts were asked whether social enterprises usually have a written project implementation and/or project management plan. In addition, they were asked to share information about whether there is a need to obtain permission from the target audience before the project starts. Also, experts shared their views on whether alternative plans are needed during projects and the activities that should be conducted after the closure of projects. The opinions and suggestions of the experts about these issues are summarised in Table 5.9 (edited extracts from the interviews).

Table 5 9: Experiences and Opinions of Experts about the Project Planning Processes of Social Enterprises

A	As far as I know, the vast majority of social enterprises do not have written project implementation or management plans. However, very large-scale and institutionalised social enterprises carry out their activities according to such documents. Many social enterprises do not seek any kind of permission from the target audience as they run their projects as if they were doing a favour. In other words, social enterprises consider that they always create positive impacts on society. Therefore, I don't think they conduct any form of stakeholder analysis or consider the views of stakeholders. Since they do not have any written plans, I witnessed that they often had to make changes during the project process and come up with alternatives. However, while this situation is seen as a positive aspect in terms of flexibility, it causes chaos and confusion. Therefore, I think it would be more appropriate for them to make some alternative plans before each project starts and have written documents such as a project management plan. I have not witnessed a social enterprise that analyses the beneficiaries after project closure. I have only experienced that some private businesses conduct some meetings with beneficiaries in order to record their wishes and demands. These private businesses were running large-scale projects that were funded by international organisations like the World Bank.
B	All issues about project planning depend on whether the social enterprise was externally funded for the project and by which organisation. In the first years of my career, I worked with some social enterprises that carried out their projects without external funding. I have not witnessed these organisations to have a written plan or to conduct stakeholder analysis. They only obtained written consent from the beneficiaries. However, they conducted that process as a tick-box procedure. In the later years of my career, I worked with larger-scale social enterprises. These social enterprises were meticulously meeting all their obligations to international organisations before, during, and after the project. For example, they were doing a very comprehensive stakeholder analysis. They were always including, not only those directly affected, but also communities likely to be indirectly affected. Based on all of my experience, I can say that the projects of social enterprises that have a project implementation and management plan, that attach importance to

	the opinions of beneficiaries, and measure their impacts even after the project is closed, are much more successful.
C	I observed an informal categorization in social enterprises. In general terms, there are two types of social enterprises. The first are social enterprises that run smaller scale and generally local level projects. Such social enterprises are similar to NGOs. They investigate a need in a place and try to meet that need with all the means at their disposal, almost without making any plans. Therefore, they do not carry out activities such as stakeholder analysis, or obtaining permission from the target audience. They don't even have a specific project budget. As their budgets decrease during the project, they try to find other financial resources through the informal networks they established. The second type of social enterprises are larger and more organised. They are more successful both in terms of creating more social impact and in using their resources more efficiently. Social enterprises which belong to the second category are not dependent on donations, and they gain sustainability through their income generating activities.
D	Throughout my career, I have worked with large-scale social enterprises, often financed by international organisations. However, I have no comprehensive knowledge of the industry in general. Nevertheless, I can share with you the practices that I personally witnessed in the field. Project implementation and/or project management plans of all social enterprises I work with are available in written form. In addition, at least three alternative project plans were prepared in writing. Before projects started, we were identifying the target audience and holding focus group meetings with them. In fact, we were asking some beneficiaries to express their opinions in writing, as they might be afraid to speak in a place where other people are present, or because they think they can express themselves better in writing rather than orally. In addition, we were applying a reliable questionnaire to the target audience. In addition to all these things, we were organising separate meetings by making some groupings within the target audience. For example, in some cultures, women might hesitate to express their ideas when their husbands (or other males) are present. In addition to these interviews with the target audience, we were conducting a very comprehensive stakeholder analysis. We typically included even those who will be indirectly affected in a very small way in the stakeholder analysis. For

	example, let's assume that, in a project, free bread will be served in a region where poverty is very high. The owner of the baker may rebel against the project team. If the bakery goes bankrupt, the owner of the shop will be adversely affected. This bankruptcy might lead the owner of a bakery property to lose monthly rental income. The owner of the property might be unable to send some money to his child, who is a university student in another city. This chain goes on and on. Thus, it may be a more appropriate option for the social enterprise carrying out the project to purchase the bread from the bakery in that region and distribute it to the public free of charge. Also, continuing to analyse the beneficiaries after the project closure is an important data source for projects to be carried out in the future. I witnessed the grievance redress mechanism mostly in projects carried out by public institutions and private sector enterprises, but I have never come across this practice in social enterprise projects. I think it will be helpful for the social enterprise sector too.
E	Many social enterprises take instant and spontaneous decisions instead of acting according to a certain framework during the project planning and execution process. As soon as social enterprises solve the problems they encounter, I realised that the solutions they have created lead to other problems. Since the majority of social enterprises do not take the views of the target audience into account or do not conduct stakeholder analysis before the project starts, it is quite normal to encounter such situations. In order for social enterprises to give importance to the stakeholder engagement before, during and after projects, perhaps the significance given to the financial valuation mechanisms of social enterprises should be increased throughout the sector. For example, if how much impact social enterprises actually create is measured by using some measurements such as SROI, the managers of social entrepreneurs will give more importance to issues such as project implementation and management plans, and would consider the views of beneficiaries and stakeholders. Finally, I have never thought of the grievance redress mechanism phenomenon in the context of the social enterprise sector, and I have never come across it in the field.
F	Large-scale social enterprises act in a very systematic way during the execution of projects. Some large-scale social enterprises carry out the projects by voluntarily seeking the opinions of beneficiaries, while other large-scale social enterprises are reluctant to get the views of

	beneficiaries or to conduct stakeholder engagement. Many large-scale social enterprises work with expert consultants in fields such as SIA and SROI in order to carry out their projects in a professional manner. In general, I can claim that most of the large-scale social enterprises have written project implementation and management plans. Large-scale social enterprises that have operations with vulnerable communities typically conduct some activities even after the project closure. The majority of small-scale social enterprises, on the other hand, carry out their projects by using informal and unwritten methods, and are probably not as efficient as large-scale social enterprises.

Harm Creation

In terms of harm creation, experts were asked whether social enterprises, like other organisations, could have negative social impacts on communities, and were asked to share their views on whether social enterprises consider such issues. If they considered that there was a possibility that social enterprises might create negative social impacts, their opinions on how social enterprises should deal with this situation were collected (see Table 5.10 for edited extracts from interviews).

Table 5 10: Potential Negative Social Impacts of Social Enterprises

A	Just as some of the things we do in good faith for our relatives can have a negative effect, of course social enterprises might have negative impacts on the direct or indirect beneficiaries. However, I have not come across any scientific research about the potential negative social impacts of social enterprises so far. I think this is a very interesting topic that needs to be addressed. Organisations that do not conduct project planning processes are of course more likely to create negative social impacts. For example, it is vital that you get the views of the beneficiaries before the project starts. The negative impacts perhaps will only be addressed if certain requirements become mandatory for the social enterprise sector.
B	There is an assumption across social entrepreneurship that social enterprises

	only have positive impacts in all circumstances. The vast majority of research on social entrepreneurship focuses on how to maximise and measure positive social impacts. Therefore, I think that potential negative effects have been overlooked. However, perhaps they are unwittingly minimising the potential negative impacts by taking the requests of the beneficiaries into account.
C	Consider the urban transformation projects carried out by public institutions. In many projects, it is promised to offer a more prosperous life to the communities. However, the majority of these projects result in concrete structures that are not suitable for the culture, history and spirit of the region, and people become unhappy. As another example, communities become much more unhappy as a result of almost every resettlement project. For this reason, I think that social enterprises probably will create negative impacts. The potential negative impacts can be minimised by conducting a comprehensive needs analysis before the project starts, by applying periodic project satisfaction surveys while the project is ongoing, and by considering the views of the beneficiaries after the project ends.
D	Social enterprises can have negative social impacts on communities, as in the bakery example I gave earlier. It can be emphasised that the negative social impacts can be on the direct beneficiaries and the indirectly affected. However, almost all social enterprises do not consider this issue. First of all, it is necessary to raise awareness of the potential and possibilities of negative social impacts of social enterprises in the social enterprise sector. Training on this subject can be given and this issue can be emphasised in the policy documents of some umbrella bodies of social entrepreneurship. Some of the concepts of SIA, such as FPIC, IBA, and social licence to operate, can be used.
E	Many social enterprises aim to generate financial income while trying to solve social and/or environmental problems. However, increased priority should be attributed to social and environmental impacts. If the basic principles of impact investing are adopted by social enterprises, the probability of possible negative social impacts would decrease.
F	There is almost no awareness that social enterprises can create negative social impacts. However, it is an undeniable fact that social enterprises can have negative social impacts. Recognizing and measuring negative social impacts is possible by conducting SIA in a systematic and professional way. However, capacity in social enterprises is very low. Finally, negative social impacts are taken into account in the process of concretizing social effects with financial

	values by making an SROI analysis. Therefore, I think, perhaps it would be appropriate to incorporate some of the principles contained in SROI into project management and the SIA processes of social enterprises.

The Need for a Standard

Experts were asked to express their opinions about which guidelines and/or standards social enterprises should be obliged to comply with, and whether there was a need to create a separate standard for the social enterprise sector (see Table 5.10, edited extracts from interviews).

Table 5 11: Opinions of Experts about a Standard for the Social Enterprise Sector

A	The preparation of a standard for social enterprises will contribute to sectoral development and have positive impacts on beneficiaries. Like all organisations, social enterprises should be obliged to comply with an international standard. Some institutions and standards relevant to social enterprises are: ● European Commission, European Union in general, United Nations in general ● European Economic and Social Committee ● Social Business Initiative ● United Nations Sustainable Development Goals ● United Nations Universal Declaration of Human Rights ● OECD Principles of Corporate Governance ● OECD Due Diligence Guidance ● OECD Local Economic and Employment Development Papers ● World Fair Trade Organization ● B Corp Certification
B	Of course, social enterprises should obey appropriate international regulations, especially because the activities they carry out often concern vulnerable people. There is a document called '*Policy Brief on Scaling the Impact of Social Enterprises*' published by the European Commission and OECD. Also, there are some regulations in the *OECD Due Diligence Guidance for Responsible Business Conduct*. ESG is of great importance. The document called 'the *United Nations Guiding Principles on Business and Human Rights*' underlines the significance of some issues related to the operations of social enterprises. I

	think that it would be appropriate to establish a standard that draws a general framework for the obligations of social enterprises.
C	Social enterprises must comply with the relevant articles in all documents that are related to human rights and social economy prepared by umbrella bodies such as the United Nations, European Union, and OECD. I believe that the creation of a new document directly related to social entrepreneurship by examining the relevant documents can be a very productive contribution.
D	I observe there is a misperception that social enterprises create impacts only on people. However, social enterprises conduct projects for very different phenomena including animals and the environment. Therefore, social enterprises that operate in national and international markets and seek legitimacy and prestige must respect all universal values determined by international organisations such as the United Nations and carry out their activities in accordance with the frameworks of these organisations. Also, social enterprises that want to internationalise and operate in foreign markets should have the institutional capacity and awareness to meet requirements such as the IFC Performance Standards. It would be appropriate to prepare an International Standard for the social enterprise sector.
E	There are too many standards on human, animal and environmental rights already. There are also standards and certifications such as Fair Trade, Socially Responsible Business, B Corp etc. Social enterprises that aim to receive international or large-scale funding are already making an effort in this direction. Therefore, I don't think there is a need for a new standard that only deals with social enterprises. However, perhaps conducting SROI measurement may be required for social enterprises with projects with a budget above a certain amount.
F	It would be appropriate to have a standard for social entrepreneurship. An arrangement should be made to cover all the different target groups. For example, articles to be included should cover segments such as the disabled, children, animals and the environment. Also, some work-related issues and personal rights for professionals and volunteers working in social enterprises should be included. Because, from my observation, there are situations where employees and volunteers are exploited by social enterprises.

Knowledge of SIA

Here, the experts were asked to share their knowledge and opinions about SIA and to express their thoughts on whether SIA was a useful and significant tool for social enterprises (see Table 5.24 for edited excerpts from the interviews).

Table 5 12: Knowledge of SIA and its Relationship with Social Entrepreneurship

A	I am not so knowledgeable about SIA, but I know that "impacts are everything". They can be cultural, social, financial, psychological, environmental, etc. Regarding social enterprises, if the ultimate goal of social enterprises is to create (beneficial) social impacts on society, they should measure their social impacts. Just as it is not possible to think that a private sector business aiming to make a profit does not have an income-expenditure statement or a balance sheet, it should not be possible for a social enterprise that does not make a SIA to operate. Thus, they should find the opportunity to measure their performance, correct the areas where they made mistakes, and perfect the areas they did well. I also think that negative social impacts should also be taken into account.
B	Social enterprises might create not only positive but also negative social impacts. Measuring these impacts by considering it in a two-way logic (i.e. positive and negative) is of great importance. However, it would be more appropriate to use a social impact management model instead of just measuring the social impacts immediately after the project is over. Otherwise, the measurement made at the end of the project will not contribute to minimising the negative social impacts and will cause irreparable harm. For this reason, it would be much more appropriate to apply a 'social impact management plan' from before the start of the project up until the end of the project, and even after closure. Thus, modification can be made in the project by anticipating possible negative social impacts during the project.
C	I am not an expert in SIA, but if I share my view about the current situation, I think there are only very few social enterprises conducting SIA activities. Also, I'm not sure how well those social enterprises are doing in SIA. The method they use is a longitudinal comparison of data between the beginning of the project and the end of the project. There are many social enterprises that want to do their job properly and professionally. However, I have witnessed job

	postings for SIA specialists where no one applied. The reason for this is that few human resources specialised in the field of SIA are available.
D	I can define SIA as a form of measurement that provides metrics and mechanisms to monitor, track and assess impacts. SIA is pretty much related to all the concepts we've talked about so far. Topics such as obtaining the consent and demands of the beneficiaries before and during the project, considering the opinions of stakeholders, and making changes throughout the project when some negativities are encountered are the areas emphasised by the SIA discourse. I think that, by focusing on positive and negative impacts together and involving all stakeholders in the process, social enterprises can minimise their possible negative impacts.
E	All social enterprises should carry out their activities in accordance with the SDG Impact Standards published by UNDP. SDG Impact's four main standards (strategy, management approach, transparency, and governance) should be at the centre of their activities and business logic. If we relate it to the SIA, in its strategy standard, UNDP emphasises the development of a strategy that will create positive outcomes and uses the phrase ‘including by negative ones’. Therefore, by using SIA, they can focus on maximising the positive impacts and minimising the negative impacts of social enterprises.
F	I have in-depth knowledge of SIA and, according to me, all organisations are required to conduct SIA in addition to EIA. However, the necessary legal regulations on this subject are not available. In fact, all organisations, whether public or private sector businesses, should be required to conduct SIA activities. However, I think it's even more vital that NGOs and social enterprises conduct SIA, because they operate towards the more disadvantaged segments of society, and it will be more difficult to address the possible negative impacts of these organisations on these groups.

6. DISCUSSION: IS THERE A NEED FOR AN INTERNATIONAL STANDARD FOR THE SOCIAL ENTERPRISE SECTOR?

6.1. Summary of Results

Although the research question was, ***How can the potential negative social impacts of social enterprises be better identified, mitigated and managed?,*** a goal of this research was to consider how social enterprises, which can be described as 'good organisations', can create more social value in society. However, some social entrepreneurs have the view that they only create positive social impacts in all their projects anywhere, anytime, and under any conditions. In order to challenge this probably false assumption, four case studies of social enterprises were conducted, and six experts, who were specialists in the fields of social entrepreneurship and SIA, were interviewed. Given the evidence in the Results chapter of this thesis, it is clear that the idea that 'good organisations only do good' is mistaken.

Before interpreting the managers' and experts' views about the concept of SIA and the need for a standard for the social enterprise sector, given my research interest in new generation social entrepreneurship, it is desirable to first make some comments about whether the selection of case studies was appropriate. As was discussed in Chapter 2 (Section 2.3), the key elements of a NGSE (compared to a traditional social enterprise and NGOs) are: profit orientation; independence (from donations and influence); employment of professional, full-time staff; long-term planning; project management skills; being competitive; being innovative; and seeking organisational sustainability. The managers representing the four case studies all confirmed that their organisation met these criteria. They all claimed that what I describe as NGSE is different from volunteerism. In short, it can be confirmed that the selected cases were all good examples of NGSEs, and were highly appropriate cases to consider for this research. In the paragraphs that follow, I consider some of the key issues in the project planning cycle, and I summarise the situation based on what the four cases and six experts revealed.

From a project planning perspective, a first question might be whether social enterprises seek informed consent from their intended beneficiaries before a project starts. Turkey A seeks consent but perhaps did not methodically undertake this process. However, Turkey B took getting consent very seriously, because their target audience was children. Netherlands A inferred consent by their 'candidates' making payment of the requisite fees for participation in the training program, but it was unclear whether there was full disclosure of what was involved in their training and start-up support program. Netherlands B obtained permission before doing interviews with people, but they perhaps do not fully disclose all relevant information. Evidently, there was inconsistency in getting informed consent, and clearly this needs more attention across the sector.

In terms of proper project management (e.g. having a management plan, implementation plan, consideration of alternatives, evaluation, and consideration of project closure) there was variation across the four cases in the extent to which they engaged in formal project management, although this was partly related to the nature of each case. While Turkey B, Netherlands A, and Netherlands B had formal written plans, one social enterprise (Turkey A) did not. However, the managers of Turkey B, Netherlands A, and Netherlands B stated that they were not sure how effective their plans were. All managers indicated that they conducted pre-test and post-test surveys in order to assess the impact of their projects. While Turkey A did not operate any activities after project closure, the others did conduct some activities in this period. However, they indicated that these operations after project closure were done in an informal way.

Another topic in the interview was having a grievance redress mechanism. Managers of Turkey A and Turkey B stated that they were not aware of this concept and therefore there was no such practice in their organisations. The manager of Netherlands A, on the other hand, emphasised that he has knowledge of this concept, but that there was no such practice in his organisation. The manager of Netherlands B also stated that they did not have such a practice. Therefore, this is the only topic that has consistency among the four social enterprises, and this stands out as a rather negative aspect.

Regarding possible negative social impacts, a common opinion was that social enterprises had the possibility of creating negative social impacts. In fact, three of the four managers interviewed stated that they had noticed and experienced their operations' negative social impacts. The manager of Turkey A stated that they had carried out a project for refugees in a neighbourhood in the past, but that as a result of this project, they caused social problems ranging from racism between residents and refugees in the region. The manager of Turkey B stated that with the project to build schools in poor villages, they created negative social impacts on the children living in the villages. The manager of Netherlands A emphasised that they sometimes create negative social impacts by providing consultancy services to social entrepreneur candidates who do not have social entrepreneur qualities. The manager of Netherlands A added that they sometimes felt guilty when the candidate social enterprises who complete their program become successful, but have evident negative social impacts on society because of an overly-strong drive for profit. The manager of Netherlands B, however, stated that they only focused on positive social impacts and said that he had never thought about potential negative social impacts. He then stated that he absolutely believed the possibility for negative impacts existed. All of the interviewed experts stated that social enterprises were likely to have negative social impacts. Expert A emphasised the importance of receiving the opinions and suggestions of the beneficiaries before the start of a project, while Expert B pointed out that social enterprises focused only on the positive social impacts and how they could maximise it, while ignoring the possible negative social impacts. Expert C considered conducting a needs analysis before the start of the project and a project satisfaction survey periodically throughout the project to be important. Expert D thought it important to organise training on negative social impacts for social enterprises. He also thought that negative social impacts could be minimised by following some SIA principles, such as FPIC. Expert E stated that measuring social enterprises with impact investing would bring some solutions. Expert F underlined that SIA is a critical tool for social enterprises' target audience, who are mostly vulnerable people.

In order to minimise the possible negative social impacts of social enterprises, whether it was appropriate to develop a standard for social enterprises, the manager of Turkey A stated that the development of an ISO-like standard was very important. The manager of Turkey B also stated that there was a need for an ISO-like framework. She emphasised that Turkey B was aiming to obtain B Corp certification. The manager of Netherlands A also stressed the importance of a standard. Finally, the manager of Netherlands B stated that there was a need for a standard, but thought it more appropriate to prepare a short and non-specific umbrella document. He emphasised that there are too many cultural differences between countries. For this reason, he specified that it would be more appropriate for each country to make its own standard consistent with the umbrella document. Also, five of the six experts stated that there was a need for a standard.

6.2. Do Social Enterprises Need a Standard?

Here, the reasons why the social enterprise sector needs a standard will be discussed. My reflections are based on the comments of the managers (of the four case studies) and the interviewed experts, as well as on extensive literature analysis, and data from available secondary sources. The discussion below is structured according to the key themes that emerged from these sources.

(i) Social Enterprises operate across many sectors and the field of social entrepreneurship is likely to grow

As an important actor in the economy, social enterprises operate in many different sectors (European Commission, 2011; Social Business Initiative, 2015; Fici, 2017) (see Figure 6.1).

Figure 6 1: Sectors in which Social Enterprises Operate

Source: Fici, 2017, p.18

Due to the lack of legislation governing social enterprises, statistics on the social enterprise sector are not reliable, and in some countries are not available.

However, in the European Union at least, the size of the social economy and the social enterprise sector has been summarised as (Social Business Initiative, 2015, p.3):

“Social economy in the European Union:

• 10% of the European economy (GDP).

• More than 11 millions of workers, 4.5% of the active EU population.

Social Entrepreneurship in the European Union:

• 7.5% of the active population in Finland, 5.7% in the United Kingdom, 5.4% in Slovenia, 4.1% in Belgium, 3.3% in Italy, 3.1% in France, etc.

• 1 out of 4 new enterprise[s] set-up every year in the European Union, and up to 1 out of 3 in Finland, France and Belgium.”

Considering the diversity in which the social enterprise sector operates, it is surprising that there is not an existing standard for such a well-developed and large sector.

(ii) The potential vulnerability of some of the stakeholder groups

The fields of activity and main target audiences of the social enterprise sector often are amongst the more vulnerable segments of society (Weerawardena & Mort, 2006). Typically, social enterprises would undertake a needs analysis and gap assessment, especially when they are considering to operate in relatively marginal locations where the public, private and/or NGO sectors do not provide adequate services (Shaw, 2004; Nicolas & Rubio, 2016). For example, Turkey A carried out training projects for adult refugees, and Turkey B provided services to children who were poor and had difficulty in accessing educational opportunities. Similarly, Netherlands B conducted some aged care projects at the local scale. In these cases, the social enterprises aimed to develop solutions to social problems by providing services sustainably to vulnerable people that were being under-serviced by other service providers.

Often, the social enterprises directly target vulnerable people. For example, a social enterprise might focus on building schools in villages for poor children who cannot access education (e.g. Turkey B), or providing home schooling for the disabled who cannot attend school. Similarly, a social enterprise might provide psychosocial support to people living in tent camps after a disaster or to refugees fleeing war (e.g. Turkey A). Given the vulnerable status of these intended beneficiaries, it is necessary to give maximum attention to the possibility of negative social impacts. Therefore, it is of great importance to have a standard for the social enterprise sector, otherwise it is inevitable that irreparable consequences will occur.

(iii) Increase the effectiveness of social enterprises

If a standard covering the entire social enterprise sector would be developed and implemented, the outcomes of the activities carried out by social enterprises would become more evident. This would allow social enterprises to compare their activities with other social enterprises within the sector and with other organisations outside the sector. This might pave the way for more effective and efficient use of resources and may be beneficial in terms of the performance of employees and volunteers.

If there was a standard that included an obligation for social enterprises to conduct program evaluation (with impact measurement) and perhaps to also do social impact assessment, then employees and volunteers would become more aware of the positive and negative impacts of their activities, which may increase or decrease their commitment to the organisation they work for (Bell & Haugh, 2013). Also, employees' and volunteers' motivation will be higher (or lower) when conducting other projects in the future. Therefore, the standard would enable social enterprises to carry out their activities more effectively and responsibly.

(iv) Raise awareness about the Social Enterprise Sector and mainstream it into the economy and society

At present, the social enterprise sector operates in a grey zone, often without an adequate legal framework or regulation (Petrella & Richez-Battesti, 2014; Khies & Dahles, 2015; Collavo, 2018; Karre, 2021). This limits the activities of the sector, and impacts each social enterprise in terms of their business partners. Increasing awareness of the sector and regularising and mainstreaming it into the wider economy and society would substantially increase the potential societal value of the sector.

There are four general reasons underlying the limited potential cooperation between social enterprises and other types of organisation (see Table 6.1). All four challenges would be minimised if a standard for the social enterprise sector would be developed. With the establishment of such a standard, awareness of the sector would increase, the difficulties experienced would be reduced.

Table 6 1: Underlying Reasons for Limited Collaboration with Social Enterprises

Reason	**Explanation**
Limited awareness and recognition	Due to the limited awareness of social enterprises, government entities tend to opt for an NGO or private sector enterprise when they collaborate on projects. This is partly because NGOs and the private sector are well known by public authorities and their legal status is clear. However, if public authorities would cooperate with social enterprises, potentially more effective projects would be created in terms of sustainability and social value creation.
Limited funding opportunities and complexities in procurement processes	Government entities and private sector firms typically make a choice between two options when they procure goods or services. These are buying from a commercial firm potentially at cheaper cost, or from a community-based entity, which may be more expensive but has

	greater social value. Since social enterprises prioritise social benefit (more than private sector companies), they are likely to be more expensive than private sector enterprises. However, social enterprises are usually not seen as being an NGO or a community-based entity by public authorities or large firms, and they thus experience difficulties in meeting the requirements of procurement processes.
Difficulties in aligning the practices of social enterprises with the policies and culture of government and corporate organisations	The nature and inflexibility of the policies and procedures of governments and corporations, and their organisational inertia, often mean that they fail to acknowledge the existence of social enterprises, and are unable to adapt to the needs of social enterprises. This means that there are inconsistencies and incompatibilities in ways of doing business.
Perceptions of limited accountability	While NGOs prioritise creating social value and private sector enterprises prioritise creating economic value, social enterprises do both. This is complex for public authorities (and some companies) and creates a perception that there may be difficulties in accountability.

Source: Dr*awing on Karré & Van Meerkerk 2019; Karre, 2021*

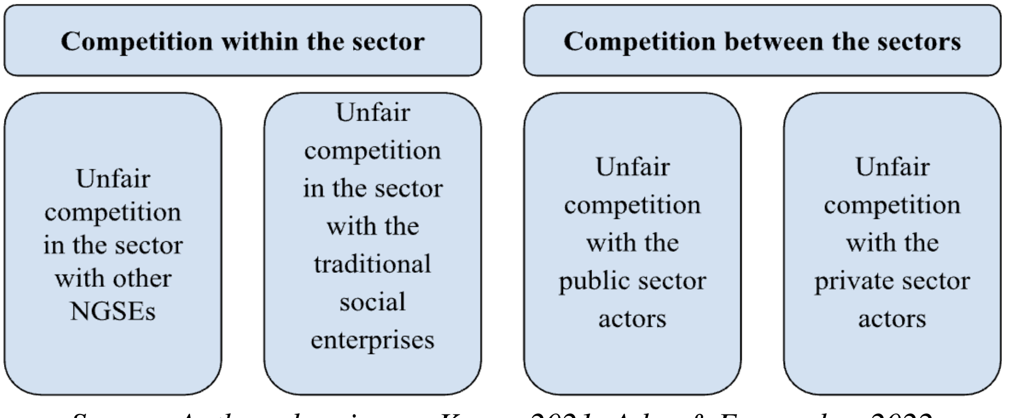
(v) Increase the transparency and accountability of the Social Enterprise Sector

As with the public, private and NGO sectors, corruption, fraud and irregularities do sometimes occur in the social enterprise sector. Unfortunately, the uniqueness of the sector may mean that media reporting about these occurrences may discredit the whole sector disproportionately. One issue for social enterprises is that the lack of an appropriate legal structure means that, out of necessity, they are often operating in a grey zone, sometimes channelling money between their commercial and NGO/cooperative entities in ways that may seem underhanded. The lack of awareness about the sector, the lack of a legal structure, and the lack of a regulatory system governing social enterprises, together, may cause key stakeholders to not have confidence in the sector generally or be willing to take a risk with specific social enterprises. Having a standard and establishing an appropriate legal framework would be highly beneficial to increase the transparency and accountability of the sector and of each social enterprise, and would enable them to be seen as legitimate organisations (Conway Dato-on & Kalakay, 2016).

(vi) Increase the competitiveness of the Social Enterprise Sector

NGSEs are organisations that focus on achieving sustainability in their operations and being independent of donations much more so than traditional social enterprises or NGOs. NGSEs that operate in the free market compete not only with traditional social enterprises and other NGSEs, but also with other organisations (Adro & Fernandes, 2022) (see Figure 6.2). If there is not an appropriate standard and an auditing mechanism for the sector, some NGSEs might pay less taxes than they should actually pay. NGSEs also compete with traditional social enterprises, which receive many donations (and thus do not need to be commercially competitive). Thus, NGSEs might pay more taxes and receive less donations than traditional social enterprises.

Figure 6 2: Forms of Unfair Competition Faced by NGSEs



Source: Author, drawing on Karre, 2021; Adro & Fernandes, 2022

NGSEs also compete with NGOs and private sector enterprises in a cross-sectoral manner. NGSEs might have an advantage over NGOs in income, but they will have difficulty competing with NGOs that don't have to pay taxes. Also, since NGSEs prioritise social benefits and value to a certain extent, they are likely to generate less income than private sector enterprises. In addition to all this, social enterprises will have difficulties in participating in some tenders because the legal structure is unclear and there is no standard (see Table 25). Because social enterprises are misunderstood, the profit of social enterprises may be perceived as odd by some actors, and if the social enterprise does not prioritise making a profit, there may be the false perception that it is actually an NGO (Haugh, 2005). The social enterprise sector clearly needs a standard to overcome such problems related to competition.

Another dimension where NGSEs lose competitive advantage relates to the absence of proof of quality and legitimacy. A key function of ISO standards is to certify that products and services are of a certain quality. This certification leads trust among contracting parties. Having a standard is likely to lead to greater use of social enterprises and to fairer competition.

(vii) Increase the professionalism of the Social Entrepreneurs and the Sector as a whole

Some social enterprises may be somewhat naïve and ignorant, and they tend to have a mentality that they only 'do good', which potentially blinkers their perspective. This single-minded focus limits their ability to consider other points of view, and to a failure to consider the potential for unintended consequences from their activities. The well-intentioned nature of social enterprises may lead them to overlook certain complexities or to fail to fully grasp the intricacies of the social issues they aim to address. In order to counter the myth that social entrepreneurs only create positive social impacts at all times and under all conditions, it might be fruitful to organise training for social entrepreneurs to enable them to gain awareness of the views of different stakeholders. An effective way to reduce the naivety and ignorance of the sector might be for social entrepreneurs to be more exposed to beneficiaries and be confronted by any negative social impacts that may have arisen. Also, if a standard for the social enterprise sector is developed and that standard specifies the obligation for conducting evaluations and SIAs, social entrepreneurs will likely realise that there is a possibility of creating negative social impacts.

6.3. Relevant Policy Documents and Standards

There are many standards, declarations and conventions that potentially could provide guidance relevant to the social enterprise sector and to any attempt to develop a standard for the sector. They address many issues that should be considered by social enterprises (as well as by all other organisations), including adequate[1] attention in relation to: environmental, social and governance issues; human rights; worker's rights; children's rights; the right of affected communities to be fully informed and to participate in decision making; transparency and accountability; the effective management of any negative environmental, social and psychosocial impacts on all stakeholders; the protection of culture and cultural heritage; special attention to the needs of vulnerable peoples; respect for Indigenous people's rights; making efforts towards gender equity and awareness of intersectionality; ensuring community health, safety and security; the provision of benefits to host communities (benefit sharing); and the need for monitoring and evaluation (Vanclay & Hanna, 2019). Just as corporations would normally have ISO 9001 accreditation for the quality assurance system, and ISO 14001 accreditation for their

[1] The word 'adequate' is consistently used in conjunction with human rights. There is a well-elaborated discussion on the meaning of 'adequate', including the AAAQ Framework of availability, accessibility, acceptability, and quality. https://gbvguidelines.org/wp/wp-content/uploads/2019/11/AAAQ-framework-Nov-2019-WEB.pdf

environmental management system, an appropriate management system for how they manage their social issues might be expected. Given that social enterprises are in the social business of the social economy, they clearly should have some ISO-like system for managing the social issues arising from their activities.

In the following pages of this section, an overview is provided of relevant standards, declarations, and conventions that could inform the development of a standard for the social enterprise sector. These documents are grouped according to the five level typology that Esteves et al. (2012) established for the fields of social performance and social impact assessment (somewhat revised):

1. Inter-governmental organisations, such as the United Nations, the European Union, the International Labour Organization, the OECD, etc.
2. International financial institutions (and the Multilateral Development Banks), such as the World Bank, the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), and the European Investment Bank, etc.
3. Multi-stakeholder initiatives, such as the International Organization for Standardization, the Global Reporting Initiative, etc.
4. Sector-wide industry associations (umbrella bodies), such as (in the case of social enterprises), Social Value International, Social Enterprise World Forum.
5. Individual companies (corporate headquarters).

Because social enterprises are typically small organisations compared to corporations (e.g. very few are over 1000 employees), they generally do not have corporate or company level codes of practice (level 5), although arguably they should. In my searching to date, I have not been able to find any examples of social enterprises that have codes of practice/conduct that would meet what was intended by the fifth element in the list of Esteves et al. (2012) – of course, this does not mean that absolutely all social enterprises do not have such a code. Given that no example could be found, this level is not included in our lists of documents that follow.

Before proceeding to the lists of relevant documents, there are two significant overarching historical documents that deserve special mention: the 1945 *Charter of the United Nations* and the 1948 *Universal Declaration of Human Rights*. These two documents established the international human rights understanding, which arguably is (or at least should be) at the core of the corporate social responsibility discourse and of the actions of socially responsible businesses (Wettstein, 2012; Vanclay & Hanna, 2019). Apart from outlining the rights of people, they also establish the responsibilities (obligations, duties) of duty-bearers, which now include all business entities (United Nations, 2011).

Charter of the United Nations (1945)

The Charter of the United Nations (1945) is the foundational document that led to the establishment of the United Nations at the end of World War II. Although it addresses many procedural issues, such as how a country can be a member, and the functioning of the various organs of the United Nations, it also specified a number of key values. For example, the Preamble states that, "we the peoples of the United Nations … reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small". The Preamble also indicates that the purposes ("for these ends") of the United Nations include: "to promote social progress and better standards of life in larger freedom"; and "the promotion of the economic and social advancement of all peoples". Article 1, Clause 2, emphasised "respect for the principle of equal rights" and the "self-determination of peoples". Article 1, Clause 3 stressed "promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion".

Universal Declaration of Human Rights (1948)

As already mentioned, the Universal Declaration of Human Rights (1948) is the fundamental basis of the current understandings of human rights. An international drafting team of nine people led by Eleanor Roosevelt produced a text that was widely supported by the members of the United Nations. The articles (see Box 1) cover a range of topics including basic principles about equality and non-discrimination, dignity of all persons, civil and political rights, and fundamental freedoms. The Declaration, which was written shortly after World War II, strongly advocates "freedom, justice and peace in the world" and condemns "barbarous acts which have outraged the conscience" of people. To ensure ongoing peace, the Preamble of the Declaration defends the rights of citizens to participate in governance, voice their opinions freely, and states that it is essential to rebel against tyranny and oppression. Finally, there is a strong promotion of social progress and improved quality of life for all peoples. These are highly consistent with the objectives of most social enterprises.

BOX 1: the Articles of the Universal Declaration of Human Rights
(slightly modified extracts)

Article 1: "All human beings are born free and equal in dignity and rights";
Article 2: "Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status";
Article 3: "Everyone has the right to life, liberty and the security of person".
Article 4: "No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms."
Article 5: "No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment."
Article 6: "Everyone has the right to recognition everywhere as a person before the law."

Article 7: "All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination."

Article 8: "Everyone has the right to an effective remedy by the competent national tribunals for acts violating the fundamental rights granted him by the constitution or by law."

Article 9: "No one shall be subjected to arbitrary arrest, detention or exile".

Article 10: "Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him."

Article 11: "1. Everyone charged with a penal offence has the right to be presumed innocent until proved guilty according to law in a public trial at which he has had all the guarantees necessary for his defence." …

Article 12: "No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks".

Article 13: "1. Everyone has the right to freedom of movement and residence within the borders of each State.
2. Everyone has the right to leave any country, including his own, and to return to his country."

Article 14 "1. Everyone has the right to seek and to enjoy in other countries asylum from persecution.
2. This right may not be invoked in the case of prosecutions genuinely arising from non-political crimes or from acts contrary to the purposes and principles of the United Nations."

Article 15: "1. Everyone has the right to a nationality. 2. No one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality."

Article 16: "1. Men and women of full age, without any limitation due to race, nationality or religion, have the right to marry and to found a family. They are entitled to equal rights as to marriage, during marriage and at its dissolution.
2. Marriage shall be entered into only with the free and full consent of the intending spouses.
3. The family is the natural and fundamental group unit of society and is entitled to protection by society and the State."

Article 17: "1. Everyone has the right to own property alone as well as in association with others.
2. No one shall be arbitrarily deprived of his property."

Article 18: "Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance."

Article 19: "Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers."

Article 20: "1. Everyone has the right to freedom of peaceful assembly and association.
2. No one may be compelled to belong to an association."

Article 21: "1. Everyone has the right to take part in the government of his country, directly or through freely chosen representatives.
2. Everyone has the right to equal access to public service in his country.
3. The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures."

Article 22: "Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality."

Article 23: "1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
2. Everyone, without any discrimination, has the right to equal pay for equal work.
3. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
4. Everyone has the right to form and to join trade unions for the protection of his interests."

Article 24: "Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay"

Article 25: "1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.
2. Motherhood and childhood are entitled to special care and assistance.

All children, whether born in or out of wedlock, shall enjoy the same social protection."

Article 26: "1. Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.
2. Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace"

Article 27: 1. Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits.
2. Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.

Article 28: Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized.

Article 29: 1. "Everyone has duties to the community in which alone the free and full development of his personality is possible." …

Article 30 (revised for comprehensibility): Nothing in this Declaration may be interpreted as implying that any entity may engage in any activity aimed at destroying the rights and freedoms in this Declaration.

Summary of Key Documents from Inter-Governmental Organisations

By 'inter-governmental organisations', we mean any significant grouping of governments from several countries. The most obvious examples are the United Nations and its related entities, but other bodies like the European Commission, the Organisation for Economic Cooperation and Development (OECD) are also important. Inter-governmental organisations also exist for every region of the world, for example the African Union, the Association of Southeast Asian Nations (ASEAN), etc. Table 6.2 describes some key documents from inter-governmental organisations that are relevant to social enterprises.

Table 6 2: Key Documents from Inter-Governmental Organisations

Agreement	Explanation
United Nations International Covenant on Civil and Political Rights (1966a)	With this covenant, the signatory states undertake to respect the civil and political rights of individuals, including the right to life, freedom of religion, freedom of expression, freedom of assembly, election rights, and fair trial.
United Nations International Covenant on Economic, Social and Cultural Rights (1966b)	In this covenant (Article 7), issues such as fair wages to workers, equal pay for equal work especially for women, providing a safe and healthy working environment, ensuring justice in appointment and promotion, and recognizing social rights were emphasised. In addition, the social rights of all employees were emphasised.
United Nations Convention on the Elimination of all Forms of Discrimination against Women (1979)	The ongoing discrimination against women led to the need for States to take much greater action to ensure that the equal rights of women would be upheld. Specifically, in Article 2, states are expected: (a) “To embody the principle of the equality of men and women in their national constitutions or other appropriate legislation”; (b) “To adopt appropriate legislative and other measures, including sanctions where appropriate, prohibiting all discrimination against women”; (c) “To establish legal protection of the rights of women on an equal basis with men and to ensure through competent national tribunals and other public institutions the effective protection of women against any act of discrimination”; (d) “To refrain from engaging in any act or practice of discrimination against women and to ensure that public authorities and institutions shall act in conformity with this obligation”; (e) “To take all appropriate measures to eliminate discrimination against women by any person, organization or enterprise”; (f) “To take all appropriate measures, including legislation, to modify or abolish existing laws, regulations, customs and practices which constitute discrimination against women”; and (g) “To repeal all national penal provisions which constitute discrimination against women”.

United Nations Convention on the Rights of the Child (1989)	This Convention touched upon some additional basic human rights of children, taking into account their vulnerability. There were four main principles: Non-discrimination (Article 2); Best interests of the child (Article 3); Right to life and development (Article 6); and the Right to participate in decision-making processes (Article 12).
United Nations Convention against Corruption (2004)	The main purposes of this Convention are (Article 1): (a) encouraging and strengthening measures to prevent corruption and make the fight against corruption more effective and efficient; (b) promoting, facilitating and supporting international cooperation and technical assistance in the prevention and fight against corruption, including the take-back of assets; (c) promoting integrity, accountability and the proper management of public affairs and public property.
United Nations Convention on the Rights of Persons with Disabilities (2007a)	This Convention deals with the fact that people with disabilities should not be discriminated against in any way, including in relation to all rights, such as accessing education, health and employment (Article 3, 4, 5). Key principles of the Convention include respect for dignity, non-discrimination, full and effective participation and inclusion, equality of opportunity, and accessibility. The convention also highlights the importance of promoting awareness about disability, combating stereotypes and prejudices, and ensuring access to justice and legal protection.
United Nations Declaration on the Rights of Indigenous Peoples (2007b)	This declaration was adopted by the United Nations General Assembly following a long struggle to recognise Indigenous peoples rights. It promotes and protects the rights of Indigenous peoples around the world. The Declaration sets out a comprehensive framework of minimum standards for the survival, dignity, wellbeing, and rights of Indigenous peoples. It addresses a wide range of issues, including self-determination, land and resources, cultural rights, language, education, health, and development. It emphasises the importance of Free, Prior, and Informed Consent (FPIC) in relation to any activity that may affect Indigenous peoples' lands, resources, or cultural heritage. The Declaration calls for non-discrimination and equality for Indigenous peoples, as well

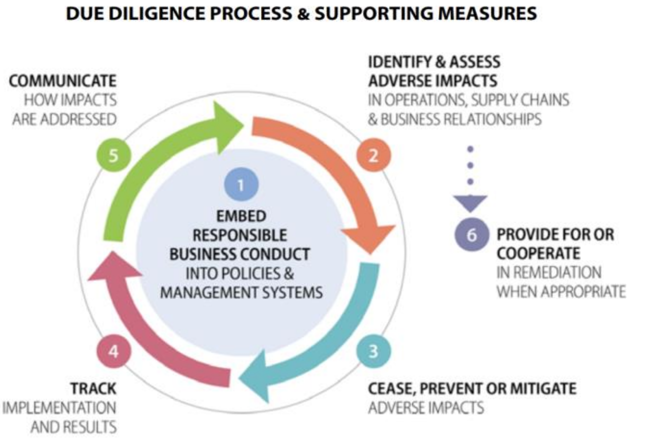
	as the right to participate fully and effectively in decision-making processes that affect their rights and interests. It also urges states to take measures to address historical injustices and promote reconciliation with Indigenous peoples. As a declaration, it is not legally binding, but it carries significant moral and political weight. It has played a crucial role in raising awareness about the rights of Indigenous peoples and has served as a guide for governments, organisations, and Indigenous communities in developing policies and programs that respect and protect these rights.
United Nations Guiding Principles on Business and Human Rights (2011)	The United Nations *Guiding Principles on Business and Human Rights* (UNGP) arose after a long process of consideration of the responsibilities of business in relation to human rights. The UNGP comprises three 'pillars' (protect, respect and remedy): the obligation of states to protect citizens against human rights harms; the responsibility of business to respect the human rights of all persons; and the need for effective access to remedy, both judicial and non-judicial. It would normally be expected that every organisation would have effective and functioning Grievance Redress Mechanisms. The UNGP can be applied for not only to all business enterprises, but to all organisations (public and private, for profit and not for profit), regardless of their size, sector, location, ownership, and structure. The UNGP stresses the importance of meaningful engagement with stakeholders, including affected communities and marginalised groups, to ensure that their perspectives and rights are respected and considered in business decision-making processes.
United Nations Global Compact on Refugees (2018)	Following ongoing discussions relating to refugees and their ongoing plight, this Global Compact sought to galvanise action for an improved response to refugees. It provides guiding principles, a discussion of root causes, a comprehensive refugee response framework, action plans, some tools and practical advice. It emphasised the rights of refugees, including the right to seek asylum as guaranteed in Article 14 of the Universal Declaration of Human Rights.
International Labour	This document is a collective summary of the key principles in relation to workers' rights. It addresses issues such as: freedom

Organization Declaration on Fundamental Principles and Rights at Work (1998) (amended 2022)	of association and the right to collective bargaining; elimination of all forms of forced or compulsory labour; abolition of child labour; elimination of discrimination in respect of employment and occupation; and the right to a safe and healthy working environment. It is particularly relevant to social enterprises because in some situations, under the guise of volunteering, a large number of child workers are employed without insurance and without adequate protections. It is vital that every social enterprise respects the rights of its professional staff and volunteers.
Our Common Future, The Report of the World Commission on Environment and Development (1987) (Brundtland Report)	The United Nations Commission on Environment and Development (Brundtland Commission) ran from 1983 to 1987. Chaired by Gro Harlem Brundtland, a former Prime Minister of Norway, it was tasked with considering the problems and solutions around environment and development, specifically the long term strategies to achieve sustainable development, gaining international cooperation, and dealing more effectively with environmental issues. It also had to create conceptual clarity around what sustainable development would mean and how it could be achieved. The report was very received and led to the 1992 Rio Conference on Environment and Development.
United Nations Rio Declaration on Environment and Development (1992)	The Rio Declaration was one of several key outcomes of the 1992 United Nations Conference on Environment and Development (or Earth Summit). It sought to "protect the integrity of the global environmental and developmental system". It reinforced the right of all peoples to develop, and championed the concept of sustainable development. Principle 1, for example, stated that: "Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature." Also, Principle 3 stated: "The right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations." Principle 4 stated that: "In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it." Other key principles included: Principle 5: "All States and all people shall cooperate in the essential task of eradicating poverty as an indispensable requirement for sustainable development, in order to decrease the disparities in standards of

	living and better meet the needs of the majority of the people of the world." Principle 8: "To achieve sustainable development and a higher quality of life for all people, States should reduce and eliminate unsustainable patterns of production and consumption and promote appropriate demographic policies." Principle 10: "Environmental issues are best handled with participation of all concerned citizens, at the relevant level. At the national level, each individual shall have appropriate access to information concerning the environment that is held by public authorities, including information on hazardous materials and activities in their communities, and the opportunity to participate in decision-making processes. States shall facilitate and encourage public awareness and participation by making information widely available. Effective access to judicial and administrative proceedings, including redress and remedy, shall be provided." Principle 11: "States shall enact effective environmental legislation. Environmental standards, management objectives and priorities should reflect the environmental and development context to which they apply." Principle 15: "In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation." Principle 16: "National authorities should endeavour to promote the internalization of environmental costs and the use of economic instruments, taking into account the approach that the polluter should, in principle, bear the cost of pollution, with due regard to the public interest and without distorting international trade and investment." Principle 17: "Environmental impact assessment, as a national instrument, shall be undertaken for proposed activities that are likely to have a significant adverse impact on the environment and are subject to a decision of a competent national authority." Finally, Principles 20, 21 and 22 are about the need to involve women, young people, and Indigenous peoples.
United Nations 2030 Agenda for	In 2015, the United Nations General Assembly adopted the *2030 Agenda for Sustainable Development*, which included the

<table>
<tr><td>Sustainable Development (and the Sustainable Development Goals) (2015)</td><td>Sustainable Development Goals (SDGs). The SDGs are a call to action that focus on solutions to social, cultural and ecological issues, covering 17 main topics.

</td></tr>
<tr><td>OECD Guidelines for Multinational Enterprises (original 1976, current version 2023)</td><td>The OECD is an organisation of governments of rich countries. This Guideline is a statement of their common expectations of corporate behaviour. It is updated every 10 years or so, with the current version being released in 2023. Corporations are expected to contribute to economic, environmental, and social progress and engage in fair competition. Corporations must respect human rights, including the rights of their employees and those affected by their operations. There are also recommendations on responsible business conduct and on topics such as employment, industrial relations, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation. Clause 2.A.11 encourages enterprises to “Carry out risk-based due diligence, for example by incorporating it into their enterprise risk management systems, to identify, prevent and mitigate actual and potential adverse impacts”.</td></tr>
<tr><td>OECD Due Diligence Guidance for Responsible Business Conduct (2018)</td><td>This document provides guidance on how corporations are expected to do ‘due diligence’ in order to be consistent with the OECD Guidelines for Multinational Enterprises. It therefore also covers a wide range of topics, including labour rights, human rights, environment, corruption, and the engagement of stakeholders. Businesses should adopt responsible business behaviour and identify and address the possible negative</td></tr>
</table>

	impacts of their activities. Organisations should monitor and report practices and results. The due diligence process was summarised as follows (OECD, 2018, p.21). 
G20/OECD Principles of Corporate Governance (2015)	The main objective of these principles is to promote transparency, accountability, and integrity in corporate governance, which contributes to the efficient functioning of financial markets, investor confidence, and sustainable economic growth. The principles cover a broad range of areas, including the rights and equitable treatment of shareholders, the role of stakeholders, the responsibilities of the Board of Directors, disclosure and transparency, and the governance of state-owned enterprises. Clause 5.A.2 recommended that, in addition to financial data, enterprises should disclose their objectives and performance regarding social issues such as human rights, environment, commitment to public policies and business ethics.
OECD/European Union Policy Brief on Scaling the Impact of Social Enterprises (2016)	In this document, policy recommendations were made about the activities social enterprises should carry out to survive and grow in the competitive market. Cooperation mechanisms, knowledge-sharing, expansion and replication were emphasised for enhancing the outcomes of social enterprises. There were also policy recommendations regarding the challenges that social enterprises face and potential solutions that might be applicable to them.

OECD Designing Legal Frameworks for Social Enterprises: Practical Guidance for Policy Makers (2022)	This document explains what steps should be followed in the process of drawing up a legal framework for social enterprises. Some relatively successful and unsuccessful implementation examples from European countries were presented. The possible advantages and disadvantages of establishing a legal framework for social enterprises were listed. Finally, a performance evaluation checklist for the legal framework was provided.
The Social Business Initiative of the European Commission (2015)	The Social Business Initiative (SBI) has three main goals: facilitating and increasing the access of social enterprises to financial resources; increasing the visibility and awareness of social enterprises in the eyes of market actors and society; and giving social enterprises a legal status in the most optimal way. The SBI also emphasised the importance of measuring and reporting social impact, promoting social procurement, and mainstreaming social entrepreneurship in education and research programs. While the specific initiatives under the SBI have evolved over time, the European Commission continues to support social entrepreneurship and social innovation through various programs, funding opportunities, and policy initiatives. The SBI laid the groundwork for the recognition and advancement of social enterprises as key drivers of social and economic progress in Europe.

Summary of Documents from International Financial Institutions

According to Esteves et al. (2012), the second type of social performance standards are those that are developed by international financial institutions and the multilateral development banks. International financial institutions have principles regarding the projects they finance and impose certain obligations on the beneficiaries of the financing. In other words, they consider environmental and social impacts, as they aim for sustainable development rather than focusing solely on the financial issues. Some key social performance standards of the international financial institutions are described in Table 6.3.

Table 6 3: Key Documents from International Financial Institutions

Document	Explanation
IFC Performance Standards (2012)	The IFC is the private sector arm of the World Bank. It originally developed its independent Performance Standards in order to be more applicable to its private sector clients than the former World Bank safeguard policies. The IFC Performance Standards were highly regarded and became a model for other banks and for the Equator Principles (Vanclay & Hanna, 2019). The standards provide guidance in relation to managing the environmental and social risks and impacts associated with investment projects. The eight standards cover a range of issues, including: 'Assessment and Management of Environmental and Social Risks and Impacts' (PS1); 'Labor and Working Conditions' (PS2); 'Resource Efficiency and Pollution Prevention' (PS3); 'Community Health, Safety, and Security' (PS4); 'Land Acquisition and Involuntary Resettlement' (PS5); 'Biodiversity Conservation and Sustainable Management of Living Natural Resources' (PS6); 'Indigenous Peoples' (PS7), and 'Cultural Heritage' (PS8). Compliance with these standards is a requirement for projects seeking financing from the IFC.
World Bank Environmental and Social Framework (2017)	The World Bank Environmental and Social Framework (ESF) came into effect in 2018 as a set of policies and standards to guide the World Bank's investment projects and operations. The Framework aims to ensure that these projects are environmentally and socially sustainable, promoting positive development outcomes while minimising potential adverse impacts. It was largely based on the IFC Performance Standards, although two more standards were added. Thus, the World Bank has ten environmental and social standards including: 'Assessment and Management of Environmental and Social Risks and Impacts' (ESS1); 'Labor and Working Conditions' (ESS2); 'Resource Efficiency and Pollution Prevention and Management' (ESS3); 'Community Health and Safety' (ESS4); 'Land Acquisition, Restrictions on Land Use and Involuntary Resettlement' (ESS5); 'Biodiversity Conservation and Sustainable Management of Living Natural Resources' (ESS6); 'Indigenous Peoples/Sub-Saharan

	African Historically Underserved Traditional Local Communities' (ESS7); 'Cultural Heritage' (ESS8); 'Financial Intermediaries' (ESS9); and 'Stakeholder Engagement and Information Disclosure' (ESS10).
European Bank for Reconstruction and Development (2019)	The EBRD based their requirements on a modified version of the World Bank's Environmental and Social Framework. The EBRD requirements are: Assessment and Management of Environmental and Social Risks and Impacts (PR1); Labour and Working Conditions (PR2); Resource Efficiency and Pollution Prevention and Control (PR3) Health, Safety and Security (PR4); Land Acquisition, Restrictions on Land Use and Involuntary Resettlement (PR5) Biodiversity Conservation and Sustainable Management of Living Natural Resources (PR6); Indigenous Peoples (PR7); Cultural Heritage (PR8); Financial Intermediaries (PR9); and Information Disclosure and Stakeholder Engagement (PR10).
European Investment Bank Environmental and Social Standards (2022)	The standard was designed to ensure that projects funded by the European Investment Bank (EIB) are environmentally and socially sustainable, contributing to the overall goals of the European Union in terms of climate action, environmental protection, and social development. The EIB's environmental and social standards are updated to align with evolving international best practices and the EU's policy priorities. These standards ensure that the projects financed by the EIB adhere to stringent environmental and social criteria, promoting sustainable development and responsible investment practices. They are largely similar to those of the World Bank and EBRD, although a new standard has been introduced for 'climate change', and the Indigenous peoples standard has been expanded to cover 'Vulnerable groups, Indigenous peoples and gender'.
Equator Principles (2020)	The Equator Principles is a framework for financial institutions to identify, assess and manage environmental and social risks when financing projects. It is also an industry association for promoting better practice regarding the management of environmental and social risks. As at June 2023, 139 financial institutions in 39 countries were signatory to the Equator Principles. First developed in 2003, they are now in their fourth version (2020). There is much

	cross-referencing with the IFC Performance Standards. In addition to some general principles about respecting human rights, supporting the objectives of the 2015 Paris Agreement about climate action, and promoting conservation and biodiversity, the Equator Principles require that signatory banks ensure 10 steps (called principles) are applied to the projects they finance: Principle 1: Review and Categorization. Similar to screening in ESIA processes, projects are to be allocated into one of three categories on the basis of their potential environmental and social risks: A (significant impacts), B (limited impacts) and C (minimal or no impacts). Principle 2: Environmental and Social Assessment. For projects in Categories A and B, the borrower must conduct an ESIA. The ESIA should recommend appropriate mitigation and management measures relevant to the proposed project. Principle 3: Applicable Environmental and Social Standards. The projects must apply appropriate standards. The default version is the IFC Performance Standards and any industry-specific Health and Safety Guidelines (www.ifc.org/ehsguidelines). Principle 4: Environmental and Social Management System and Equator Principles Action Plan. For all projects in Categories A and B, the borrower must have an Environmental and Social Management System. Principle 5: Stakeholder Engagement. The project must undertake adequate stakeholder engagement in a culturally appropriate manner. Principle 6: Grievance Mechanism. The borrower must establish a grievance mechanism as part of the management system. Principle 7: Independent Review. An independent environmental and social expert, not directly related to the Borrower, reviews the documents related to the assessment, action plan and information/consultation process of projects in categories A and B and evaluates their compliance with the Equator Principles. Principle 8: Covenants. The borrower must undertake to comply with the requirements and conditions of the financing body, the Equator Principles, and relevant legislation, and submit periodic reports. The bank must apply covenants (penalties) to ensure compliance.

	Principle 9: Independent Monitoring and Reporting. An experienced external independent environmental and/or social expert is to be appointed to monitor and report to the bank throughout the life of the loan. Principle 10: Reporting and Transparency. The borrowing project must observe appropriate transparency of documentation, including making the ESIA available, including statements about human rights and climate change risks and impacts.

Summary of Documents from Multi-Stakeholder Initiatives

There are various international standards prepared by multi-stakeholder initiatives (MSIs). Sometimes they may be called 'Roundtables'. A MSI is some action that is undertaken by a consortium of parties. Typically, a MSI or roundtable refers to the inclusion of a diverse array of stakeholders, often bringing together governmental bodies, non-governmental organisations, industry groups, civil society and, potentially, project affected people, usually in a deliberative way (rather than just as a consultative exercise). MSIs are typically topic or industry specific and maybe temporary (ad hoc), short term, or ongoing. Although the participants in an MSI process typically have equal standing, usually there is a party that initiated the process, and there may be a driver, champion or charismatic entity that manages the process and/or ensures that outcomes are achieved. MSI processes are multi-stakeholder processes, and various governmental bodies can often play a key role, including being the sponsoring, initiating or driving party. In these situations, the MSI process or roundtable is the mechanism by which various stakeholders provide input for some purpose.

The International Organization for Standardization (ISO) is a very large MSI. ISO "brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges” (ISO, 2023, online). ISO is an independent, international, non-governmental organisation now based in Geneva, and was founded in 1947. Its members are 168 national standards bodies. ISO publishes some of the best-known international standards, which are developed in a MSI process, sometimes lasting many years. While the ISO 9001 standard (Quality Management Systems) stands out as the main quality standard, many standards have subsequently been developed specifically for various activities. Some ISO standards that might be related to the social enterprise sector are listed below in Table 6.4, as are a range of other standards developed by other MSIs.

Table 6 4: Key Documents from Multi-stakeholder Initiatives

Document	Explanation
ISO 9001:2015 Quality Management Systems	The ISO 9001 standard sets out criteria for a quality management system and is based on several quality management principles, including a strong customer focus, leadership involvement, process approach, and continuous improvement. It is applicable to any organisation, regardless of size or industry, and aims to enhance customer satisfaction through the consistent provision of products and services that meet customer and regulatory requirements. The standard requires organisations to establish and document processes, monitor their performance, and make improvements when necessary. It also emphasises the importance of risk-based thinking to identify and address potential issues that may impact product or service quality.
ISO 14001:2015 Environmental Management Systems	ISO 14001 is a standard about implementing an environmental management system (EMS) in an organisation. Arguably, EMS is applicable to organisations of all sizes, and could cover social as well as environmental concerns (Carruthers & Vanclay, 2007). An EMS assists the organisation’s management of environmental issues across all the activities of the organisation.

ISO 26000:2010 Guidance on Social Responsibility	ISO 26000 provides guidance to all organisations on promoting (corporate) social responsibility. The standard outlines seven core principles of social responsibility, including accountability, transparency, ethical behaviour, respect for stakeholder interests, respect for the rule of law, respect for international norms of behaviour, and respect for human rights. In ISO 26000, organisations are encouraged to create their own social responsibility strategies.
ISO 10002:2018 Quality Management — Customer Satisfaction — Guidelines for Complaints Handling in Organisations	This document is a management approach that enables businesses to establish and develop more efficient and long-term relationships with their customers. This standard primarily envisages fulfilling management commitments related to creating a customer-oriented environment that is open to feedback (including complaints), resolving each complaint received, and improving customer service.
ISO 45001:2018 Occupational Health and Safety Management Systems	ISO 45001 is an international standard that sets out requirements for occupational health and safety management systems. Organisations should strive to identify and reduce risk factors, which may include not only safety, but all aspects of one's physical and mental health and wellbeing.
Global Reporting Initiative (2023)	The Global Reporting Initiative (GRI) is an independent international organisation that has pioneered reporting on sustainability since 1997. The GRI helps businesses and governments around the world consider and work on critical sustainability issues such as climate change, human rights, governance and social welfare. Initially a standard for how sustainability reports should be prepared, the GRI has been expanded to address many more issues relevant to sustainability. For example, in GRI-203 (Indirect Economic Impact), the positive and negative social and environmental impacts that organisations can create are discussed as well as their economic impacts. GRI-

	414 (Supplier Social Assessment) addresses the potential negative social impacts of suppliers.
The Global Compact (2023)	The Global Compact (founded in 2000) is arguably the world's largest corporate sustainability initiative, with over 17,000 corporate members in over 160 countries. It is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals. It encourages organisations to take collaborative action to create a sustainable and inclusive global economy that benefits the world, all people, communities and markets. Ten Principles address the core responsibilities of businesses in the areas of human rights, labour, the environment, and anti-corruption. *Human Rights* Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses. *Labour* Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation. *Environment* Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies. *Anti-Corruption* Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.
Principles for Responsible Investment (2011)	The Principles for Responsible Investment (PRI) was launched in partnership with the United Nations Global Compact and the UNEP Finance Initiative. It encourages investors to pay attention to ESG issues. Signatories agree to abide by six principles: Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes. Principle 2: We will be active owners and incorporate ESG issues

	into our ownership policies and practices. Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest. Principle 4: We will promote acceptance and implementation of the Principles within the investment industry. Principle 5: We will work together to enhance our effectiveness in implementing the Principles. Principle 6: We will each report on our activities and progress towards implementing the Principles.
Voluntary Principles on Security and Human Rights (Voluntary Principles Initiative, 2000)	The Voluntary Principles on Security and Human Rights is an initiative aimed at promoting the protection of human rights during the provision of security services by companies operating in the extractive, energy, and other sectors. It is a multi-stakeholder initiative that involves governments, companies, and non-governmental organisations. The principles are based on international human rights laws. The key principles include: (1) *Respect for human rights:* companies should respect and support human rights as defined in international law; (2) *Risk assessment:* companies should assess the human rights risks associated with their security arrangements and take steps to mitigate those risks; (3) *Consultation:* companies should engage in meaningful consultation with local communities and other stakeholders to understand their concerns and seek their input on security practices; (4) *Training and oversight:* companies should provide training to their security personnel on human rights issues and establish mechanisms for monitoring and addressing human rights violations; and (5) *Grievance mechanisms:* companies should establish mechanisms to receive and address complaints related to human rights violations.
Voluntary Guidelines on the Responsible Governance of Tenure (FAO, 2022)	The Voluntary Guidelines on the Responsible Governance of Tenure (VGGT) provides guidance to governments, civil society organisations, and other stakeholders on how to improve the governance of tenure systems, address land-related challenges, and promote responsible practices. They aim to achieve four fundamental objectives. (1) *Legitimate tenure rights:* the VGGT emphasises the recognition and protection of legitimate tenure rights, including those of Indigenous peoples, local communities, and vulnerable groups. It promotes transparency, inclusivity, and

	participation in decision-making processes related to tenure rights. (2) *Responsible governance:* the VGGT advocates for responsible and accountable governance of tenure, emphasising the need for coherent policies and legal frameworks that ensure equitable access, promote gender equality, and prevent corruption and conflicts of interest. (3) *Sustainable resource management:* the VGGT promotes sustainable and responsible management of land, fisheries, and forests, considering environmental, social, and economic aspects. They encourage the integration of traditional knowledge and practices, as well as the conservation and restoration of ecosystems. (4) *Prevention of tenure-related conflicts:* the VGGT highlights the importance of preventing and peacefully resolving conflicts related to tenure rights. They emphasise the need for transparent and accessible mechanisms for resolving disputes and provide guidance on addressing land grabbing, forced evictions, and displacement.
B Corp Certification (B Lab, 2023)	B Lab is a nonprofit organisation that certifies and supports companies which meet rigorous social and environmental performance standards. B Lab is the network organisation behind the B Corp certification program. B Corp is a globally recognized certification of verified performance, accountability, and transparency that considers social factors, from employee benefits and charitable giving to supply chain practices and input materials. Companies seeking B Corp certification undergo an assessment process, which includes providing evidence of their practices and meeting specific performance requirements. B Lab verifies the information provided by companies and conducts an assessment to ensure their compliance with B Corp standards. To become a certified B Corp, a company must go through the following six steps. Step 1: *Initial Assessment:* The company starts by completing the B Impact Assessment, a comprehensive evaluation of its social and environmental impacts. The assessment covers various areas, including governance, workers, community, environment, and customers. It measures the company's performance in these areas and assesses its overall impact. Step 2: *Verification and Improvement:* After completing the assessment, the company's responses and supporting documentation are reviewed by B Lab. B Lab may request additional information or clarification to verify the accuracy of the company's claims. The company also receives a

	report that highlights areas for improvement. Step 3: *Performance Requirements:* To achieve B Corp certification, the company must meet certain performance requirements. Step 4: *Legal Requirements:* B Corps are required to amend their governing documents to reflect their commitment to considering the interests of stakeholders beyond shareholders. This includes considering the impact of business decisions on employees, communities, and the environment. Step 5: *Declaration of Interdependence:* As part of the certification process, the company must sign the Declaration of Interdependence, which is a statement of values and commitment to creating positive social and environmental impacts. Finally, Step 6: *Certification and Recertification:* Once the company meets the requirements, it is awarded B Corp certification. The company can then use the B Corp logo and label. B Corps are required to undergo recertification every three years to maintain their certification and demonstrate ongoing commitment to the B Corp standards.
Social Accountability SA8000:2014	This standard was originally created in 1989 by Social Accountability International (SAI). The current version is 2014. It addresses: Child Labour; Forced or Compulsory Labour; Health and Safety; Freedom of Association and Right to Collective Bargaining; Discrimination; Disciplinary Practices; Working Hours; Remuneration; Management System.
The International Fair Trade Charter (WFTO, 2018)	The International Fair Trade Charter outlines the vision, principles, and values of the global fair trade movement. It was collectively developed by the three international fair trade networks: Fairtrade International; the World Fair Trade Organization (WFTO); and the Network of European Worldshops. The Charter serves as a unifying framework for all actors within the fair trade movement, including producers, traders, consumers, advocates, and organisations. It aims to strengthen the fair trade movement's impact and solidarity while promoting fairness, justice, and sustainability in global trade. The Charter is based on six core principles: (1) creating opportunities for economically disadvantaged producers; (2) transparency and accountability; (3) fair trading practices; (4) payment of a fair price; (5) gender equity and women's economic empowerment; and (6) environmental sustainability.

Summary of Documents Developed for the Social Enterprise Sector

Here, the standards of organisations directly operating in the social enterprise sector are introduced (see Table 6.5).

Table 6 5: Documents Developed for the Social Enterprise Sector

Document	Explanation
Seven Principles of Social Business (Yunus, 2009)	Muhammad Yunus was the founder of the Grameen Bank (the 'bankers to the poor') and founder of the concept of microcredit. He was awarded the Nobel Peace Prize in 2006. He advocates for 'social business', which is substantially similar to a NGSE. At a speech at the World Economic Forum in Davos in 2009, he outlined the seven principles he considered underpinned social business. (1) *Focus on social objectives*: a social business should be established with the primary aim of addressing a social problem or meeting a social need rather than maximising profits; *(2) Financial and economic sustainability*: despite its social objectives, a social business should be financially self-sustainable and generate enough revenue to cover its costs and operational expenses; (3) *Investors only get their investment back*: investors in a social business can receive their initial investment back over time. However, the surplus generated by the business should be reinvested to further the social mission; (4) *Profit reinvestment*: any profit generated by the social business is reinvested into the business itself or used to further its social mission, rather than being distributed to the investors as dividends; (5) *Environmentally conscious and gender sensitive:* social businesses should operate in an environmentally sustainable manner, taking into account the impacts of their activities on the environment and promoting eco-friendly practices. Also, social businesses should actively recognise, acknowledge, and address gender disparities and promote gender equality in all aspects of their organisation's operations, policies, and practices; (6) *Workforce welfare*: the welfare of employees and volunteers has importance, and there must be fair wages, safe working conditions, and opportunities for personal and professional development; and *Do it with joy:* the social business should be based on a sense of purpose and passion.

Ten Principles of Fair Trade (WFTO, 2013) and the Guarantee System (WFTO, 2019)	The World Fair Trade Organization (WFTO) is a global network of organisations that promote and support social enterprises and fair trade. They have embraced 10 Principles. The WFTO Guarantee System combines verification of fair trade and social enterprise into one process. It verifies that an enterprise is mission-led, and that it considers the interests of all stakeholders.  Source: WFTO, 2013
The Principles of Social Value (Social Value International, 2021)	Social Value International promotes the principles and practices of social value measurement and management. These include: involve stakeholders; understand what changes; value the things that matter; only include what is material; be transparent; verify the result; and be responsive. These principles are similar to SROI. They guide organisations in assessing and managing their social value, helping them understand the positive and negative impacts they create, and making informed decisions to maximise their social value contribution.
Social Enterprise Verification (Social Enterprise World Forum, 2023)	The Social Enterprise World Forum requires social enterprises seeking verification to provide evidence for six items. These items are as follows: “(1) *Mission*-The social enterprise has a primary social or environmental mission at the core of their operations; (2) *Ethics*-The social enterprise is transparent about and accountable to their mission and aspires to the highest ethical business standards in all internal and external dealings; (3) *Income*-The social enterprise generates the majority (51% or more) of its operating income from trade, the sales of products and services, including grants for product outputs or services. If a social enterprise is in its start-up phase (2-3 years) or is engaged with a significant capital project, expansion or

	scaling, traditional operating income will be considered separately from grants and other funding sources used to grow and scale; (4) *Surplus*-The social enterprise reinvests the majority (51% or more) of their surpluses in pursuit of their mission; (5) *Ownership*-The social enterprise is controlled in the interests of the enterprise's mission, not individually controlled and, depending on available legal structures, are traditionally autonomous of state; and (6) *Mission Lock*-The social enterprise will have provisions to maintain mission primacy through periods of transition (e.g. change in management, change in ownership, dissolution) and ensure that resources are used in line with the organisation's mission instead of being used for private gain."
Social Enterprise Mark (Social Enterprise Mark Company, 2023)	Social Enterprise Mark is a 'Community Interest Company' (CIC), which is a category of business entity established in the United Kingdom for social enterprises that use their profit for the public good. Social Enterprise Mark provides a globally recognized accreditation for social enterprises. It awards organisations that can demonstrate their commitment to operating as genuine social enterprises, using their business activities to create positive social and environmental impacts. To achieve accreditation as a 'Social Enterprise Mark', an organisation must undergo an independent assessment against a set of criteria that evaluates its social mission, ethics, governance, financial transparency, and impact measurement. There are different levels of accreditation. For example, while 'Social Enterprise Mark' requires social enterprise good practice, 'Social Enterprise Excellence Gold Mark' requires excellence. There are many benefits of being accredited. First, the mark provides external (independent) evidence that an organisation operates as a genuine social enterprise, distinguishing it from traditional for-profit businesses. Second, the accreditation demonstrates a commitment to social and environmental values, which can enhance an organisation's reputation and build trust with customers, partners, and stakeholders. Third, the accredited social enterprises become part of a network of like-minded organisations, gaining access to resources, training, and support from the social enterprise community. Fourth, the mark can be used as a marketing tool to differentiate and promote an organisation's products and services, and opens up potential business opportunities with socially conscious consumers and partners. Finally, the mark emphasises the

	importance of measuring and reporting social and environmental impacts, helping organisations to monitor and improve their performance.

Initial Reflections on the applicability of International Standards to the Social Enterprise Sector

There is a wide range of standards, declarations and conventions that have some potential applicability and/or relevance to the social enterprise sector (see Tables 6.2 to 6.5). Nevertheless, none of these meet all of the specific needs of the social enterprise sector. For example, social enterprises still do not have a separate legal structure, the rights of volunteers are not clear, taxation and auditing issues are problematic, and there is little consideration of beneficiaries and host communities. Therefore, developing a standard specifically for the social enterprise sector is vital for the development of the sector and ultimately achieving sustainable solutions to social problems.

A personal reflection might be that, as a scholar's familiarity with all the international standards increases, not only is it obvious that social enterprises, especially larger ones, should be aware of these standards and that they potentially could utilise some of them (or some aspects of them), it is also surprising that there is not yet an adequate established standard for the social enterprise sector.

In Table 6.5, two of the entries could be regarded as 'standards' for the social enterprise sector (Social Enterprise Verification and Social Enterprise Mark). However, both were manifestly inadequate in addressing all the issues that a social enterprise would need to address, especially in relation to impacts on beneficiaries and host communities.

In Table 6.4, several of the standards arguably could be used by social enterprises, notably B Corp, ISO 26000, ISO 14001, and ISO 9001, with B Corp arguably being the most relevant (and had been considered by Turkey B).

Searching on the internet (including directories of B Corp accredited organisations) reveals that hundreds of social enterprises are B Corp accredited. Closely examining the requirements of B Corp reveals that they primarily target for-profit companies, and according to the Wikipedia entry on B Corp, there have been accusations of greenwashing. However, in their defence, B Corp is not only an accreditation mechanism, it intends to be a process of transformation. Although B Corp could be relevant, because it does not focus primarily on the social enterprise sector, various key issues are not addressed, and therefore even if B Corp would be used, some other international body would have to address key issues around the legal structure of social enterprises.

ISO 26000 is meant to be applicable to all organisations, including social enterprises. However, ISO 26000 is criticised by some scholars for various reasons (Hemphill, 2013; Hahn & Weidtmann, 2016). Furthermore, ISO 26000 specifically states that it is only guidance and not a standard, and that it must not be used for accreditation purposes. It is a very general high level document that fails to address most of the specific issues that affect social enterprises. Thus, like B Corp, even if it was to be used, it would not be sufficient on its own. ISO 14001 and ISO 9001 potentially would help a large scale social enterprise, but as with the other standards discussed above, do not address the specific issues of social enterprises.

6.4. Reflections on Possible Issues to Be Included in a Draft International Standard for Social Enterprises

Initial Thoughts on Why the Social Enterprise Sector Needs a Separate Standard

The idea that an international standard for social enterprises was needed was an underlying assumption in this research, and was one of the questions in the interviews (see Section 4.2). Before starting my PhD, my previous experience with the social entrepreneurship sector already alerted me to various problems in the sector, including the complexities around the status and standing of social enterprises. Therefore, it was evident that this should be an aspect of the research. In response to the specific question on whether a separate standard was needed, of the 10 interviews conducted (4 case studies and 6 experts), 9 strongly believed that having an international standard was essential. Furthermore, many of the interviewees had already indicated this in their replies to earlier questions (i.e. before I got to the question about having a separate standard). With such a strong argument that a standard was needed, the remaining considerations are: why a separate standard was needed (i.e. why no existing standard was adequate); and what the elements of such a standard might be.

Why the Interviewees and Secondary Sources Think a Separate Standard is Needed

As indicated above, almost all interviewees agreed on the need to develop a standard specific to the social enterprise sector. In general, they gave very consistent answers about this. Also, the need for a specific standard was much mentioned in many secondary sources. Perhaps one of the key reasons for a separate standard was the inadequate legal structure that currently exists in most jurisdictions, resulting in social enterprises spanning a wide range of legal entities, such as NGOs, associations, foundations, cooperatives, and private sector enterprises. The taxation levels, profit margin and mission-profit balance of social enterprises differ for many reasons. Arguably, this undermines fair competition. In order to be able to operate effectively, social enterprises may have to run parallel entities, such as a private sector enterprise and a foundation, association or cooperative, and to channel funds between the entities.

With no standard and appropriate legal structures, social enterprises may appear to lack transparency and accountability in the eyes of many stakeholders, such as investors, affected people, public institutions, etc. The uncertain legal status, and the need for social enterprises to find creative ways to work around inappropriate regulations can lead to complexities with auditing and control mechanisms. Thus, these mechanisms may not be implemented, or are ineffective. This can lead to malpractice, and to the perception that corruption may exist in the social enterprise sector.

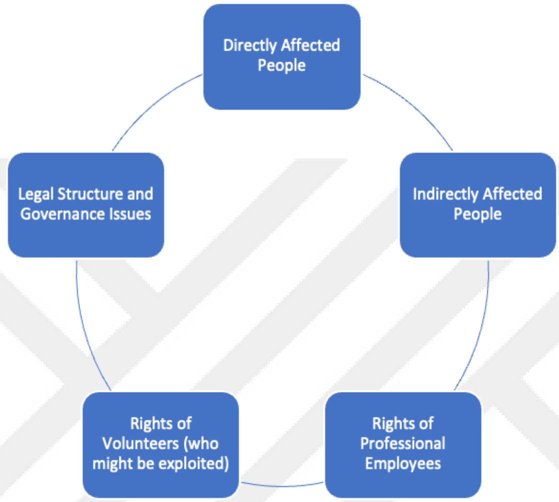
The absence of a standard increases the possibility of negative social impacts of social enterprises on those directly and indirectly affected by their operations. The vast majority of social enterprises do not conduct SIA, do not consider the potential for social impacts to arise, and do not manage the negative impacts of their projects. However, the general view within the sector is that a standard would likely encourage social enterprises to conduct SIA.

There is a general view that volunteers are exploited in many social enterprises due to the lack of a standard. In addition, full-time professional employees in social enterprises often experience some problems in obtaining their basic rights. Furthermore, calls for collaboration that are made by public authorities are typically designed either for the private sector or for the non-governmental sector, with social enterprises falling between the cracks. The absence of any legal structure and standard makes it difficult for social enterprises to cooperate with actors in other sectors. In addition, social enterprises have difficulties in making international collaborations. International actors find it impossible to establish whether a social enterprise is reliable or not, and this damages the opportunities for internationalisation.

The Possible Elements of a Draft International Standard

In the development of a standard specific to social enterprises, an obvious first starting point is the various documents on human rights, especially the Universal Declaration of Human Rights. As a result of all my research, I decided it was appropriate to develop a framework for thinking about a standard specific to the social enterprise sector. I deduced that there were five key aspects of social enterprises that would have to be addressed in a standard (see Figure 6.3). These are discussed in more detail below.

Figure 6 3: Five Key Aspects of Social Enterprises



Source: Author

Legal Structure and Governance Issues

Just as NGOs carry out their activities under an NGO legal entity, and as private sector enterprises offer products and services in accordance with the legal identity subject to private sector regulations, social enterprises should have a separate legal structure that is appropriate for their context. However, social enterprises currently have to operate under different legal entities such as associations, foundations, cooperatives, and social cooperatives. To overcome the complex and problematic situation regarding legal status, it is of great importance for social enterprises to have an appropriate legal structure. In the development of an appropriate structure, it is important to realise that, in terms of mode of operation, social enterprises are social enterprises, not other types of entity:

- Social enterprises are not foundations;
- Social enterprises are not associations;
- Social enterprises are not cooperatives;

- Social enterprises are not social cooperatives;
- ***Social enterprises are social enterprises.***

A separate legal structure for social enterprises would ***provide clarity and transparency*** about the social and environmental impacts these businesses aim to achieve. It would establish a clear framework for evaluating their impacts. Another potential benefit of a separate standard might be about ***accountability and credibility.*** It might help providing credibility among affected people, investors, and partners who seek assurance that the activities of the social enterprise genuinely make a positive difference in society. With a separate standard, social enterprises can adopt a unified framework for reporting their social and environmental performance. This will promote ***consistency and comparability*** across different organisations, enabling stakeholders to assess and compare their impacts more effectively. A legal structure can also facilitate ***access to specific funding opportunities*** and support mechanisms tailored to social enterprises. In general, having a separate legal structure will encourage social enterprises to ***integrate impact management*** into their core decision-making processes. It will enable them to assess the trade-offs between social and financial goals, make informed choices, and continuously improve their impact over time. In addition, a recognized standard will allow social enterprises to ***distinguish themselves*** from traditional for-profit and/or from non-profit organisations. It will help stakeholders to identify businesses that align with their values and priorities, thereby creating a distinct market niche for social enterprises. A legal structure can serve ***as a powerful advocacy tool to shape policies and regulations*** that support their growth and impact. It will provide a common language and evidence base for engaging with policymakers and promoting an enabling environment for social entrepreneurship. Overall, a separate legal structure for social enterprises will enhance their visibility, credibility, and impact assessment, enabling them to better fulfil their social and environmental mission, while fostering a more sustainable and inclusive economy.

Directly Affected People

Directly affected people are typically the intended beneficiaries of the social enterprise, but they can also be those people who are directly negatively affected by the activities of the social enterprise. Directly affected people and communities have certain rights and should be considered as key stakeholders of social enterprises. Drawing on Vanclay and Hanna (2019) and a range of other sources, some of the rights of directly affected communities that social enterprises should respect and uphold are discussed below.

First of all, communities should have ***the right to express their concerns*** and should have ***the right to participate in decision-making processes*** that affect them. Social enterprises should actively involve community members in the planning, implementation, and evaluation of projects, ensuring their voices are heard and their perspectives are taken into account. Secondly, when a social enterprise's activities directly impact a community, the affected community has the right to give or withhold its consent, which should be based on adequate information and understanding of the potential impacts and benefits. Affected communities have ***the right to access accurate and timely information*** about the activities, impacts, and risks associated with social enterprises. ***Free, prior, and informed consent*** is particularly important when social enterprises conduct projects with Indigenous peoples, and arguably should apply to all peoples.

If the activities or projects of a social enterprise have negative impacts on surrounding communities, those communities have ***the right to expect appropriate mitigation measures***. Social enterprises should also proactively identify potential indirect impacts and implement measures to minimise negative consequences. In addition, communities should receive ***fair compensation*** for any adverse impacts caused by the activities of social enterprises. This includes compensation for land use, loss of livelihoods, environmental damage, or any other negative consequences resulting from the social enterprise's operations.

Communities should have the opportunity to ***share in the benefits (benefit-sharing)*** generated by social enterprises. This can include economic benefits such as employment opportunities, training, capacity building, revenue sharing, or community development initiatives that improve the well-being of the affected community. Most of the social enterprises have a false assumption that they do not harm the environment. However, it might occur as a result of social enterprises' activities as well and communities have ***the right to live in a clean and healthy environment***. For this reason, social enterprises should strive to minimise and mitigate any negative environmental impacts resulting from their activities, ensuring responsible resource use, pollution prevention, and ecological conservation.

Social enterprises should ***respect and protect the cultural heritage, traditional knowledge***, ***and identity of the affected communities***. This includes recognizing and preserving cultural practices, respecting sacred sites, and promoting cultural diversity. ***Transparency and open communication channels*** should be established to ensure communities are well-informed and can actively engage in decision-making processes. Social enterprises should ensure ***fair and accessible grievance mechanisms*** that allow community members to raise concerns, complaints, or grievances related to the enterprise's activities. These mechanisms should provide avenues for resolution and remedy, ensuring accountability and justice. Social enterprises should ***promote non-discrimination and social inclusion*** within affected communities. They should ensure that disadvantaged groups, including women, Indigenous peoples, and minorities, have equal opportunities to participate, benefit, and be represented in decision-making processes. Communities have ***the right to sustainable***

development, where the activities of social enterprises contribute to the long-term well-being of the community without compromising future generations' ability to meet their own needs.

Respecting and upholding these rights is crucial for social enterprises to build positive and mutually beneficial relationships with the communities they directly affect. By ensuring community empowerment, inclusivity, and fair treatment, social enterprises can maximise their positive social impacts (minimise their negative social impacts) and contribute to sustainable development.

Indirectly Affected People

Indirectly affected communities, although not directly located in the immediate vicinity of a social enterprise's activities and projects, may still experience certain impacts. It is important for social enterprises to recognize the rights of these communities and address their concerns. In fact, the rights of directly affected communities and indirectly affected communities are largely similar. By recognizing and respecting the rights of indirectly affected communities, social enterprises can foster trust, build positive relationships, and contribute to sustainable and inclusive development. Engaging with these communities in a meaningful way and addressing their concerns can lead to more equitable outcomes and long-term positive social impacts.

Rights of Employees

Employees of social enterprises, like employees in any organisation, are entitled to certain rights and protections (ILO, 1998). Here, some issues that social enterprises should consider in relation to their employees are discussed. First, employees should have a ***written employment contract*** that outlines the terms and conditions of their employment, including job responsibilities, working hours, compensation, benefits, and termination procedures. The contract should comply with applicable labour laws. Employees should ***be treated fairly and without discrimination*** based on factors such as race, gender, religion, age, disability, sexual orientation, or any other protected characteristics. Equal opportunities should be provided to all employees. Employees should receive ***fair compensation*** for their work, commensurate with their skills, experience, and responsibilities. Social enterprises should also ***provide appropriate employee benefits***, such as health insurance, retirement plans, and paid leave, in compliance with local labour laws. Employees should have clearly defined working hours that comply with applicable labour laws. They should be provided with ***reasonable rest breaks***, meal breaks, and time off in accordance with local regulations. Social enterprises have a responsibility to ***provide a safe and healthy working environment*** for their employees. This includes implementing appropriate health and safety measures, providing necessary training, and addressing any workplace hazards or concerns. Employees should be provided with ***opportunities for professional growth and development***. This can include training programs, workshops, mentoring, or educational support to enhance their skills and knowledge. Social enterprises should ***have a grievance mechanism*** in place that allows employees to voice their concerns or complaints in a safe and confidential manner. The organisation should address these concerns promptly and take appropriate actions. Employees should be provided with ***job security*** to the extent possible, with ***clear procedures for termination*** and fair treatment in cases of dismissal or redundancy. Termination should be conducted in accordance with applicable labour laws and due process. Social enterprises should ***respect the privacy of their employees*** and handle their personal information in compliance with relevant data protection laws and regulations. In cases where employees have the right to join or form unions or other representative bodies, social enterprises should ***respect and facilitate their employees' freedom of association and***

collective bargaining rights.

It is essential for social enterprises to familiarise themselves with the labour laws and regulations in their respective jurisdictions to ensure that they fulfil their obligations towards their full-time employees. Creating a supportive and respectful work environment fosters employee satisfaction, productivity, and long-term success for the organisation.

Rights of Volunteers

Volunteers play a crucial role in the operations and impact of social enterprises. Since the volunteers who provide services in social enterprises often work naively and in good faith, exploitation can occur. For this reason, it is important that volunteers are aware of their rights and that social enterprises respect the rights of volunteers. Otherwise, volunteers may face problems in terms of mental and physical health due to long, unhealthy and difficult working conditions. While the specific rights of volunteers may vary depending on local laws and organisational policies, there are certain fundamental rights and considerations that social enterprises should uphold to ensure a positive volunteer experience. Volunteers should ***be treated with respect, dignity, and fairness*** throughout their engagement with the social enterprise. Their contributions, skills, and time should be valued and recognized. Volunteers ***should not face any form of discrimination*** based on factors such as race, gender, religion, age, disability, sexual orientation, or any other protected characteristics. ***Equal opportunities*** should be provided to all volunteers. Social enterprises have a ***responsibility to provide a safe and healthy working environment*** for volunteers. This includes ensuring proper training, appropriate equipment and resources, and addressing any health and safety concerns. Volunteers should be provided with ***clear information about their roles, responsibilities, and expectations***. This includes details about the tasks they will undertake, the duration of their commitment, and any necessary training or support. Volunteer engagement should be voluntary, without any form of coercion or exploitation. Volunteers ***should have the freedom to join and to leave the social enterprise*** as they wish, without repercussions. Social enterprises should ***provide adequate training, orientation, supervision, and ongoing support*** to volunteers. This ensures that volunteers have the necessary skills and knowledge to contribute effectively to the organisation. Volunteers may come into contact with sensitive information during their engagement. It is important for social enterprises to ***respect the confidentiality and privacy of volunteers***, as well as any information they handle. Volunteers ***should be appreciated for their contributions and provided with feedback*** on their performance. Recognition can take the form of certificates, letters of recommendation, or other forms of acknowledgment. Social enterprises should ***establish a grievance mechanism*** that allows volunteers to raise concerns or complaints in a safe and confidential manner. The organisation should address these concerns promptly and take appropriate actions. Where possible, social enterprises should ***provide opportunities for volunteers to develop their skills and knowledge***. This may include access to training programs, workshops, or networking events. By upholding these rights, social enterprises can create a supportive and inclusive environment that attracts and retains volunteers. It demonstrates a commitment to ethical practices and strengthens the overall impact of the organisation's work.

Summary of Issues

By considering the five dimensions, Figure 6.4 provides a summary of the key issues that ought to be covered in any future ‘social enterprise standard’.

Figure 6 4: Elements to be Included in a Social Enterprise Sector Specific Standard

Source: Author

6.5. Social Impact Assessment as a Potential Mechanism to Implement the Standard within Each Social Enterprise

Social Impact Assessment includes the processes of analysing, monitoring and managing the social impacts of planned interventions (projects, policies, plans, and programs) (Vanclay, 2003; Esteves et al., 2012; Vanclay et al., 2015). SIA is meant to consider the positive and negative social impacts, as well as the intended and unintended social consequences. SIA is widely used in the infrastructure and extractive industries sectors. However, it should be used in a much wider range of areas, and especially in the social enterprise sector.

Not only is it evident that social enterprises have great capacity to create harm, they are usually dealing with vulnerable or socially-marginalised groups in society. Dealing with such groups requires particular care. Thus, the widely held belief by social enterprises that they only do good is a major problem to effective management and good outcomes. A standard for the sector would lead to much greater awareness of the need for improved consideration of the potential for harm, improved management, and this enhanced outcomes.

SIA is a well established process of the management of social issues. It is a field that has been established for over 50 years (Vanclay, 2020). It is clearly specified in many documents, most notably in the guidance document of the International Association for Impact Assessment (Vanclay et al., 2015). The basic outline of the process is given in Figure 6.5.

Figure 6 5: Four Stages of SIA

Source : Vanclay et al., 2015, p.6. (note that this figure was also provided in Chapter 3)

SIA is an ongoing process and it considers many phases including understanding the issues; predicting, analysing and assessing the likely impact pathways; developing and implementing strategies; and designing and implementing monitoring programs. When social enterprises decide to carry out their activities related to SIA, they should not forget that this process is a continuous activity in a time flow rather than a single momentary analysis and evaluation. Therefore, rather than just collecting data for SIA at the end of the project, SIA activities should begin before the start of the project and continue even after the project has ended. Having such an ongoing SIA approach is even more critical for social enterprises than for other organisations. Considering that the main target audience of social enterprises is largely vulnerable people, the importance of an ongoing impact management stands out as a priority. Otherwise, it may be inevitable that negative social impacts that cannot be compensated will occur. So, how should social enterprises conduct SIA activities and what issues should they pay attention to while carrying out these activities? Below are some explanations of what SIA activities social enterprises should undertake, based on the SIA phases that Vanclay et al. (2015) identified.

Social enterprises can apply SIA by following a structured approach (including considering project alternatives) to measure and assess the both positive and negative impacts of their activities on society and the environment. Social enterprises should start by clearly defining the social and environmental goals of the enterprise. These goals should be specific, measurable, achievable, relevant, and time-bound (SMART). They should identify indicators that can measure the progress and the potential impacts of the enterprise in achieving these goals. In addition to goals, social enterprises should make a decision about the scope of the SIA activities. Determining the scope of the SIA activities should be done by clearly identifying the project, program, or initiative that requires assessment. This could be a specific product, service, or an overall organisational effort and defining the boundaries, objectives, and timeframe of the assessment is of great importance.

Before implementing any initiatives or projects, social enterprises should establish a baseline measurement of the current social and environmental conditions in the target area. This baseline will serve as a reference point to assess the impact of the enterprise's interventions.

Social enterprises should identify relevant stakeholders who might be affected by or have an interest in the social enterprise's activities. These stakeholders can include beneficiaries, employees, local communities, government bodies, NGOs, investors, and customers. Ensuring diversity and inclusivity in stakeholder representation is of great importance. In addition to identifying relevant stakeholders, social enterprises should engage with stakeholders through various methods such as surveys, interviews, focus groups, workshops, or community meetings. They should seek stakeholders' input, perspectives, and feedback on the social enterprise's activities and their perceived social impact. This process helps in understanding the diverse viewpoints and incorporating them into the assessment.

Social enterprises should utilise appropriate evaluation methods to measure the impacts. This might include surveys, interviews, focus groups, and other data collection techniques. It is important to involve stakeholders, including beneficiaries, employees, volunteers and community members, in the assessment process to ensure a comprehensive understanding of the impacts. Social enterprises should meticulously collect relevant data on the activities, outputs, and outcomes of the enterprise. This data can include quantitative information like the number of beneficiaries, funds invested, or jobs created, as well as qualitative information such as case studies, testimonials, or feedback from stakeholders. In addition to this, social enterprises should take indirectly affected communities into consideration. The collected data to assess the social impacts of the enterprise should be analysed carefully. This can involve comparing the current situation with the established baseline, identifying trends and patterns, and measuring progress against the predefined indicators.

Social enterprises should continuously learn from the SIA process and they should identify areas for improvement and make necessary adjustments to enhance the effectiveness of the enterprise's activities and maximise positive social and environmental outcomes (and minimise potential negative social impacts).

Quantifying the impacts are important by using measurable metrics. However, not all impacts can be easily quantified, so it is equally important to qualify the impact by capturing stories, narratives, and qualitative feedback that demonstrate the broader changes brought about by the enterprise.

Social enterprises should prepare comprehensive reports that summarise the SIA findings. However, clearly sharing the results to internal and external stakeholders, including investors, employees, customers, and the wider community are of great importance too. Transparency in reporting is crucial for building trust and accountability. Implementing an SIA system for ongoing monitoring and evaluation to track the progress of the social enterprise's activities and measure their impacts over time is a must. Social enterprises should regularly review and update the SIA activities to ensure their relevance and effectiveness. By applying SIA, social enterprises can demonstrate their commitment to creating positive change, enhance their accountability, and inform their decision-making processes to ensure greater positive social impacts in the long run.

7. CONCLUSION: IS SOCIAL IMPACT ASSESSMENT USEFUL FOR NEW GENERATION SOCIAL ENTERPRISES?

7.1. Quick Overview of the Thesis

This thesis discussed the concept and implementation of contemporary social enterprises, and four case studies were examined. In its simplest form, social enterprises are organisations that seek to create sustainable solutions to social problems. A key finding of the research is that social enterprises are very varied and have been changing over time. In the past, social enterprises tended to be registered as NGOs or cooperatives, however, now many organisations seek to do good in society, including a wide range of profit-making organisations. A new generation of social enterprises (NGSEs) has emerged. NGSEs are social enterprises that undertake income earning activities in order to be independent of donations or control by sponsors, have a balance between mission and profit orientation, and seek to gain competitive advantage by their social purpose and by being innovative. An issue is that social enterprises are not adequately considered by the legal frameworks of most countries, meaning that most need to have complicated organisational structures and sometimes operate in a grey zone. The lack of adequate legal framework for social enterprises leads to much confusion and complications. It was very clear that having a change to the legal arrangements to give explicit recognition to NGSEs was needed.

In relation to the specific research topic of this PhD, it was very clear that social enterprises can cause harm as well as good. A major issue for the social enterprise sector was that there was a perception that they only do good, thus they were blind to the potential that they might cause harm. Consequently, there was no consideration or management process in any formal or informal way about how the negative social impacts might be identified, mitigated and managed. Finally, it was evident that implementing social impact assessment (SIA) (as understood by the International Association for Impact Assessment) would be very useful.

7.2. Reflection on the Research Question

The overarching research question of this PhD was: ***How can the potential negative social impacts of social enterprises be better identified, mitigated and managed?***

This is a very important question, and the answer is in multiple parts. First, it is essential that there should be a legal framework that specifically acknowledges the unique hybrid nature of social enterprises – they are neither NGOs (associations, foundations, cooperatives, etc.) nor are they typical profit oriented companies. Second, there must be an international standard for the social enterprise sector. Third, the use of SIA should become routine in the sector, and should be a requirement in the standard. If these three things would happen, the potential negative social impacts of social enterprises would be better identified, mitigated and managed.

Having a legal framework would provide greater clarity, would reduce ambiguity, would help avoiding the duplicate structures that social enterprises currently have to use. It would increase the legitimacy of social enterprises, and thus would enhance these organisations to operate effectively in society. Having a standard would also ensure greater compliance and consistency. Undertaking SIA would increase transparency and accountability, it would ensure that all issues were properly considered, and would lead to better outcomes for all stakeholders.

7.3. The Potential Value of Social Impact Assessment

Fulfilling the obligations in a standard would be possible by implementing SIA, because many issues, such as FPIC, stakeholder engagement, social licence to operate, human rights based approach, benefit-sharing, shared value, non-technical risks, can only be revealed by carrying out SIA. The identification, mitigation, and management of possible negative social impacts of social enterprises would only be possible by conducting SIA. In addition, by conducting SIA activities, the positive social impacts of social enterprises can also be enhanced.

SIA is a highly valuable tool for NGSEs and the social enterprise sector in general. It can help social enterprises investigate the effectiveness and outcomes of their work, as well as identify areas for improvement and optimise their social impacts. SIA can enable social enterprises to demonstrate accountability to their stakeholders, including investors, donors, customers, and the communities they serve. It will allow NGSEs to share meaningful data and evidence with stakeholders, showcasing the tangible outcomes achieved. This transparency can help attract funding, engage customers, and build partnerships based on a clear understanding of the enterprise's impacts. SIA can provide evidence that they create positive social impacts and this might increase the motivation and organisational commitment of employees and volunteers. SIA can also provide valuable data and insights that inform strategic decision-making. It can help social enterprises to identify the most effective strategies and activities to maximise their positive social impacts. More importantly, SIA can be used as a vital tool in identifying, mitigating and managing the potential negative social impacts of social enterprises on those directly or indirectly affected by their activities, as well as by their employees and volunteers. By understanding the outcomes and potential unintended consequences of their actions, NGSEs can make informed decisions that align with their mission and desired outcomes. In addition, SIA can provide feedback loops that allow for continuous learning, adaptation, and the enhancement of programmatic approaches. By assessing impacts consistently and using standardised frameworks, social enterprises can contribute to collective impact initiatives and collaborate effectively with other actors in the social sector.

In short, SIA can play a crucial role in helping NGSEs monitor, manage, and assess their social impacts. Also, SIA can be used as a tool for applying and auditing the level of compliance with the requirements of the standard. Overall, SIA will support evidence-based decision-making and can enhance the transparency of social enterprises. SIA will enable organisations to continuously improve their performance and contribute to positive social change.

7.4. Key Contributions of This Research

This thesis has made several key contributions to the field of social entrepreneurship. Firstly, it has been proven that, despite being described as ‘good organisations’, social enterprises can create negative social impacts on society. It is essential for social enterprises to continuously monitor and assess their impacts to ensure they create positive change and mitigate any negative social impacts that may arise. This involves actively engaging with beneficiaries, conducting thorough research, and seeking feedback to refine their interventions and address unintended consequences.

Secondly, a new conceptualisation of social enterprises was made, identifying New Generation Social Enterprises (NGSEs) as a major actor in the landscape of organisational forms. The thesis provided a substantial comparison that differentiated NGSEs from traditional social enterprises. The key distinctions between NGSEs and traditional social enterprises identified were in relation to long-term planning, funding, sustainability, innovation, human capital, and competitive orientation. This will contribute to the academic discourse and will encourage critical thinking about social entrepreneurship.

Thirdly, the benefits of having a legal structure specific to social enterprises were identified. Having a separate legal status would overcome the current confusion created by the lack of specific recognition of social enterprises as hybrid organisations.

Fourthly, an international standard for social enterprises is needed, and would be of much value to the sector. The elements of the standard were identified. They include: ‘legal structure and governance issues’, ‘directly affected people’, ‘indirectly affected people’, ‘professional employees’, and ‘volunteers’.

Finally, the research discussed the benefit that implementing SIA would bring to social enterprises. Till now, social enterprises have generally not considered it necessary to carry out SIA, perhaps because of the false assumption that they only have positive social impacts on affected people. However, this research has revealed that SIA is a very valuable tool for social enterprises.

7.5. Limitations and Suggestions for Future Research

Like all research, there are many limitations with this PhD research, nevertheless, the PhD has much value and it is unlikely that the limitations discussed below affect the overall conclusions of the research.

The first limitation relates to the small number of people who were interviewed. There is a possibility that the interviewees had a different view of the social enterprise sector than might be held by others in the sector (in social research terminology, this is known as sample bias). Specifically, the social entrepreneurs who were interviewed might be more (or perhaps less) knowledgeable than others who work in the sector. A larger sample would have been preferable. However, due to timing and resource constraints, and because this research was conducted in a qualitative manner and analysed the cases discussed in depth, it was not possible to analyse a larger sample.

Secondly, only one person from each social enterprise case study was interviewed. Despite being a key actor in each social enterprise (and a legitimate spokesperson for that enterprise), perhaps the interviewee's views might not be consistent with those of others in that organisation (or with the reality of the organisation). Furthermore, the interviewee might have tried to portray their organisation as better than it actually is (or if they were disgruntled, they might have been negative about it). In order to minimise potential bias, the opinions and expressions of the interviewees were cross-checked (triangulated) by analysing secondary data about the case studies. For example, the interviewee's views on the level of satisfaction with the communities affected by the activities of the social enterprise were tested by considering the comments, opinions and suggestions of the beneficiaries in open sources.

Thirdly, the case studies were undertaken primarily by interviewing the managers of the social enterprises. A more robust perspective would have been gained by visiting the offices of the social enterprises and especially by doing participant observation of their projects. However, due to financial and location-based difficulties and time constraint, this was not possible.

Fourthly, when analysing case studies, it is of great importance to include the opinions and suggestions of all the different stakeholders. This would allow for the inclusion of different perspectives on the activities of the case study. For this reason, the views and suggestions of the beneficiaries that were available in publicly accessible forms (i.e. online) were examined in detail. However, it was not possible to conduct interviews with beneficiaries. The main reason for this limitation was the principles of social enterprises to keep the personal information of their past beneficiaries confidential.

Lastly, qualitative research was the preferred method of this research. Some criticisms might be made, such as contextual specificity and sample representativeness problems. These might cause generalisability concerns for the results and for theory building. The underlying reason behind the application of this research method was providing in-depth insights and understanding of complex phenomena in an interdisciplinary field covering social entrepreneurship and SIA. By conducting qualitative research, rich and nuanced data were collected. This depth of data enabled me to capture the complexity, context, and subjective experiences of individuals and/or groups, and provided a comprehensive view and in-depth understanding to my research.

Here, some suggestions for the future research are provided. This research might be considered to be a ground-breaking beginning in establishing a legal structure specific to social enterprises, developing a standard specific to the social enterprise sector, and integrating SIA activities into the social enterprise sector. It would be rational to continue this beginning with future research using different research methods, at different scales, with different characteristics. For example, the same research can be conducted with a larger sample. In addition to Turkey and the Netherlands, social enterprises from different countries can be included in the sampling.

By developing a 'survey scale' designed on the relationship between SIA, standard and social entrepreneurship, data from a large number of social enterprises can be collected and can be analysed in a quantitative way. Thus, the concerns about the generalizability of the obtained results to the research population will be eliminated.

In the future, studies focusing on the contributions that SIA can make to the social enterprise sector may be carried out. SIA's contribution to organisations can be analysed by examining the differences between social enterprises that currently carry out SIA activities and those that do not. Also, SIA implementation differences between traditional social enterprises and NGSEs can be explored.

The impact of meeting the obligations of the standard specific to social enterprises on social enterprises can be analysed. By conducting this kind of research, the change and transformation of social enterprises over time (as longitudinal research) can be clarified in a more rational and realistic way, unlike instantaneous data collection.

Research can be conducted on what activities should be carried out in the process of developing a standard for the social enterprise sector. All stakeholders such as funders, those directly and indirectly affected, workers and volunteers, representatives of central and local governments can be included in such a comprehensive research. Another research can be conducted on the policy proposals of international organisations to develop a standard specific to social enterprises.

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