

Module 1

Introduction to Social Entrepreneurship

Lesson 2



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Entrepreneurship

How is a social enterprise governed?

Good governance starts at the board level

All social enterprises must have some sort of a board:

- **Board of directors**
- **Assembly**
- **Group of friends**

The composition of the board can vary:

- a mix of entrepreneurs, business specialist, and social purpose experts. A multidisciplinary team.
- friends

Legal forms of a Social enterprise:

- ltd
- Public Limited Company
- Non-profit organisation
- NGO
- S.A
- S.L.
- Coops or any other structure that suits the purpose of the enterprise.



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How is a social enterprise governed?

Characteristics of the governance, management, and property of a SE:

- Democracy and transparency
- Stakeholders take part in decision making (people interested in the business).

Stakeholders are the workers, providers, other civil organisations, beneficiaries, customers, etc.

Boards and assemblies provide strategic direction.

Strategic direction is a course of action (roadmap), a planning, the guidelines that lead to the achievement of the goals of an organization.

Different models of governance in a SE

1. The board of directors is made up of professionals and owners who's sole responsibility is decision making.
2. The board of directors is mixed. It is made up of Stakeholders and other professionals.
3. No board of directors. Decision making is taken through assemblies where stakeholders and all the people bonded to the ES participate.



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How is a social enterprise governed?

Governance responsibilities of the Board

- Setting up and revising the organisation's mission, values and objectives (social or environmental), and the major organisation's strategies.
- Formulating a suitable strategic plan (strategic direction) to see what we want to accomplish and how.
- Approving and monitoring major programs and services provided by the organisation.
- Distributing the resources and ensuring economic sustainability
- Supporting and evaluating the people that will be in charge of the managerial responsibilities.
- Behaving with integrity. Be honest, fair and independent, managing conflicts of interest.
- Protecting and promoting the good reputation of the SE



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How is a social enterprise managed?

- With a leader (social entrepreneur) or
- a management team or
- a group of friends

How:

- engaging and motivating their workforce by creating an organisational framework that really promotes social changes.
- through coordination mechanisms
- providing structures and systems to their teams so as to provide them with a direction
- allocating tasks and providing guidelines to the team of workers



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How is a social enterprise managed?

- building committed teams for the services or production of the SE to run well.
- Knowing how to meet the needs of the SE with the available budget
- Training the employees to guarantee that they share the mission, the vision and the values of the SE
- Knowing how to delegate to the employees the implementation of the projects while the leader stays at a more strategic level

The manager launches the SE, leads it at first, and after prepares other workers with coordination tasks



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How is a social enterprise managed?

Some traits of good leaders/managers

- Humble demeanor- Establish an unpretentious and gentle relationship with the workers
- High ethical leadership (trustworthy leaders)
- A good motivator .
- Show respect and concern for the staff
- Empowering leadership. Encourage independent action and self-development of the employees and the achievement of mutually agreed performance goals
- Strong social commitment. To promote and make possible the social changes



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How is a social enterprise funded?

Social enterprises can be funded with: **public** or **private** money.

Private:

- Crowdfunding
- Crowdlending
- Ethical Banks
- Philanthropic investment
- Foundations

Public:

- Local development agencies
- Public administration



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How is a social enterprise funded?

PRIVATE

Crowdfunding: collective funding where different people finance initiatives and projects of other people or organizations.

Crowdlending: multiple investors invest in your Project.

Ethical Banks: Banks that finance social and environmental projects as well as social enterprises.



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How is a social enterprise funded?

Foundations: They have some lines of financial support

Philanthropic funding: donations, investment, or other types of support for SE

PUBLIC

Local development agencies: social incubators, call for proposals

Public administration: Call for proposals or tenders (contracts for services)



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Signposting to further learning and support

A **coordination mechanism** can adopt different forms:

1. It can be one person who takes the role of a general coordinator who makes sure that all the pieces from the gear system work.
2. It can be decentralised and have different area coordinators that engage in this practice in a specific department. They make sure everyone knows the tasks they have to do and make them all work together

- Some crowdfunding platforms are: *migranodearena.org*, *Pozible.com*, *Razoo.com*, *Teaming....*
- Some ethical banks are *Fiare*, *Oikocredit*, *Triodosbank*
- Foundations: *Good.bee*: *ERSTE Foundation* and *Ashoka* created this financial service to help people with low incomes that have no access to credit from Banks to start up...



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