

Module 2: Learning and Teaching Resources

Leading, Managing and Sustaining an International Social Enterprise

This module will include the following sections

- Leadership of an International Social Enterprise
- Governance of an International Social Enterprise
- Operational Management of an International Social Enterprise
- Sources of Finance
- Human Resource issues
- Networks in Internationalisation
- The Barriers and Challenges and Risks of Internationalisation
- Sustaining an International Social Enterprise



Co-funded by the
Erasmus+ Programme
of the European Union



Leadership of an International Social Enterprise

The Leader

Although leadership was discussed within some of the interviews, it was not the main focus of this Erasmus+ project. However from the data collected, it was identified that the leaders of social enterprises, trading their goods and services internationally were:-

- Well connected, either within the area of SE generally or within their sector of operation
- Held formal qualifications
- Had worked in the enterprise for a number of years or since it was founded.

The quotes below illustrate these findings-

Being Well Connected

“The CEO is an Ashoka Fellow since 2005 and Schwab Fellow since 2012.”
(Germany)

“I was working for Dr. Muhammad Yunus, the inventor of social business. I wanted to act as an impact creator.”
(Latvia)

“Our founder is a global champion and author on food waste and broader food sustainability and he used his contacts to enable us to locate our franchisees around the world .. he founded Feedback the charity in the UK and the US and he brought food waste to the attention of the general public. His book on food waste was launched in 2009 and he has since worked with Jamie Oliver and other top chefs.”
(UK)

“I'm working in tourism 30 years. So, I would have been in town and country homes which is the B&B's all over Ireland. They are now called B&B Ireland. I would have been chief executive for, well, I was office manager for 8 years and then chief executive for 8 years but I knew all of the tour operators around the world. So, I... it was a 70, 80-hour job for me and I decided my kids were growing up very quickly and I needed to change my focus.”
(Ireland)

“The 2 members who created Lara Fruit, previously worked for another cooperative, but decided to create their own cooperative in 2014.”
(Italy)

Formal Qualifications

“We are born with the idea of interchange with Argentina. We take care of the roots tourism: I have done a doctorate in Tor Vergata on Argentina and for several years I have been dealing with Italian immigration in Argentina and abroad in general.”
(Italy)

“My first degree was in journalism, so maybe that’s why I understood what to do.”
(Latvia)

“I personally have a law degree, and also a master degree in Business administration – formal degree. But I have studied a lot about Eastern medicine, yoga, healthy living, alternative lifestyle and other things like this.”
(Latvia)

“I was also the only person at university, who has studied bachelor, masters and PhD in a row.”
(Latvia)

Time within the Organisation

“in 2001 I was recruited as a Project Coordinator. I started here in May 2001. From that journey until now has been quite significant.”
(Ireland)

“I was one of the people that were here from day 1. I just live down the road. I was living in a local town and I came back here so I would have been a director but then we would have employed a manager and he brought the place to a certain level and then there was changes to be made and we looked to employ another manager and we were having difficulty because a lot of things, when a manager here would hear tell of a committee it would be - no thank you type of thing. So I took on the role as Manager then I had to step down from the board because of that. I’ve been managing the project now from 2004.”
(Ireland)

Leadership Style

The quotes below outline the leadership style that has been adopted within the various organisations, that took part in the project:-

“In terms of leadership I would say that our CEO’s style, I would say that he is an inspirational person and the sort of person that people want to follow. He as our founder he is so clear on the mission of the organisation and he has made sure that we as individuals are all into the mission. This is becoming more of an issue now as we are expanding our workforce it is inevitable that some of them are not as eco warrior as we are and so there is an issue of engagement that we will have to undertake. As a result there have been no tensions in terms of delivering our mission in fact it is a positive as there are real enthusiasts that join us and promote our

mission around the world.”
(UK)

“I am a leader of my team. I can feel people and I can see people. By engaging people in my activities, I give them opportunities to realize their goals too, not only mine. That is how I try to lead people and work in projects. It’s about going the same direction and helping people to get where they want.”
(Latvia)

Social enterprises also noted that leadership styles had evolved as the organisations had begun to operate internationally:-

“The leadership style changed, because we had to distribute roles and responsibilities. We have understood the importance of making the command decisions.”
(Lithuania)

“The leadership style had to change very much as the organisation had become international because I put many efforts for organising everything. I put my personal time and efforts. Now I feel that I need recruitment of professionals.”
(Lithuania)

“As leader of organization, I began to learn how to manage organization, to hire consultants, to travel, to take part in seminars, in the way to find other methods. So managing style is changing. Less control and more delegate, organizing team working. Also, adequate specific training of the workers.”
(Lithuania)

“Yes, leadership style has to change because I need to create system of management in organization. Clear rules should arise in this process.”
(Lithuania)

“Leadership within the organisation has changed as a result of becoming international, because we have gone from having a chief executive and a fairly small management team to a leadership team of 4 people and a management team of 7. We have multiple partnerships in other countries with a simpler leadership structure. That decision making between four people has become more difficult, we are not always aligned. For example we have just invested in a big piece of work on our leadership together and how we are making decisions. It can be a rocky road. You don’t always have clarity of decision making, you think you have made a decision, but it hasn’t always been communicated out. Leaders have different styles and different paces that they operate at. Some of us get frustrated, but, some of us are trying to make sure that it is done well. Organisational leadership has definitely been evolving, but articulating more clearly our values, articulating how our business model works; all of this is coming through some of the pain of doing it.”
(UK)

Interestingly one participant commented that it could be more difficult leading and managing operations in their base country than their international work:-

“I feel that we have more challenges leading our UK-based operation than our overseas business. When you are working internationally there is the acceptance that you are not going to be able to meet face-to-face all of the time. You find ways to be able to work and to communicate with in the mediums that you have. Leadership around this side of the business has not changed. Leadership challenge is working with our team in Scotland. They want contact but they can’t always have it.”

(UK)

The additional pressure of running an international social enterprise can also impact on leadership style:-

“Personally I recognise that my leadership is changing and evolving, not necessarily getting better because when you are under so much pressure you do not behave in the way that you necessarily want to as a leader. However, you are constantly reasserting and trying to bring that back on track and whilst you are doing this, life is happening as well. We were looking at our story of growth, saying, all these personal things were happening to us as the organisation was changing and you have to deal with that too. Your leadership needs to be resilient and situational, as with anything.”

(UK)

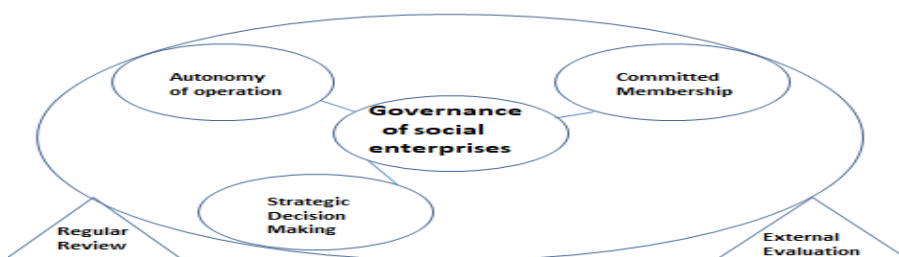
Governance of an International Social Enterprise

The empirical work of Spear *et al.* (2009) and Defourney *et al.* (2014) relating to governance and social enterprises suggested that voluntary, community and other non-profit organisations faced a number of common governance challenges in maintaining their sustainability. These challenges can be summarised as being related to; (i) committed membership, (ii) decision making processes, and (iii) the autonomy and size of the board of governors.

In addition to the above issues (i) – (iii) it was asserted that Boards of Governors associated with social enterprises needed to find time and resources to reflect on its own performance on an annual basis in terms of their delivery of the organisation’s mission and vision as well as their own operation and effectiveness. It was suggested that a Board of Governors engaging in such a reflective process could have it enhanced by the incorporation of external evaluative viewpoints of stakeholders and beneficiaries in the community.

The challenges to the effective governance of social enterprises identified in the literature are illustrated in Fig. 1 below, which shows the main components (i) – (iii) that were identified above. These operational aspects are supported by external factors termed as being (a) regular review and (b) external evaluation. Each main component of Fig. 1 is considered in turn (see below) for support and further expansion by exploring the data collected from the case study organisations that have contributed to the InTSEnSE project. As a result it establishes whether the previously identified governance challenges and/or others are relevant to social enterprises operating in an international context.

Fig. 1 Factors affecting the governance of sustainable social enterprises



Committed Membership

The literature indicated that social enterprises found that attracting individuals with the necessary business related skills and experience was a challenge for many social enterprises, especially for those social enterprises that were located in areas of social deprivation, where there were relatively few locally based individuals with business / other skills. It was suggested that the inclusion of non-local business professionals on the board of governors would increase the capacity of the Board to become engaged in a more strategic rather than operational manner which would then help to ensure that the enterprise remained sustainable. However, it was suspected that as the nature and level of business expertise of Board members changed from being locally based stakeholders in the organisation to include more non-locally based business related professionals then there was also a tendency for tensions to arise between the social and the business goals of an organisation.

Examples of the data collected from the case study organisations that contributed to the InTSEnSE project revealed the following;

“at the moment it's getting more difficult to get new additions to boards. So we are looking for 2 more, we think we have got one. He's a full accountant. And then we need someone from the business sector within the community”. (Ireland)

“ I would like to see, now it would be a massive change, but I do believe in it, is a board of directors, made up of specialists. So you would have a business specialist, a marketing specialist, a social services specialist, ..” (Ireland)

“when you look at the boards, and I think it is in general that it is all done on a voluntary basis. And volunteering I think there is a question in my own mind would be about the long term sustainability of dependants on volunteering”. (Ireland)

“We meet every 6 weeks .. “ (Ireland)

“And you need the knowledge as well ... I wouldn't be able for that. I wouldn't have the ability. I mean, we are very, very lucky the group of people that we have, they do come from all walks of life”. (Ireland)

“Sometimes people can give the impression - I'd like to be on the board and I would do this and I would do that. They have to realise the commitment that is required to do that and the legal requirements that has to be met when sitting on a board. Sometimes people are - I'll sit on there and I'll have my say but they need to realise that you can have your say but with your say comes rules and regulations that have to be adhered to”. (Ireland)

Decision Making

The data analysed indicated that as social enterprises became larger and more diverse in the nature of the goods and / or services that they provided so the governing body needed to become more strategic in their nature. Initially small sized social enterprises and the individuals concerned with their governance were found to have a more hands on managerial approach to discharging their duties. As social enterprises

became sustainable businesses there was a need for the roles and responsibilities of governing bodies and paid management staff to become clear. This change could be problematical for some social enterprises that have failed to put appropriate business control and scrutiny systems in place and / or have recruited the wrong managers due to the Boards lack of experience and expertise.

Similarly, the analysis showed that the decision-making processes and the extent to which they allowed for democratic participation was an issue for some governing bodies as social enterprises changed from being tightly controlled by a small group of founding stakeholders who made the necessary business decisions into a business organisation which separated its governance procedures from its management processes. In such mature social enterprises with such an established distinction between governance and management procedures, a further challenge was empowering Board members to question or challenge the executives of the enterprise in a constructive manner.

Social enterprises operating across Europe may find themselves subject to the particular laws of an individual European country in relation to the type of business decision that can be allowed to make. Examples of the data analysed to support the above can be found below:-

“If decisions need to be made quickly, the process is escalated up to Board level and then the Board makes a decision. However, even this involves getting 6 individuals together, so even this has an impact on nimbleness. We haven’t solved all of these issues yet; we are 2 and a bit years into this now and we still haven’t got it all resolved yet”. (U.K.)

“At the time that we started operating internationally the governors were just happy to go along with it, without any challenge really With a different group of governors then we may not have taken such a step”. (U.K.)

“At the moment operating internationally has not affected the governance of the organisation, but, it may do if this SE grows. At the moment the international trade is such a small element of our operation”. (U.K.)

“In terms of governance we have found that it is an important part of our overseas operation in terms of providing contacts and advice but as they are volunteers it is not as good as it could be”. (UK)

“We are currently reviewing governance procedures. We are learning from experience. You can create a governance system in a worker and cooperative which is complete overkill or you can have something which is quite light. The whole reason that the company set up as a worker owned cooperative it so that it can be agile and lean. Soon as you start making money do you have remuneration committees, shareholder groups, Governors, you need them but they can conflict. Rather than put the belief and trust in the people you hire you put in an overbearing governance system. That means that no one can be innovative and the decision-making process slowed down. You need to be aware of the governance structure that works for your organisation. You need to allow the organisation to be flexible and agile”. (UK)

“Leadership of the organisation can be difficult as we have gone from a business run by 2 people to an organisation that now doesn’t have a managing director but a Board of Directors and there is not one person that the buck actually stops with any more “. (UK)

“the board gives the vision, the general manager has the task of verifying that it is applied and we provide data that enables the board to verify that the strategy is being delivered”. (Italy)

Autonomy and Size of the Governing Board

The legal structure adopted by some social enterprises constrained the extent to which they could be considered to be operating in business on an independent basis. This was found to be particularly true of those social enterprises that have grown out of charitable, often church based organisations. In such circumstances it can be difficult for governing bodies to make independent strategic business decisions.

The succession planning for and the recruitment of appropriate individuals to join a governing body of a social enterprise were found to be on-going issues for social enterprises. This was especially the case when an enterprise was transiting from being a small sized, locally based organisation that relied on volunteers to provide resource for the organisation’s operation. It was found that older or retired volunteers became overwhelmed and wished to step back from their commitment to Board of the enterprise so it was an issue to locate suitable replacements. If such replacements were not located than a further issue was the decrease in the size in terms of numbers of individuals making up the Board of Governors and the consequent potential impact that would have on good decision making. The data illustrated that many sustainable social enterprises made good use of local and national networks of supporting organisations to ensure that the autonomy and size of their Boards of governors were maintained at appropriate levels. Evidence from this project, includes the following:-

“We have a maximum of 7 on the Board and we would like to get it to around 5 people”. (UK)

“We have 5 voluntary directors on the Board of Governors, including myself, none of us are paid”. (UK)

“Now the board is composed of 4 people: me, the president, and the 2 people who work in the shop. We see each other very often so we do not need to set up board meetings. In the past we were 9 councillors, so it was necessary to schedule meetings...it was harder”. (Italy)

“ ... so there are 6 on the board itself”. (Ireland)

“There’s 11 board members who meet on a monthly basis and there’d be a separate shop committee. There’d be a separate committee for staffing, separate committee for finance and it all feeds in...”. (Ireland)

“As it stands the Chair of our Northern Board is also the Chair of our Southern Board so we would normally have the Chair and about three other Board members from the Northern Board involved in the Southern Board ... however there is some element of autonomy among the organisation’s Southern Board but for all major decisions that might have group wide implications then the proposals would need to be ratified by the parent Northern Board before they are acted upon as ultimately the organisation is owned and controlled by the parent company most major decisions would be ratified by the parent Northern Board”. (Ireland)

“When the Chair retired due to ill health she’s tried to get her son involved and he wouldn’t ... see, people just don’t have the time”.(Ireland)

“What we did was we found that to bring somebody in from the outside to join a group that was already in existence for 10, 15 years, extremely difficult for the person coming in ... there was a language being talked that someone coming in from the outside could not understand ... so the way around that was that we encouraged a younger generation to come and form their own committee. So we have a board of directors here now and we also have a development committee. Now there’s a younger generation involved, they run the sports day, they run 4 or 5 different, they do the festival, they do all these things. So out of that group on the development committee we’ve already got two members onto our board”. (Ireland)

“we are trying to find new governors but it is getting more difficult .. we are looking for 2 new people and at the moment we have got one. He is an accountant and then we need someone from the business sector within the community ... but it is difficult to find people who are willing to volunteer their time”. (Ireland)

Operational Management of an International Social Enterprise

Organisations were asked about the impact that operating internationally had on the day-to-day running of the business. For many they had been operating internationally from the start and therefore they had only knew that scale of operational management, for others the tasks associated with managing an international operation were rapidly aligned:-

“Export does not change the way how we works, so we are selling the same product, but just to other countries.”

(Latvia)

“Relationships in Scotland may say that we are distracted by the international work, but we are not.”

(UK)

“In our experience when we were exporting, although we were a social enterprise, the process of it was very commercial, we didn’t have any different requirements from mainstream businesses looking to export.”

(UK)

Others found the process more problematic:-

“I have found managing the craft production and the work in Zimbabwe, whilst living in the UK very difficult. When I originally came to the UK, I was just a visitor, my friends and I tried to keep in touch with what was going on in Zimbabwe.”

(UK)

Where internationalisation did have an effect on day-to-day management, was for smaller organisations, especially if they were reliant on project work or if they had to produce a large number of products for an event or an order:-

“We are project based, which basically mean that there are more busy periods or periods without work.”

“All of our workers need to be managed, for example if we run out of stock we need to get products together and send them to us, but also some times our producers need money in advance. We do give money in advance but this needs to be monitored. If they say that they want to make certain products the money has to go through our managers and these managers are volunteers. When we sell, we do pay them. When we do Glastonbury and we sell lots of products and make income, we give them an incentive, but, because we are not making money every day, it is difficult for us to commit to monthly wages, so we would rather have volunteers.”

(UK)

It could be argued that this would be the same, even in the business was only operating in its native country.

One organisation had built in different management systems into their subsidiary, licensing and franchising operations:-

“In terms of management in the UK we have teams of people that look after logistics in terms of making sure people know when to brew and the need to have the beer is being sourced from a nearby bakery that meets all of the health and safety rules and then it is ready to meet demand. Demand is managed by a person who is responsible for sales and makes sure our sales forecasts are correct as it takes a month to develop a particular brew – this is a critical activity as it ensures that the beer is kept fresh when it is delivered to our clients. This is done by ensuring our sales team are out there talking to hotels, pubs and other outlets that sell beer. This is the same approach that is adopted by the subsidiary company in the US. In terms of the franchises in other countries then they need to replicate these activities but they have developed their own network of organisations that enable them to produce our quality product. Such franchises have the freedom to decide how to set their teams up and then for the licensees well they are already doing these processes as they already have their own beers and so this is another line that they are seeking to market.”

(UK)

Being a franchiser/licenser or being part of a larger franchised or licensed organisation means that there does need to be regular communication with the head office:-

“So the team initially grew quite slowly and now we are expanding at a faster rate and we are very conscious that new people joining the US team will mean that I am not going to have a direct relationship with them so we have just done a project with a branding agency to try and set the brand manual so as to make sure we written down what we would say what we would not say , how we would say it how we would not say it so that our message remains consistent in the different locations in which we operate. This goes for imagery, colour palette, what types of events we would or would not sponsor, what type of media partners we would work with so it is a process of getting all of our processes out of our heads now and formalising them in a way that is much easier to share. However, I think it is important to keep hold of some sort of personal relationship with the expanded team members which is important to develop the internal culture of the organisation.”

(UK)

“absolutely we would be in Amsterdam regularly, my partner is going tomorrow or they would be over visiting us. In Dublin there is an operations person within the Netherlands who is specifically our link person in the organisation. So it's quite close in terms of communication.”

(Ireland)

“There is a lot of communication we work very closely together especially because of my position with dealing with operations in the UK also. So it's very much all pulled together.”

(Ireland)

Strategic Planning

Few organisations gave comments relating to strategic planning. It appears that even when strategic planning is considered it is a relatively fluid process:

“I’m more responsible for contacts with entrepreneurs and strategic planning. So, they work in their fields, I search for more opportunities, but this all has developed very naturally, as I said. And I think we are quite successful. I didn’t know how it works at the beginning, I just started to work. And it is good if you have team – you just need to start work on your idea. And even if this idea does not succeed, it will create another idea to develop. You just need to start with this first idea.”

(Latvia)

Another evaluated that strategic planning was not the approach required at present:-

“I don’t think we can talk about an overarching strategy but about very situational action. Since we started, we have always looked where there is a need and then tried to do that. And then in 2013 we took such a strategic break and introduced a structure. And now it is the case that we are simply doing as many sensible things as possible and at the same time trying to follow up on structures. That is why there is no overarching strategy now.”

(Germany)

However, one organisation commented that:_

“However, we are in the process of appointing a global expansion director and we want to be a lot more strategic about where we go, when we go and how quickly we go to set up in other international locations.”

(UK)

Marketing

Many organisations had developed a marketing strategy. Examples of the elements contained within those strategies are detailed below:-

“Our marketing strategy focuses on the following points:

- High quality products
- Respect for the environment
- Respect to the principles of Messinian history
- Respect for labour rights
- Developing synergies with similar organizations abroad for networking. The countries of Italy, France and Germany are countries that have been studied in terms of market characteristics and are areas of action with many opportunities for our activity.”

(Greece)

“Our marketing strategy follows a specific process which is based mainly on promoting science and education with events and festivals. We follow a specific branding and communication plan (e.g. Mediterranean Science Festival which is a

franchise service) using online platforms and always trying to have a comprehensive research of the whole market.”

(Greece)

“In terms of marketing strategy, we don't share only the information about our products, but also a lot of stuff about healthy lifestyle, positive thinking, personal development issues. We produce and share explanatory videos about healthy packaging, healthy water.”

(Latvia)

“Marketing strategy is mainly based on research. After the research some changes and adaptations may occur depending on the subject of the job. Research, market research and the search of information from social entrepreneurs are the basic steps that we follow in order to structure the scope of our actions more efficiently.”

(Greece)

The quote below from a social enterprise based in the UK highlights the difficulties in deciding strategic marketing priorities:-

“Today we have a specific international marketing strategy. However we recognise that there are different demands on our marketing teams time. It is understanding not necessarily only where the biggest opportunity is from but also strategically where should we be spending our time. That's strand might be making the most amount of money but it might not be where you want to spend your strategic marketing time. In the United Kingdom we have a marketing department which has to divide the time between an international marketing strategy which is largely based around the humanitarian, which selling side, and a UK based marketing activity based around everything else. We do have a strategy for both of these but they compete for attention. There is always a demand on marketing and sales but it's getting the strategic decision is correct.”

(UK)

For others the marketing strategy adopted a far less formal approach:-

“So we don't have a marketing concept or a marketing strategy in the classical sense. We do a lot of marketing for certain topics. We have now somehow gathered a lot of experience, we know quite well what works and what doesn't work. And that's how we orient our marketing.”

(Germany)

“Our marketing strategy does not follow any organized process. We acknowledge this problem and it is in our immediate plan to handle it. In general, we maintain a harmonized product portfolio based on the quality of all the codes under the brand”

(Greece)

“There are no one special marketing strategy for us we are still looking for effective decisions.”

(Lithuania)

“We don’t have any marketing strategy, it happens “naturally”. We don’t have special person appointed for marketing development.”

(Latvia)

“We did not have marketing strategy – we just experimented.”

(Latvia)

Social enterprises were using a variety of marketing tools and opportunities, however, many acknowledged that marketing through social media was very effective and efficient. The quotes below outline the experiences of some organisations using social media for marketing :-

- One organisation evaluated that paid advertising on a social media platform was not effective.
- One business felt that traditional advertising was not effective for them.
- Growing and maintaining a social media presence requires resources and some organisations have employed a member of staff to take this forward.

“marketing would be a huge thing and as the years have gone by, we’ve had to move with the trends and the social media and the different booking platforms tour operators, all that kind of stuff.”

(Ireland)

“All marketing decisions were important for business development – Facebook, advertising in the social networks, publications, posts. Effective way to sell production is promotion and the niche products. Less effective was paid advertising on Facebook. We use other social groups for our advertising.”

(Lithuania)

“The most effective decisions was social advertising (as Facebook) and recommendations. We had experiences in other countries, were trying genuine products.”

(Lithuania)

“Our marketing tools are aimed at increasing awareness. We need it because it helps to attract the necessary funds from private individuals and businesses. The main communication channel is a Facebook account. Without the support of humans, we would not be able to live, and this channel has the highest reach. Social campaigns are an effective marketing tool. It increases the wisdom of children and society on the basis of keeping and maintaining animals. Traditional advertising is not effective in our organization.”

(Lithuania)

“We started putting money into marketing last year and now we have a digital marketing executive. We found her through another SE. She has really extended our reach, she has organised some brilliant social media marketing campaigns, following up initial requests. She has done a great social media campaign about tartan, she did one where the tartan dog was seen all around the world. That got a lot of

attention. We are good on social media, but, not so good at more traditional forms of marketing. We have someone 1 day a week on this type of marketing and communications and I am expecting to see changes soon. We are revamping the website at the moment, it is complicated for international orders because you have to follow up the order with a shipping email, we want this to be automatic with details about postage and shipping costs. It has not stopped people but this may have stopped some.”

(UK)

“We do a lot of blogs and our website comes high in the list when you do an internet search for Zimbabwe. Even the past president of Zimbabwe found our website and I was asked to go to the state house to explain who I was and what I was doing.”

(UK)

“We have a social media presence and we develop a newsletter and distribute this to our mailing list of 2000 people once a month. We have an opening rate of about 50% whereas the industry average is about 15% so this shows that we have an engaged group of stakeholders. The mailing list comprises individuals who have bought our products on-line, or contacted us through the website or contacted us individually and they are UK based and from other parts of the world. People use the website to find out about us so you need to have somewhere where they can read a story / background of who we are and what we do. So in that way it definitely helps our marketing approach. It gives us a point of reference and I think social media is really important as people engage with us and now that we have a dedicated person looking after this for us it is now working much better as I was doing the social media on a part time basis. Now we have a proper events calendar and we are now able to schedule events around what are already committed to doing.”

(UK)

For some social enterprises the more traditional methods of marketing are still effective, such as events and trade shows.

“Failte Ireland have a forum once a year. We've been doing it for 30 plus years for as long as I've ever known. It's two full days of selling and you meet...so, you decide what, if you're going to target specific markets. I only have 5 cottages. So, I don't want too many. So, I'm very specific with the market that I want and I now from my own market knowledge and then I'm whole time keeping up to date with what the trends are.”

(Ireland)

“We have even done an event at the Welsh Assembly and because people see you, they are attracted to your cause. I have just been named as one of a hundred Women in the Welsh Community and again this has raised huge publicity and again this is how we have survived.”

(UK)

However, attendance at some trade shows can be expensive:-

“But we need to also start at some stage going to trade shows most definitely. Yeah, it's hard to get in though. It's hard to get in. It's very expensive to get in to those type

of things.”
(Ireland)

In reality most social enterprises are using a combination of marketing techniques:-

“Marketing tends to be done online and off-line, we use social media, email campaigning although this has been affected by the new GDPR regulations. We also attend tradeshows we also went to visit embassies.”
(UK)

“Conferences and environmental events. The social networking sites for lifelong learning, from stimulating event to communicating values in an accessible way, as facebook, Instagram. We are active with publication of our events. We collaborate with “*Reach for change*” organization (Sweden) – being as social entrepreneur and part of incubator. They help to disseminate information.”
(Lithuania)

Does the Social Story Sell?

The quotes below suggest that social enterprises are now viewed as professional organisations and the social story may now be starting to play a role, in differentiating them, when selling goods and services:-

“We have not had to use it or it has potentially limited access when trying to tender for work in saying we are social enterprise or a cooperative, It is never been a massive factor. Over the past 15 years on the UK side of the business the people we work with a cutthroat and a soon as you say things like you do things for the right reason that is a risk because you might not work in the way they want you to work or there is a hidden cost and they think they are subsidising your business. Potentially it could risk professional reputation, but this has been the case in the past than the present. Social enterprises are now more common. In the past it has definitely won us some business. Over the past 10 years when the renewables has become a commodity there is not so much value attached to the social element. This is a miss from the company and we now see this as a value. We are starting to leverage this value now. The wider community of clients that I work with saw it as a hindrance rather than a benefit.”
(UK)

“Historically the view of a social enterprise did not fit well with the market that we work with. There is a change now and people realise that you can be a professional social enterprise. You can make profit and if your cost is equal to others in a tender then there probably is value in the social story. As a company there is a shift and we are starting to understand this more. It is all about contract negotiation and understanding the commercial process. At the beginning of the commercial process, it is not that important, You need to get through all the hoops that everyone else does and then at the value.”
(UK)

“Our belief is that being employee owned, the cooperative ethos is a big benefit potentially. Big business when it comes down to it is not interested in the social story. It wants confidence, trust, they want to know that you are able to deliver on the price and the timescales. Yes it gives them a bit of a warmer feeling if they know that they are dealing with smaller businesses or social business because it looks good to their clients, but, on the whole, the customer wants more in terms of guarantees; just plain old cold business. However, one of the nice things that we can put forward is that we have been around for a lot of years, especially for a small technology company and this move to a Social Enterprise strengthens that future longevity and the sustainability story because what we are saying is that we can't easily be bought out or taken over and every employee has a stake in the business and this drives engagement and involvement and responsiveness. From a brand perspective we are going to leverage as much as we can. For me as a cold business person, the word 'social' almost has negative business connotations, because it could lead potential customers to ask, is this organisation cutting edge? Are they professional? If I was doing an elevator pitch, I would avoid the use of the term social enterprise in my pitch, because that could 'kill' us instantly with a customer, because unfortunately there is this idea that if you are a social enterprise you are not cutting edge or competitive. If you are a social enterprise customers would shy away from it, particularly in our domain.”
(UK)

“What we find is that our social mission helps us to get into different markets especially with the big supermarkets such as TESCO. For instance TESCO have not been the leaders on managing their food waste but they have now set themselves challenging targets and progressive goals so that in time they wanted to have no in-store food waste going to waste. When we launched with TESCO they did a large marketing effort for us with videos and social media and this was a real bonus for us and I doubt that they would have done this if we were just another supplier.”
(UK)

However, the quote from a Latvian social enterprise, makes the point that the market has to be ready, before social enterprises can sell their social stories:-

“Before we start we need to know more about the target market: if the concept of social entrepreneurship is known well in the destination country. We don't want the situation, when we enter the market with the flag of social entrepreneurship, but people actually are not even aware of it.”
(Latvia)

Future Growth

Most of the social enterprises that took part in the project had plans for future growth; some plans involved partnerships, some involved grant funding, some taking advantage of the Corporate Social Responsibility (CSR) agenda and others looking at product diversification:-

“Certainly I know when we were looking at the rebranding of the operation in the Republic we purposely entitled it Community Finance (Ireland) because there's nothing to say that we couldn't do Community Finance (Turkey), Community Finance (Vatican). There's nothing to stop us. At the minute we still have yet to scratch the surface. We heard earlier today that there are 30,000 registered civil society based organisations in this country. 30,000. So that's a target market of at least 30,000 groups. We could spend the next couple of years, plenty of work to be done.”
(Ireland)

“I suppose that's where we are looking to inter-trade Ireland in terms of UK and Northern Ireland to get a plan in place. I suppose the strategy for further afield then is to sell within those tech companies as I mentioned to you, you usually have pan European sites. So those companies usually have headquarters in America, in Europe, where we try to push our impact and sales that way.”
(Ireland)

“I think people really get the idea behind fair chain and what the movement is. And I think more and more consumers including younger consumers in particular are very into providence they want to know where their food is coming from what the people have been paid. You say that it's the quality that you say it is, I think that movement is only going to continue to grow. So there is going to be more of a demand for shared value customers, I think all companies will become social businesses eventually. That they won't be a corporate social responsibility box ticking, all companies will move towards shared value.”
(Ireland)

“one of the key areas to support our growth would be to develop our programme for a corporate wellness programme for large organisations and companies. So this could be maybe part of our CSR offering, it could be just development programmes in the workplace. So we go in and either deliver warm ups in organisations and companies or deliver one-off workshops around health and well-being in organisations. That's one aspect. As I mentioned we are going to roll out a programme with the Irish Cancer Society in the next number of months. There is as we have grown we have put a more broader focus on delivery of programmes in the community, keep people living at home for longer. And ultimately that will be, I think the most important area for us will be expand into the community setting as opposed to the nursing homes.”
(Ireland)

“So then like last week we had the Department of Justice out, the probation service. It was really to do, see the model, this kind of model, can be duplicated into different types of crafts and it's perfect for this sector, and other sectors of the community because it's training, development, employment, mental health. The best quote I've heard is the busier I got, the better I got.”
(Ireland)

“We start from this region, and if the EU project will be approved, we will develop our cooperation with other regions of Latvia. For now only on local level, however would be valuable to research what is the situation in UK, Ireland etc. The problem is

global; And actually problems also are similar. Often parents search for rehabilitation opportunities by themselves, go to doctor and he prescribes it. It is easier for everyone (without detailed analysis), however it can harm child, if too much pressure is put. Therefore, again, parents need to be educated everywhere, not only in Latvia.”

(Latvia)

“Thus we would like to increase our export, as well as prove that these services of us are also exportable. And also important to us is that they are closer to government and can initiate law amendments. We would like to know more what will happen with the law about the medical assistants.”

(Latvia)

“We are having 3 branches: water, other food and educational activities. In the nearest future we plan to engage in some more projects, like zero waste, fitness stuff, healthy food. We are also supporting the bottle deposit system creation movement.At the end of this year we are launching own vegan and vegetarian food production line.”

(Latvia)

“Beside this I would like to say that we're always open to new collaborations and always are searching for new ideas who would help us to develop our social business and generate more money to help for people, for poor people from families who needs our support.”

(Lithuania)

“We have put in a funding application to put in a serious amount of funding to develop the tartan enterprise, this application was not successful but they have asked us to resubmit. There is every possibility that we will get more funding. What it needs is what our other SE benefitted from which is a level of stability for 3 to 5 years; our woodworking operation is a phenomenal success, but, it took 10 years before it was self-sustaining. The tartan, if it is going to scale up needs someone to work on it full time, in an entrepreneurial way, but, knowing that their salary is going to be paid for 2 to 3 years.”

(UK)

“We have considered moving into distilling for a gin, this process is environmentally although it does use a lot of energy. This is a move we are not thinking about doing in the near future but it could be an area we move into. We can more easily alter our product to reflect differing seasons however, there are competitors emerging such as M&S and so we do need to keep moving forward so as to keep ahead. Finally the getting the BCorp certification has been a useful process as it has caused us to take a 360 degree look at ourselves as a health check and enables us to consider our future directions in terms of other European options such as France, Spain and Greece and so we will be going into Europe although producing in Germany could be difficult.”

(UK)

The quote below highlights the holistic support that there is in Scotland for social enterprise and how opportunities for growth can come from a variety of sources:-

“The real growth in terms of international growth has to be through partners, for example we had the Scottish Parliament going abroad and selling it on our behalf. The Scottish parliament has also given some of our products as gifts. The First Minister, through her connection with Social Enterprise academy gave out some of our gifts to the Chinese premier recently. They are also giving away our products, as gifts, when they visit South Africa. They are giving away our products, with our branding on to the Presidents and cabinet members in these countries. These are not international sales per se, but, it has an international feel about it. Again it comes down to it being a beautiful product, made by an ethical SE in Scotland and that is what the First Minister is promoting. Their investment is pushing SEs and on this occasion we happen to be the beneficiaries. They have bought a lot from us recently, approximately 2-300 products which they give away when they are on international visits.”

(UK)

Growth can also mean that you need to re-invest in infrastructure and resources, the example below outlines the need for website redevelopment as a result of recent growth:-

“The web site needs a rebuild now actually to reflect our recent growth and development but of course the use of digital platforms has been really important to us as a business to aid brand recognition, marketing and sales. At the start we developed a very simple web site just before we launched, then we integrated a shop / sales functions and now we have added in different global companies and we have made it more inter-active so that you can click and change the language used on the web site to reflect the different locations that we operate in.”

(UK)

Products

The social enterprises involved in this project were trading, internationally, unique and quality goods and services and these elements are highlighted in the quotes below:-

“The modern technological equipment, the specialized staff and the long wine-making tradition have led us to win significant awards in national and international contests. Applying the safety and health requirements of the European and Greek legislation, the requirements of the Good Manufacture Practice and those of the cooperative clients as well as the suggestions of the state audit institutions, we are nowadays considered one of the most remarkable and reliable wine manufacturer units in Greece.”

(Greece)

“ I am so proud of our products, because they are passed on, they are not things that you find everywhere. They are traditional, they are part of our culture and I want to

maintain this. We can improve them, vary them for example we now do cushion covers. We do curtains, which fit in with the homes in the UK. They still have African animals on and our vibrant colours. However, I would not want to change to move into anything else. We do some jewellery using local stones such as hematite. We try to encourage people to use things that are around them. We do stone or seed jewellery. These are not available on our online site, I only sell these when we have a market stall. We sell lots of recycled materials and beaded items and these are some of our main products. We also have the batiks, some of which I have made myself, some are made by others.”

(UK)

“We looked at what was in the box to go international and this was contained within our license agreement. There were not just the products which people instantly think we will just take your products and use those, but, all of the systems that you need to run it elsewhere, all the systems and the strategies and approaches to everything, but also the support. Because you do not want to replicate all of those learning management functions, quality functions, communication functions everywhere. So we started to build up that central team and recognised that we could have a global core team sharing a resource across the different countries. We built this up as we started to replicate.”

(UK)

“In terms of different types of products we have four different types of beers, namely the lager, IPA, pale ale and an American pale ale. These beers are produced as bottled and keg beers. We have always have the bottles as a products and we have recently in 2018 moved on to produce keg beers. In the US they have one product .. the American pale ale ... so they took our recipe and they changed it to meet their market and then the market here picked up on it and it is now available here in the UK as well. Brazil has a lager, South Africa have the pale ale and then Iceland are a bit different as their bread is different as it is dry rye bread and so it tastes a bit different. The beers globally would be slightly different tastes as we are all about brewing with locally sourced bread that would otherwise just be wasted. There would be no point in us using surplus UK bread and shipping it all the way to South Africa so we act in a more environmentally responsible fashion by making use of locally sources for our ingredients.”

(UK)

“The branding is different on the bottles depending on the location of the production, so in Iceland the alcohol level is slightly higher. This is an issue for us as we do want the product to be consistent but the basic ingredients such as barley and water differ depending on location so without exporting our brand it is difficult to see how we are going to be able produce a consistent product across the globe. In New York we use organic bread as there is so much waste but then we want the beer to be seen as being a good quality in the location it is produced.”

(UK)

“We believe that the high quality of Achaia's products has been a catalyst for helping us spread these products to overseas countries.”

(Greece)

“So even within the speed of what we produce, it's fast, fast, do, do, get it done, now what can happen is care about what you are doing. So you have to watch the quality control. And also there is the tolerance level.”

(Ireland)

“I have reduced the number of products that we have online because I want to make sure that people are happy with the product quality. Our Batiks are 100% cotton, so we put this online. Now that I am studying special needs education, I have learnt that the batik patterns such as giraffes, can help autistic children with their concentration. So this is how I try to market on line. The designs are also made of flour paste, people like that the products are natural. Recycled products have also done well.”

(UK)

“However first and foremost our product has to meet the highest quality standards. When we were starting out we sent out samples of beer in Sept 2015 that were rejected on quality grounds. This client will not be prepared to try the beers again for some time and so we know we have to get the product right as our clients are selling beer and not necessarily selling our social mission. However for our consumers if they find they have a good beer and a good social story then they are likely to keep buying our brand. Nobody is going to buy and drink a beer just because they think we have a good social mission. Our beers have won awards for quality and this enables us to include a relevant badge on our bottles. It is important that we enter such competitions so as to allow us to gain recognition of the beer for its quality.”

(UK)

Sources of Finance

Analysis of the data collected from the social enterprises involved in the project identified a variety of issues related to sources of finance that they had faced as a result of trading internationally, namely

- External Funding
- Internal Self- Funding
- Organisational Constraints

External Funding

During the initial start-up / operational period many social enterprises relied upon external sources of funding for their sustainability. Evidence for this can be found in the following comments:-

“Initially we did get funding from a range of Government departments. Obviously the childcare service would be heavily funded by Pobal. The family resource centres now have been transferred into the new agency called "Tusla Child and Family Services" and so we get a lot of our funding there and then we'd access other funding, small streams of funding or large funding. We have an IFI programme particularly targeted at young people. We have programmes with the education and training board. There's a cocktail funding that would come in through this place” (Ireland)

“Yes the HSE do offer grants , .. now they'd be very small. So for example this year, we would have received small funding from HSE to deliver 3 or 4, 8 weeks programmes in a community setting, which is small funding for us but not insignificant for that group of people” (Ireland)

“We received external support from the Kaunas city municipality. They had been invited to take part in projects. External support also was from cultural council. With that support, we could to buy equipment, to create advertising, to create internet-based information page.” (Lithuania)

“We also received funding from the British Council, because they were very keen to get social enterprise out to the Asian markets ... “(UK)

“Projects were also funded via Youth based funding programmes, usually European programmes” (UK)

“I have also received a number of grants for the charity, form local and national Welsh organisations, but not for the CIC and I received a grant last year to pay for the Wales Fair trade Fair from HCA”. (UK)

“We did a rewards based crowdfunding exercise.” (UK)

“Empower be the Change has successfully secured £246,000 from the Big Lottery Fund... “ (UK)

“So then we got access to grants from the special EU programmes body to do a cross border project. So for the first time UCIT could then make this business support programme available to groups across the border, in the southern border counties as well as the rest of northern Ireland to groups that had never dealt with UCIT before” (Ireland).

“with the support of ALTUM grant we can now ensure workplaces for those people for half a year, so the next goal is to ensure visually impaired people with work on a constant basis. BlindArt is the first social enterprise in Latvia, which has received 20 000 EUR grant for development of social business” (Latvia)

“We have worked with Welsh government and with the bank of Wales. The Bank of Wales have supported our projects with finance”. (U.K)

Internal Self-funding

Although many social enterprises obtain grants or loans to help them through an initial start-up/operational period it has been found that as social enterprises become more involved in internationalising their goods and services so their funding sources change to reflect how they generate their own internal funds to deliver their organisational mission. Evidence of this move can be found in the examples of the data analysed below

“Soon European funds will not be available anymore, and we need to ensure our existence. Charity donations already start to “break up”, because people get used to the system, That is why it is necessary to think about how to develop, if donations will not be available anymore” (Latvia)

“So, we get a grant of about 99 thousand but we now have to find that 10 thousand of that is ourselves to pay the wage. Pobail used to 100% support all the wages but they have been trying to get the businesses or all the groups to start self-financing.... So, for a community group it's a huge challenge.” (Ireland)

“The main sources of funding are personal funds and incomes from our actions, charitable events, lessons for children”. (Latvia)

“Any capital gains are either reinvested in a social enterprise or donated to a charity of their choice. This has generated 1.4 million”. (UK)

“Ok so proportionally the amount...you are becoming less reliant on funding from grants and project work. Ok because you are able to drive up other revenues through working on the ground here? (Ireland)

“We did not take any financial support from EU funds, Latvian Investment and Development agency, ALTUM (Latvian state financial instrument), because, the more I spoke with people, who have already applied for such funding, the more I realized– “No, thanks, better I do it myself...” (Latvia)

Organisational Constraints

The analysed data collected from the organisations participating in the project indicated that there were constraints on the sources of finance available to social enterprises such as :- legal status, purpose for the funding and lack of funder confidence. Examples of these issues identified in the data included,

“In our articles of Association it is clear what the mission is and so all investors understand the business model so it is a way in which we rely on their charitable giving”. (UK)

“We did have to change the rules of the organisation to get funding for this building. So, that it basically couldn’t be sold and given to the shareholders....we had to change the rules so that it goes to a similar organization if we dissipate”. (Ireland)

“it’s hard to get employment grants ... I would say you can get grants for capital stuff, capital expenditure definitely you can get grants for that” (Ireland)

“The support would cover some part, but even then it would be much more expensive than in China. Using the funds of EU you are not allowed to buy what you want (or need) – It is a barrier to some extent”. (Latvia)

“All of grants are restricted in some way, so when we apply for projects the money comes and goes straight away”. (UK)

“as a source of finance this area of social impact investing is quite a new and is now growing”. (UK)

“We have also made an application for a loan to a commercial bank but it was turned down as we as an organisation did not have any assets and no audited accounts. So we could not get finance any other way other than through charity as the Founder did not want a straight equity release as he wanted to protect the mission of the organisation”. (UK)

“if you want funding, be it financing from the Ministry of Economics, from the bank or from someone else, that you somehow always have to go all ways if you want to get the best possible financing. If you go to one source only then you definitely only get 10 percent of what is possible”. (Germany)

“With the bank of Wales, the fact that we are a major local employer is more important than the fact we are a social enterprise. Because the company is a cooperative we are slightly bound as to where we can access finance from. There are angel investors and private equity investors that like to invest in social enterprise. They may look for lower rates of return”. (UK)

Human Resources (HR) Issues

The importance of employing and of course keeping the right team members was highlighted in a number of areas of this project, for example organisational leaders viewed this area as a key element of sustaining the international social enterprise.

Staffing within the social enterprises was comprised of salaried staff, volunteers and when necessary outsourced industry experts. This typical mix is illustrated in the quotes below:-

“Currently there are 2 paid people who are those who work full time in the shop. Then there are 4 people, myself included, working here as volunteers.”
(Italy)

“Scotland is now at 27 employees but since 2012-13, since we started to replicate internationally and put our brand into the hand of others around the world, their staff began to operate SE academies, with 2 to 4 people in each country (not fulltime). So globally we now have 61 staff (36FTE) and this is just the staff team. We also have associates who are the practitioners. We have about 90 associates around the world.”
(UK)

Employed Staff

Some of the organisations were very small and only employed one or two members of staff, whilst others, had grown to 400 employees. Although the human resource issues was not a detailed topic area, within the qualitative interview schedule, it has been shown to be a motive and driver for internationalisation, a challenge and implicit in longer term sustainability of the operation, however, for other social enterprises finding and keeping the right members of staff, in both home and foreign locations has been a barrier and challenge to organisational growth and development. More information can be found within the barriers and challenges, motives and drivers and sustainability sections of the business canvas.

Below are the specific themes relating to employed staff:-

Having the right team

“The team on site is important, so having the right team is now important for all kinds of companies. So I think it is already important. We see that, too.”
(Germany)

Finding employees with the right skills

“Having people on the ground in different locations raises challenges internally in terms of motivation and engagement as we want all employees to feel part of the organisation. This is important to promote the wellbeing and health of our employees.”
(Germany)

“An additional beneficial element is that our human resources have worked abroad so their experience is significant for our organization.”

(Greece)

“Each of us a team had our own business skills but none of us had experience of running a start-up business before so every day we are learning something new even now some two and a half years in so I think we as a team have learned a lot and are now growing up as a business in terms of having a bit more resource to have someone to think more strategically.”

(UK)

“Another challenge is that that we could only employ relatively few people when we started the business and so we each had to take on multiple roles.”

(UK)

Working as part of a social enterprise, operating internationally, had both positive and negative impacts on employees, for example:-

“In general, the positive aspects are to be able to discover the world.....and to have a more global vision of the world.”

(Italy)

However, negative aspects included:-

“It is a life that always leads you to be tossed around the world that can be nice to feel but a little more difficult to do; it has negative sides therefore of structure, of having stable friendships, of fixed points.”

(Italy)

“It is not a secret, that employee wages in such “micro-business” environments are not the most competitive ones.”

(Latvia)

“Our staff are not paid very high salaries and we need to be able to generate a margin on our sales so as to be able to give money to our charity.”

(Lithuania)

Volunteers

Many organisations relied on the input of volunteers to support their operations. The reliance on volunteers varied significantly. AS organisations grew and developed the reliance on volunteers usually diminished. For those that still needed the input of volunteers, most organisations acknowledged that it was difficult to find volunteers, as illustrated in the quote below:-

“The other problem is that even volunteering, which was quite present in the early years, has now decreased a lot. It is increasingly difficult to find people willing to help. Also because we, for administrative reasons, we cannot officially have volunteers. But we lack that group of volunteers we had before and that made this kind of activity easier.”

(Italy)

Networks in Internationalisation

Analysis of the data collected from the social enterprises involved in the project identified a variety of issues related to networks and their usefulness to the organisations that were involved in trading on an international basis. A minority of interviewees, however, expressed negative views on the usefulness of networks to their organisations for a variety of reasons, for example

“We are not members of any networks. A lot of the support networks appear to be very regionally oriented and frankly that doesn’t really suit us”. (UK)

“No, we do not feel networks which operate within our country are important to us operating in foreign markets”. (Lithuania)

“We are not member of any official associations, but rather a part of people network Often when you are the member of some official association, it does not mean much to you as sometimes it is only the name of the network and nothing more”. (Latvia)

“Networks ... ?? .. I have never had the time to engage with them”. (Ireland)

“I don’t think that being part of these networks helped the internationalisation process because they didn’t have much experience. There aren’t that many that are operating internationally, so where do you go? There are plenty of people that will advise you from a commercial organisation but there are not many SEs that are doing it. The networks have helped me in the wider sense, but not with the internationalisation”. (UK)

However, the majority of interviewees expressed more positive views on how networks were of use to their organisations that were engaged in trading their goods and / or services internationally. Analysis of the collected data indicated that there were two emergent themes associated with networks in the above context, namely

- Type of networks
- Role of networks

The analysed data could also be arranged into the following categories within each of the identified main themes as follows,

- Type of networks
 - International
 - National – Government / Institutional
 - Professional / Personal
- Role of networks
 - Support / Mentoring
 - Organisational Development
 - Marketing / Revenue Generation

Evidence to support the above framework of factors related to networks and the internationalisation of trading for social enterprises is illustrated in the following examples of data, namely

Types of Networks

International

“Yes ... we would use is the Federation of Regional and Local Environment and Energy Agencies, It is a Brussels network of energy agencies of which our regional Energy Agency would be one of the stronger members”. (Ireland)

“The rules for the cooperative itself are set under ICOS (Irish Co-operative Organisation Society) and it would be very supportive for what we do”. (Ireland)

“In terms of networks, we are part of youth organisations “Make sense” (around 15 000 young people around the world, which connect people who need something to people who can give something on a voluntary basis. Also we collaborate with the networks of Dr. Muhammad Yunus – and so we have partners in Brazil, Germany, Bangladesh”. (Latvia)

“We do pay to be members of networks in Scotland and overseas. We see a value in backing those networks. We guide our teams to become paid members of certain networks in different countries. We are members of the Global SE network, but also more traditional national networks like the Institute of Directors. Also we are members of the international development alliance, which is more traditionally aid based but still internationally focussed”. (UK)

“Now we are a BCorp then this will be a step change for us as it is a global certification scheme. We put this news out last week and already we have been approached by company’s who want to do things with us”. (UK)

“It is extremely important to be a part of international network ... so I continue to grow my international network also during the conferences etc”. (Latvia)

“Networking was a major factor in our social enterprise beginning to operate overseas. More recently as well, as we are having to do a lot more ecosystem building and relate to funders we have become part of the Asia Venture Philanthropy Network. We are starting to enter those funding and investor networks too. That is a new step for us”. (UK)

National / Institutional

“Failte Ireland is where we get a lot of our stuff from and also from the Donegal leader and under Donegal leader, (DLDC)”. (Ireland)

“For sure, we are a member of the Social Entrepreneurs Association of Latvia ..”. (Latvia)

“More of our networks that we are members of are in domestic market usually in collaboration with budgetary institutions for example the Lithuanian Children's Disability Academy”. (Lithuania)

“we are also members of BAFTS (British Association for fair Trade Shops and Suppliers)”. (U.K.)

“We have joined Social Enterprise UK ... we are always looking to find ways to partner with other organisations that are doing similar things”. (U.K.)

“We are members of co-op UK and we have worked for other co-ops”. (U.K.)

“We wouldn't have gone ahead with the international trading if we hadn't been members of a network. We are members of Wales Co-op, and we have been involved with them for a long time”. (U.K.)

“SOCHA has been great, been really good, social enterprise network, we have attended a number of the events, workshops and network meetings which have been great. Outside of that we have good support through SOCHA and through other organisations”. (Ireland)

Commented [M1]: Name of organisation

“The network is decisive for our work, it is not convenient for us to risk dealing directly with our customers. They are the ones who have all the contacts with the supermarkets we supply”. (Italy)

Professional / Personal

“I used to be chair and now I am on the Board of Edinburgh Social Enterprise Network It's about putting something back, but, I also really enjoy it. It keeps me in touch with potential opportunities to share good practice, to form partnerships. I am also very active in SENSCOT (Social Enterprise Network Scotland) as well. (UK)

“The most important support network we have had since the beginning of our experience is the Greek community that lives and works abroad”. (Greece)

“Our activities on the international market have been greatly influenced by the existing contacts and acquaintances of its members”. (Greece)

“So, I took this local job but I had all the contacts nationally and internationally”. (Ireland)

“So, I had the contacts. I had the connections and I understood what was needed to put a programme together that would be attractive to the tour operators”. (Ireland)

“We have worked a lot with the Italian institutions in Argentina and with an entire system of associations; we have many personal contacts so for us it is much easier to talk with Argentina”. (Italy)

“It is much useful to have personal contacts then to be a part of big international network we use network of our Facebook audience -every day”. (Latvia)

“We have network here – network of friends and creatives, but this network does not have a name or brand so, it’s not a social business network, rather a network of friends. I create my own network”. (Latvia)

“The founder built up the network of activists in terms of food waste around the world and this enabled us to make contact with other organisations that wanted to become part of what we are doing. That is why we have been able to set up these franchises as we have involved passionate people from around the globe”. (UK)

“The initial contacts probably came through the charity and the links that the founder had with a charity and in South Africa we set up through another connection of the founder’s network of personal contacts ... this was very important in the first instance to help set up internationally ... the founder has a network of individuals around the world that came about through those individuals being part of recognised external organisations such as young explorers, Ashoka etc”. (UK)

“you look to see where was the next opportunity, the next interested party, and then you strategically looked at for whom this could be interesting and built up networks. That’s how we still work today”. (Germany)

Role of Networks

Support / Mentoring

“... however, we also have access to pro bono services via various networks and we have repeatedly had management consultants who have, for example, focused on Asia and now we have a very strong presence in Asia”. (Germany)

“Then we have support with this network of pro bono consultants which has always helped us a lot. We once had Roland Berger for several weeks. We have had help from an Ashoka Fellow and this helps if, for example, you also want to acquire money from foundations. If you want to get support in another way, then this label of being associated with an Ashoka Fellow is also helpful”. (Germany)

“and we have access to the Schwab Foundation and access to the World Economic Forum which is immensely helpful. On the one hand we can participate there, and on the other hand this gives us of course an access to an incredible network”, (Germany)

“So most of our support from our networks have been very much around mentoring advice rather than financial support because we are not entitled to some of those other financial supports”. (Ireland)

“Talking about support networks of course we are happy to have possibility to participate in European projects. While we are travelling we are learning a lot from other social business enterprises and we have some opportunities to do this during Erasmus +, Interreg and some other projects we have”. (Lithuania)

Organisational Development

“We are members of the non-profit Swedish organization “Reach for Change”. They organized a competition with a goal to find strong creative social entrepreneurs. They selected us and so now, we are part of a social entrepreneur incubator network”. (Lithuania)

“We have an international law steady working pro-bono for us, so that's really very important. Especially when you are, we work with Intellectual property and you can copy that. To achieve this as a social enterprise that really does work worldwide without the help of local lawyers would be very difficult without the support of our pro bono lawyers”. (Germany).

“in terms of branching out and developing relationships we have become the first ever Irish/UK partners of FEBIE. FEBIE is the Federation of Ethical Banks and Alternative Investors in Europe. That then gives us exposure to the methods and financial instruments used by other similar minded investment organisations across Europe”. (Ireland)

“Yes we have gotten some networks that are helping us with our organisational development ...for instance we have gone to the local enterprise offices as well and we have an online trading voucher to upgrade our website, we should also get some assistance with trade shows. We are trying to use the network of social enterprises as well, so I mean one of our first customers was a social enterprise food cloud, we are trying to stay active within that network”. (Ireland)

“In some of our key countries, such as Malawi, we are members of the Scotland Malawi partnership, this is a fantastic organisation, totally dedicated to building strength between those two countries so on that bilateral basis, it is a brilliant organisation to be part of”. (UK)

“In terms of facilitating projects we rely on in country expertise and sending some of our own experts. In international projects we have in country partners that are generally paid on a per project basis. This network of associates has been built up over the years through working with embassies and government. We tend to select these partners through the network and word-of-mouth referrals rather than a formal tendering process”. (U.K.)

“The office in Brussels would do a couple of things, they would participate on projects with us, they would identify opportunities for us and pass on particular opportunities in terms of there is someone looking for a project in this space. And they would facilitate

us finding other people to collaborate with. This networking is absolutely critical ... yeah really important to our development". (Ireland)

"It is very important, because it is also connected with development of goals and whole business". (Latvia)

"We would not have survived without networks in both the UK and Zimbabwe. How do you survive in a county that is not free; you have to be known". (UK)

"Networks have been important to us in so many ways. Again every industry will have its' own networks, but for us being well known in those networks has been crucial for identifying partners, brand awareness, brand reputation, not necessarily on a huge scale but with the people that matter". (UK)

"So the networks internationally are crucial to ensure that you get the right solutions, that you have healthy teams everywhere". (UK)

Marketing / Revenue Generation

"For sure, being a member of the Social Entrepreneurs Association of Latvia, ... is important in a framework of communication strategy and for us it is important to have some ambassadors, who would tell others about us". (Latvia)

"The most important support network we have had since the beginning of our experience is the Greek community that lives and works abroad. These contacts helped us in an initial networking with wholesalers". (Greece)

"In the end a buyer cares about your product quality and prices, not the network of your enterprise. However, in terms of marketing it (networks) may help you somehow". (Latvia)

"We establish network relationships with other companies through conferences, events for Italy, such as the world linked to food, in France we give them both cookies and t-shirts, aprons, so they negotiate and sell our textile products too". (Italy)

"Our participation in exhibitions has helped us to secure strong communication networks and to present our products to potential customers who eventually seemed to be interested in adding them to their own sales portfolio". (Greece)

"I think the social enterprise network in Ireland should be providing a role in helping social enterprises to get new markets abroad". (Ireland)

"The networks extend viewpoint and possibilities. It's a way to try new ways of business development". (Lithuania)

“In terms of networks I would say that they have been crucial to us in penetrating our overseas markets. Our US connection got us a chance to get into US based food supermarkets”. (UK)

The Barriers and Challenges and Risks of Internationalisation

During the data collection the social enterprises involved in the project identified a variety of barriers and challenges that they had faced as a result of trading internationally.

Profile

Becoming well known, nationally and /or internationally can place additional pressure on the enterprise, particularly the founder to succeed and this is outlined in the example below:-

“we are just one of the most visible examples.....We are the first, who have received ALTUM grant for social enterprises in Latvia, so we are that visible. On the one hand, it helps us as an enterprise, on the other hand – it is additional duty and responsibility.”

(Latvia)

Providing Advice for Others

As a result of being successful social entrepreneurs were asked to provide advice and guidance to other social enterprises thinking of undertaking similar projects. The quotes below emphasise how every organisation is unique and all have experienced different barriers and challenges:-

“Everyone invites us to share the experience, however I don't know, if our experience is the right one, the best one....so we just say what it is to be a social enterprise and that's it.”

(Latvia)

“That's why I would be very careful talking to other groups that are thinking of different social enterprise projects, you ought to be very careful in saying - don't do this or don't do that. Take a look at it. If you think it would work for you go for it. That whole commitment thing, we had difficult times.”

(Ireland)

Capacity

Organisational capacity was raised in two forms, firstly in terms of production capacity and secondly in terms of staffing capacity:-

“because we still need to consider our production capacity. It is important to focus on something purposefully, not to “shoot in all directions”. And afterwards, when we will develop to other countries, we would already have the point for the reference. We don't want to go and promise, that we now will be, for instance, in Sweden, Norway and many more, but rather define one next development path.”

(Latvia)

“We have one again that seems to be slowing up. And again you see it’s boiling down to capacity. And like say this year alone like it’s shocking this I’ve lost 91 days in sick leave. Now if you put that into a system, and also other factors massively affect here. I think I could take one more stockist but that’s it, or you would break it.”
(Ireland)

“First we need to tackle with different challenges, for instance, we need to understand working capacity of one person (how many products one person can produce in a month period) and the accordance to the concrete demand.”
(Latvia)

“We are making a craft product and if you look at the craft market locally and internationally, it is individuals or small family businesses, normally piggy backing on the success of another platform, with very low profit margins and they are not bringing along a dozen or so people with support needs. Their business model is to use their craft to make something beautiful for a craft fair or a website. We weren’t selling enough to develop get that serious amount of development and investment funding needed to develop those individuals.”
(UK)

“We have decided not to follow the partner idea at present. One of the things that I have learnt as a Social Entrepreneur is don’t promise what you can’t follow through. This is why when I was speaking to the buyers in South Korea, I was very careful, I didn’t want to promise something that would get the organisation into serious trouble. If for example one buyer asked “how much of an order would it take for you to get your factory in place?”, off the top of my head I said hundreds of thousands of Pounds and they said “Ok”, I had to explain that we weren’t ready for that type of scale up. Imagine if I had come back from South Korea and said that we have two months to make 10,000 scarves, everyone would have said that I was completely insane. We hadn’t got the staff, we hadn’t got the factory, I just couldn’t have seen it through. Whatever I promised them needed to be realistic.”
(UK)

“We have had a constant struggle ever since in terms of capacity, because if you are hiring for jobs to serve your local area it is much easier. It is harder to find people with international experience and with the ability to get their heads around your business model. The demands of working internationally also mean that you are working across different time zones and this shifts depending where your markets are. I know organisations that used to operate across different time zones, but, they have now condensed to just doing work in Africa, purely because it is easier. You can have a good impact and your staff aren’t stretched. Capacity is a big issue that needs to be attended to.”
(UK)

“Key challenges in the future would be right now are getting experience engineers that would be a key challenge, second key challenge would be getting experienced contractors to deliver the projects. And they probably be the two biggest challenges we have right now.”
(Ireland)

“Talking about the barriers, the main thing is to know how to speak with people you sell to. It was difficult to find people, who could communicate on a proper level, we simply could not find them here in Latvia. International business requires trained people. Yes, they may speak languages (German or English), but if they have never been in business environment, they do not know how to act and speak properly. It was extremely difficult to get the right team, that could do the export and collect the contacts of potential partners. It may work on a local market, but it is extremely difficult to sell for such price. But I had to find people, who would arrange those exports, as I was busy working, teaching in business school, consulting, doing other staff, and on top of all that – running SE.”
(Latvia)

“It is difficult to attract skilled/experience staff; now we work on attraction volunteers. It is not very easy because topic as protection of the environment has to very important, only then volunteer comes to organization. There are no personal benefit being volunteer in this area, because it is more altruistic motive.”
(Lithuania)

The example below highlights the effect that reduced staff capacity can have on products and services:-

“Another challenge is that that we could only employ relatively few people when we started the business and so we each had to take on multiple roles although none of us were brewers. This had consequences in that we were not in control of our quality in terms of product. This was a problem at the start and so we have no got our brewer even though that person is only working for us on a voluntary basis for 18 months now.”
(UK)

Culture

Some social enterprises raised culture as a barrier and challenge; this is illustrated in the quote below:-

“If it is accepted that the travelling community is a different culture, you don’t enforce settled rules on top. Right? So there is an ethos within the travelling community, get in, get it done, get the money, get out.”
(Ireland)

Balancing the Hybridity of Social Enterprise

“my board are good but I think as social enterprise is changing and changing into the need to generate traded income as well as the social side to it, the feedback of actual, there has definitely been a shift into traded income. And that is causing, like there is a breaking point within social enterprise where if you push too far into that, the social remit starts to crack because you are putting pressure onto an element of our community that are already in a pressurised and excluded sort of solution. The last thing you want to do is make that life harder by saying sorry can you just stay here and make ten more garments because actually you know I need them because

I need traded income”
(Ireland)

“Because of the definite change in attitude towards traded income, this year we are using it to book a stand at the RDS which we did do last year as well, but we are using the money to pay for the stand to generate traded income. As opposed to training and development. And it’s very, it saddens me because they were things that kept everyone going, a bit of difference. So we have had to get a bit more innovative this year, with smaller sort of experiments with staff, looking and finding other ways to do a bit of training and development.”
(Ireland)

Enterprise

Being enterprising, growing, maintaining and investing in the business can result in resource issues, such as those detailed below:-

“In general, social entrepreneurship is a business. It means selling something, similar to selling bread. If you don’t sell, you cannot maintain the building and specialists, it is just a short term campaign. People often think that they will receive something for free, but actually nothing is for free.”
(Latvia)

“So again we are caught again with a reluctance, we a very fortunate because a) we don’t pay a lot of rent here but also we have a strong reserve amount of money that’s been built up.....In order to sort of build a stronger online presence we would have to go and get proper photography done. We have done a certain amount of it ourselves using free software. The industry standard for online is cut shot, where the background is taken out of it and you just have product and product placement. It is not necessarily a fashion shoot but it is just this clear image which is very reflective of the colour you are buying. And also that thing of flicking if you, that’s in blue I’d love to see what it looks like in yellow, and all of this. We know, we would have funds to invest in it but we are holding off at the moment a little bit because of the traded income push.”
(Ireland)

“We haven’t really sold a lot. The biggest is e- marketing.....To continually developing the website and how we’re doing it and there’s a big body of work in that and that’s the main challenge. Just to keep building that. It’s a big body of work”
(Ireland)

“10 years ago...we had to close one of the shops because it did not go on and about 5 years ago we closed the other because it could not be self-sufficient. Now we have this shop only. A big problem in Rome are the rents: if you want to open an activity of this kind you must own a property otherwise the rents are too high. Because they need big spaces for the warehouse as well as for the store. We fortunately a few years ago we managed to buy this property, this thing allows us to survive..”
(Italy)

Building a brand also takes time:-

“You will get this, you get loads at showcase, it is very interesting Americans, they are very personable, very interested, very cagey about ordering and what they tend to do is look to see are you here this year, they take a note of you. If you are there the following year, take a note of you. The year after they might order off you. That’s been my experience.”

(Ireland)

“And also, there are certain frameworks built up already within let’s say all the councils will have framework contractors and they are used to doing it their own way and they have certain pricing on that. And they know exactly what it is, whereas we are an unknown. So until we establish ourselves it’s always difficult.”

(Ireland)

Some social enterprises were also operating in competitive markets:-

“The main barriers for exports is competition, our market in general is highly competitive”

(Latvia)

Finance

Financial issues were of course a major barrier and an ongoing challenge.

“The main challenge is finances”

(Latvia)

“All business process especially when you are starting requires investments. First thing of course it is some lack of investments.”

(Lithuania)

One of the challenges raised was accessing finance. Social enterprises were finding it difficult to access finance, from a variety of sources:-

“It starts with the financing. It is incredibly difficult for such an innovative approach to get financing on its feet, because for the economically-oriented financing offers, also in the context of public start-up funding, but also in terms of investments, as far as business angels are concerned, i.e. the classic investor channel, we are not geared enough to monetization, i.e. our business plan is of course designed for profit. We also want to support projects with our revenues. Ultimately, however, it is not our first goal to squeeze as much money as possible out of it, but above all to create a high-quality product which also has added value and offers a social impact.”

(Germany)

“Access to credit. At the minute we have access to the Social Finance Foundation. They have a relationship in turn with the banks in the county, a very good positive relationship where they buy the money in from the banks and sell the money on to us post the current agreement that the SFF have with the banks. Were that not to be renewed we could run into an issue with access to credit but we are endeavouring to mitigating that risk by developing new partnerships in Europe.”

(Ireland)

“One of the barriers we found and I don’t know if it’s something later on, I suppose we are a social business but we are a limited company, so our fore profit social enterprise. So because we are about added value in developing coffee producing countries, we don’t manufacture in Ireland. So we are not entitled to a lot of enterprise Ireland or inter-trade Ireland funds.”

(Ireland)

“We had certainly a number of obstacles. One was the financing of it and it’s something that we see a lot, that there’s a lot even today of talk from the Government about the banking and supporting small to medium enterprises. All we can say is on our journey and that would have been four and a half years ago since we opened, that was certainly not the case. What our local bank was requiring from our local committee was outrageous.”

(Ireland)

“Access to finance is barrier to us, because only some projects received funding.”

(Lithuania)

“Access to finance – we need financial resources for professional consultations of marketing, higher qualification, entrepreneurship. Also, financial resources are important for competent workers.”

(Lithuania)

“With larger projects the risk in terms of finance is that usually only get paid at the end of the project. Funding UK projects tends to be easier than finding funding for overseas projects.”

(UK)

In terms of accessing grant funding, the following comments summarise the frustrations:-

“I think some of the funding streams are very competitive and therefore you put a lot of effort in and get very little return.”

(Ireland)

“So an application then covers 80 pages. So it goes from the game design over the whole technical framework to the marketing plan, exploitation concept, target group analysis, market analysis and so on. This is a lot of work, where many people are busy for several months. But of course it’s a bit nonsensical if you think about how much time you actually spend writing these applications. And then you also have to go there, then you have to pitch, so present, then you have to wait incredibly long until you get feedback and everything is very tough. If you were now to apply even a halfway acceptable hourly rate, then a large part of the money that you get as a performance-based loan would in principle be lost due to this work. And let me say this: if we hadn’t done that, we would already have done it long ago. That’s an unbelievable delay. And the longer you need, the more annoying it gets, the nerves are strained, the time of everyone who works with you because of course these times when you are waiting for the next subsidy, they are of course also very stressful.”

(Germany)

“We made a mistake, I believe, when we first started. We were led by funding criteria; that first tranche of internationalisation grant money was that it couldn't pay for existing staff. Your existing staff understand your business and we had to bring in new staff to replicate the business, but, how are you going to replicate a business if you don't know how it works and if they are not replication ready? So we were advertising for people who didn't know what we were doing. Within 6 months they were gone and the money was spent and we were back to square one. It was then internal staff that had to step up. Then as a member of staff you end up doing three jobs, your own role, becoming replication ready and you are starting to do the market development in other markets at the same time. That is three jobs, so capacity became a real issue, so we had to then back fill, but we were doing this too slowly and it burned a couple of us out.

So the message to all funders is to get that parameter out of there, but, it is still there in many different places. It is about new roles, not new people. It is semantics and job creation.”

(UK)

Ensuring an adequate cash flow to keep the business operating was also raised as a challenge:-

“I suppose in 2004 or 2005 we ran into difficulties because we obviously got the place open. We got the bar open and we got a good response to that. Then, the cardinal sin in any business, we started to use our cash flow to finish off things. That's a dangerous area. You could have a good business going and no money going to the bank.”

(Ireland)

“Cash flow is volatile – it is the biggest problem. The seasonal nature of tourism, caused by the excessive concentration of tourist demand in the months of June until August, limits its growth potential”

(Lithuania)

“Cash flow is not easy. This is why I have moved on to get another professional job. Selling is not lucrative, I cannot afford to support myself as well as the CIC, that is why I needed to get a professional job, so I can send as much money as possible back to Zimbabwe.”

(UK)

“And therefore there is a cash flow risk, which is an interesting one. We are sometimes limited by how creative we can be in terms of getting cash in, because, we are a worker run cooperative. The only way we can raise equity capital is from our members, which are our staff. If you want £1 million to do a large project internationally we cannot do this through equity. There is much discussion at the moment about how can you bring cash into a social enterprise or a corporative enterprise. However in terms of international work cash tends to be the biggest problem.”

(UK)

Social enterprises noted that currency exchange rates could be an issue:-

“The biggest one is generally cash and there is always a risk associated with exporting services and goods. Exchange rate risk is one of the financial risks. When you are dealing internationally, especially outside of Europe, there is a risk that you will not get paid.”

(UK)

For organisations operating in cross border communities, currency fluctuations could have negative and positive effects:-

“Normally then the exchange rate would be exorbitantly high. We always kept it as close to what the actual thing was and then we could use the Sterling ourselves. We'd have different company that supply us from the North so...the problem with the currency is if you're lodging it, if you have to lodge it and you're looking at an exchange rate and then you pay charges on lodging and charges, there's all sorts of charges. We don't really lodge that, we can pay bills, it works alright for us.”

(Ireland)

“Certainly with currencies there will always be fluctuations one way or the other. If one goes up obviously if Sterling rises in value there's an attraction for people to come across. You'd be making that available all the time in the advertising you're doing so people know what's available.”

(Ireland)

When funding was obtained the timing of funding tranches proved to be challenging:-

“the second major point is the issue of financing. Some of us have waited one and a half years for project funds. So if you don't have good partners then you have quite a problem.”

(Germany)

“It certainly took a year just to get the financing on its feet. And then it's a staggered funding programme, i.e. you first have a prototype development, i.e. a concept development, prototype development, then production and then a distribution phase. And for every single phase you have to submit a new application again.”

(Germany)

“We raised investment, but, it didn't come in quick enough. It was staggered over a number of years rather than one hit, so we were still scrimping and never quite fully flush with the budget to cover everything we needed to at the pace we needed to. So again what happens is that you slow down and this results in needing a longer investment over more time. Keeping the investment coming is a big challenge.”

(UK)

Products and Branding

The social entrepreneurs that took part in this project raised a number of barriers and challenges that were related to the products that they were making and selling.

The first point raised related to the time it can take for a new product to be accepted into the mainstream market:-

“The barriers and the challenges is that people are being opened to new things, it’s a new product, it’s a new system and until people see it working and gain trust in it, they are the main things. Because Ireland is very much like the way it’s done is the best way and sometimes can be difficult to change people’s minds.”
(Ireland)

Other organisations recognised they needed to reach a very specific market, reflecting the uniqueness and quality of their products:-

“it is hard to explain people what is so special about our product, it requires very high marketing investments. Even If we have millions of dollars, I would not invest then into marketing, because they would not reach that much of people. Our target group is narrow. The real method to reach people in our case is word-of-mouth. We are already advertising a lot about our products, but actually the best way to make people buy it is to advise it to people you know.”
(Latvia)

“the fact of limited stock portfolio and funds does not allow us to make big sales. So, now we choose to supply small private individuals. However, this situation is also a success because small individuals recognize the high quality.”
(Greece)

The two fair trade organisations that took part in this project had also experienced specific issues relating to the types of products that they produced and sold:-

“We used to import ceramics, but, in Zimbabwe there were always power cuts, we had bought lots of clay, but we just could not maintain production.”
(UK)

“We tried to find products by themselves and sell them in our shops, but we were not able. Other cooperatives who have succeeded and have included these products in the circuit from which we all draw. This is mainly handicraft, it is easier to focus on craftsmanship for a small reality. Our attempt failed because we could not manage "the after". It was a collaboration with another cooperative. With them we imported a series of artefacts from Sri Lanka but we have not been able to distribute these things to other realities. To make a profit of this kind of transition, it must have a certain volume and we have found ourselves with a large quantity of these products, but we have not been able to distribute them to other cooperatives. After that experience we did not try again because it was expensive from an economic point of view. In the end we sold these artefacts but it took years. The network that we have allows us not to have unsold goods, we make small orders from the importers according to customer requests or periods of the year. By having this network, we

can have a wide range of products without being tied to a single supplier.”
(Italy)

A UK based social enterprise recognised branding may need to change according to market:-

“There are different brand messages that are needed in different parts of the world. For instance our motto about “changing the world by throwing a better party” is not well understood or appreciated by the South Africans so we have had to modify this message to make sure it registers locally.”
(UK)

The following quotes emphasise how important it is for social enterprise to maintain/improve their ethical and environmental stance:-

“We very often get orders by consumers from abroad, for mass selling as raw materials. It is financially useless for us and we do not want to lose our eco brand, as name of production. We are unique, because all the work is done by hand.”
(Lithuania)

“However, there are tensions in that our beer is bottled in glass and this has an environmental impact, brewing uses a lot of water and so there is more to done. We are looking to alter our packaging, we are looking to alter our recipes in terms of water usage. However, using cardboard packaging and non-plastic marketing goods is going to be more expensive and this could impact on prices and sales. We need to be constantly moving forward and minimising our eco footprint.”
(UK)

“They think that we can mobilise much more quickly than we can. Because a normal commercial organisation is driven by profit, they will make things happen really quickly, to make money. Whereas we are always concerned about our brand. That’s what we have to think of in terms of supply chain, we won’t employ sweat shop labour. One of the suggestions that was made by our export advisor was to buy a cheaper fabric, in our pattern and it would come back from China much cheaper. A social business cannot do that because we have a brand and a reputation to protect, imagine if a story like that got into the papers. It is morally wrong and it could have had a big effect on the wider charity. We would not want to go into partnership with less than squeaky clean organisations. The textile industry is full of cheap labour and I think we picked the worst market to compete in.”

Transport Cost

Social enterprises recognised that some products could incur high transportation costs, particularly bottles and canned food products. Others acknowledged that packaging and transportation had to ensure that a product quality was not compromised:-

“the transportation of products is a major problem due to the high cost”
(Greece)

“it is very heavy and very expensive, therefore the barrier is simply transportation. Maybe it is not even reasonably to export it to far countries.”
(Latvia)

“also we have some problems because our goods are physical, we you need to send them and some paintings are really not small and we need to wrap them and to sell them in the safe mode and that our customers could get good quality, not damaged.”
(Lithuania)

“The ceramics also had to be packed properly. There are situations where we have had things broken in transit and we lost a lot of money with ceramics.”
(UK)

Sector Specific Issues

Social enterprises from a wide variety of business sectors took part in this project, however, one sector stood out in terms of the difficulties that two UK based social enterprises had when trying to establish and maintain international trading operations; the textile sector. The-experiences of one of the organisations is outlined in detail below:-

“There are a lot of reasons why it was a difficult market to get into. We had two ways of growing the tartan business internationally, one was via licensing and overseas partners and the other was direct selling via our e-commerce website. We really struggled with the licensing and finding partners. One of the main obstacles that I came across, I went to South Korea and New York, in both places I got the same experience, in that they wanted high volume low cost goods. The textiles industry is incredibly unethical. It pays the lowest wages, it uses the most pollutants, it is an appalling industry. In many ways we picked the hardest thing to turn into an international social enterprise, because, we were competing with the Asian cheap labour market and the South American cheap labour market, which service the US and Asia and are growing on the back of very cheap labour and appalling conditions.

The people that I met loved the products, they loved the back story, but they wanted it at a cheap cost. We had the potential, if we found the investment opportunity to scale up and have a factory and run it 5 days a week, to really change the way that we do things, we might have met their demands. However at that stage we could not be customer led, we did not want to push our quality down or change our ethical stance, in order to meet that market. So what if we sold a thousand dogs or a thousand scarves, if we had made them in appalling conditions or where people were just a production line, where they weren't enjoying the skills and the learning, it would have changed what we do. So we hit a dead end. I met a lot people from chains and Department stores, but, as soon as I mentioned what it would cost to buy the products they were not interested.

We also received funding from the British Council, because they were very keen to get social enterprise out to the Asian markets, but, again they don't fully understand social enterprise and what they don't fully understand is that we have ethical

standards. We are trying to be a very positive place to work and it's about training and development, this is not true of the textile industry in general. They are only interested in the commercial side, the one bottom line whereas we are looking to the triple bottom line. So 100% of our product is made in Scotland using safe chemicals, safe disposal of waste.

I think one of the problems is that both my predecessor were in these international fashion markets and retail and we didn't know enough about the international textiles export sector. We were having conversations with people on the basis of what a sewing group back in Edinburgh were doing. It is a hugely competitive market and there is always the threat of people going and getting things cheaper. They are driven by profit. There is a big role for the fulltime member of staff, if we ever get it, and for myself and the sector more widely to educate emerging markets about ethics and ethical choices, that you can come to Edinburgh and buy ethical souvenirs, you might have to pay a bit more, but, there will be a story behind them.”
(UK)

Language

Language similarities can play a significant role in deciding where to export to, for example one German organisation noted that:-

“of course, you have to be able to speak English, but most of those who learn this in Tanzania can do it from the third grade on, so that's not really the problem.”
(Germany)

However in many cases it can act as a potential barrier or a time consuming issue to overcome:-

“The language barrier that sometimes hinder the communication and possibly creates loss of time.”
(Greece)

“One barrier was language and getting educational qualifications recognised in other countries”
(UK)

“We sometimes get language issues, but, on the whole, because we are operating in a technical environment, there is usually some degree of English skills that we can call upon or that our partner can access locally.”
(UK)

Leadership

Operating a social enterprise internationally can also result in additional stress to the team, but, particularly to the leader:-

“If I wasn't so personally involved, because I did my civilian service in Tanzania and therefore the subject is my heart, then many others would probably have given up

long ago. Or if it wouldn't affect me personally, I probably would have thrown it away long ago. Well, that's very stressful.”

(Germany)

“ In the end, that's always frustrating when you have the feeling you're doing and you're doing a lot of things from morning till night, but the product itself isn't finished yet and the next deadline you set yourself is coming and it's still not finished.”

(Germany)

“I carry on doing it because I love doing it and I can see the benefits to the community. It is not an easy job going around the different markets, sometimes it can be depressing. Now we target specific events, where we have like-minded people”

(UK)

It can also mean that the founder/leader of the organisation needs to endure periods of time when they are not paid by the enterprise:-

“For instance meeting with readers, conducting workshops, which nobody paid me for. I realized, that at the same time I promote the business to people, who would buy my books.....I offered a lot by myself and I am able to do a lot more, to help develop my business.”

(Latvia)

“hopefully one day I will be paid. At the moment the charity cannot afford to pay me; there is no money.”

(UK)

This can also affect team members as in the early stages of social enterprise development there can be issues motivating staff, particularly where circumstances are difficult, for example:-

“the challenge for me as a project manager is always to motivate the employees, even in phases when you don't have the opportunity to make wage payments.”

(Germany)

Legal Issues and Bureaucracy

A number of barriers and challenges stood in the way of social enterprise growth and development as a result of legal and bureaucratic issues. One Italian organisation outlined the difficulty of being recognised as a social cooperative:-

“We have not received any help from the institutions, rather on the contrary. At one point we turned into a social cooperative because we thought we had the requirements even if there is still no law that defines these things. At one point, the Ministry of Economic Development decreed that we have no right to be social cooperatives because we do business. From a legislative point of view, the Ministry is right because the law does not exist. It is also true that, interpreting the law in an elastic way, we have all the requisites to be a social cooperative: we are a non-profit activity that favours poor countries ...”

(Italy)

The quote below outlines legal and bureaucratic challenges relating to the emerging concept of social enterprise in the Baltic States:-

“Social entrepreneurship in Latvia is just at the beginning of the way. Taking into consideration, that the regulation (of social entrepreneurship) is something new for Latvia [Social entrepreneurship law has passed in April 2018], it is something fashionable too, and there are strategic decisions to support this field (on national level), we as one of the most visible social enterprise in Latvia could use new opportunities in future. However, before the regulation came into force, even representatives of state agencies did not understand the concept of social entrepreneurship; For instance, some time ago we have spoken with LIAA representatives about export opportunities and they have offered creative business to participate in exhibitions, but when we positioned ourselves as social enterprise, they were afraid that we are going to participate in exhibition and, for example, ask donations or something similar. This happened like 3-4 years ago. There was little understanding of what social business is. Therefore, we understood that there is no sense to waste energy on such things. But now, when “the ice has started to move”, of course, we could use more opportunities.”
(Latvia)

The following quote illustrates legal issues associated with certain locations:-

“New York, at the time felt like the obvious place to get started but as it turned out it was probably the worst place to make a start however we did because of the market and the ease of getting there from the UK. We got involved with an event called feeding the five thousand and we collaborated with sources of different food sectors such as farmers, retailers to produce this meal for free and then you learn that if this event did not happen then all of the food would have been wasted. So this event had happened in New York and we were approached by somebody who had started her own business to do with baking and she asked if she could do this with us. So this was an opportunity to work with someone who would do the needed research on the ground and get things set up was really helpful. In hindsight the licencing laws of the State were difficult. These laws vary so much in the US between different states so that if you register a company in Delaware it would be so much easier to get started. The problem was that we were still trying to get set up in the UK so this was an example of us trying to run before we could walk. In hindsight we learned lots of lessons about the New York experience.”
(UK)

Such barriers can have detrimental effects on the individual businesses:-

“Understanding/awareness of SE in government organisations and regulatory/legal issues are a problem, because we have a lot unnecessarily bureaucratic, excessively long periods before a response is given. As example, the last project took 1 year for form, 1 year to write and now we have 1 year to wait for answer. By this time, we are losing proactive partners.”
(Lithuania)

“The obstacles we have faced since the start of our business are the complicated and tedious bureaucracy and the legal constraints that hindered the commercialization of some of our products (for example, those with high demand on external market).”

(Greece)

“Arranging visa’s for student placements can be difficult.

There can be a significant amount of bureaucracy in arranging student placement, particularly in countries such as India. There can also be issues when importing goods, such as hold ups in customs and sometimes paying extra costs which you weren’t expecting.”

(UK)

The final quote in this section highlights the need for researching the legal issues in the country you are thinking of operating in:-

“So understanding the local market in the overseas country that you are thinking of setting up in is really important especially the legal frameworks”

(UK)

Local Context

Two social enterprises had encountered country specific/local issues; one when they had already starting operating and the other when they were looking to establish a franchise:-

“We were trying to roll out mobile payments this year. Because mobile payments is a very well established in East Africa and in Kenya, but we realised that for a lot of the coffee farmers it’s the men who would own the mobile phones and the women and their wives and local women objected to mobile payments to the men’s phones. Because they felt would be spent how they didn’t want it! That the money would be theirs where it should be shared with the whole family. So that was a whole cultural thing we have to be cognitive of.”

(Ireland)

“In South Africa they have just had this water crisis and as it takes 8 litres of water to produce 1 litre of beer then this was not a good time to set up in South Africa. So understanding the local market in the overseas country that you are thinking of setting up in is really important especially the local environmental issues.”

(UK)

Making Connections

Many social enterprises had found it difficult to make connections into overseas markets and this was usually as a result of lack of resources:-

“Somebody out there knows the right person that we should be speaking to, but, we haven’t met them yet. We don’t have the resources because it takes years, not

weeks to build those kind of connections.”
(UK)

“A key barrier for us is where can we sell it internationally and who is going to make those connections for us. The key might be if we could find the right partner, that was a successful retailer or had really good connections and said that we will take a 10% commission and I will sell it as it is, I will give you orders well in advance and you just make the orders. I think initially this is what we need and this is why that full time worker would be able to do this.”
(UK)

“Looking back on why the enterprise failed we were relying on one person to secure our overseas markets, if we had other people buying from us, it might have been a different story. However, it was so hard to find those people out there. We didn’t go out abroad to look for them and maybe if there had been an opportunity or funding to allow us to go out look, but, even if you get this funding and one member of staff can go out, you still have to put a lot of money into it yourselves, in order to go out and look. They can set up some kind of links with people, but., when we did contact them about that, they were struggling themselves. What happens a lot in those countries, particularly in the textile industry, is that it is a very small, localised company, that is importing a container and literally, the container arrives on the dockside, they open the doors and the sell the bales to individual people, a lot of them women, who buy the bale and sell the bale on a market place. The recycled textiles are not going to a big company where you can search for it online, or visit it. None of that exists. Obviously that is only for the textile market, but for us that was the difficulty.”
(UK)

“Some of the main barriers and challenges to operating internationally include for us being based here in the UK include obtaining funding to explore new markets such as those in the US. If we understood the local market better in the US then we would probably set up in Delaware.”
(UK)

Even when social enterprises were making contacts, the lack of resources within the business meant that they were unable to take full advantage of the situation:-

“We learnt a lot from the experience, we made some good contacts and we developed an e-commerce site, but, we did not achieve the sales targets that we had hoped. It involved a lot of travel and trying to find partners in different countries. Back then, as now, that social enterprise is still trying to find its market.”
(UK)

“Previously we have participated in some international trades/exhibitions. It was helpful, but again, we did not had the right team to handle that. We came back with the book full of contacts, but nobody was able do the business with those contacts. So the main barrier is lack of people, able to do international trade – even if they are professional in their field.”
(Latvia)

Communication

When operating internationally it was expressed that clear communication can become an issue; this problem is illustrated in the quotes below:-

“the internal communication is of course a big challenge. If you consider that a few people are sitting in Hamburg, then one in Vienna or Helsinki, then another one that is now in Australia, others that are also spread over Germany, so also not all in one place. And of course people in East Africa. And of course you have to communicate with them, bring them together and just look.”

(Germany)

“You also need to keep convincing people that it is working and then communicating this across a growing team. Communication is always something that is a problem in growing organisations. So you have a double edged sword of everyone thinking that you are being distracted by the internationalisation, so you stop talking about it. You try not to distract them ,but, then they say what is going on with the international work? You also have to balance how much are you telling them; the communications task is a real challenge.”

(UK)

Coordination

One small, relatively new social enterprise, highlighted issues with coordination, both in terms of having people in the right place at the right time, but, also in relation to coordinating the stages of product development:-

“of course we also need people who are there to set up a stand, to prepare it and so on. These are also things that have to be coordinated. In this respect, one of the great challenges has been to coordinate all the people involved and the events we have made.”

(Germany)

“Because the problem with such a game development is that you have to do many things in parallel, but then they have to be brought together again. For example, the graphics that are drawn for the game, they have to get certain technical specifications from the technical side, so that they can also be built in later. So such a typical process is that the game designer of a project gives the idea. The illustrator then draws it, then it goes to the animators and is animated. Then it goes from the animators to the programmers. That's where it's built in. And then you usually realize that the format or size is not right. And then it goes already directly back again. Must be repaired again. Then it goes this same run partially several times that it then actually fits. And it can also be represented in the game. And then it goes back to the game design, in this case to me, where I look over it again and say that it doesn't fit or that it doesn't look like it was meant to. Or there are already other things that require new things, and there's a lot that needs to be improved or changed again.

.....These cycles can sometimes take a lot of time and, above all, require a lot of

coordination. So if the illustrator just draws something and that doesn't fit and then goes back again, then I have to address her again in the end or organize team meetings, partly via Skype, because we're not all in the same place, then you have to find times that fit everyone. Then talk about it and then it can take another two weeks for the new graphics to arrive. That means you have very long delays along the way. And that makes things very tough and sluggish. So I can understand very well why some studios only work with people who sit together in an office on site with a regular working time of 9 to 5. Because if you can sit next to each other and quickly look at each other, quickly push over and test, that makes the production process a lot easier.”
(Germany)

Partners

The majority of the social enterprises that took part in the project were operating internationally via partnerships. Working with partners can be challenging, for example:-

“say the USA, for example, where we had a partner for a long time. A for-profit, even a listed exhibition company. And that didn't work out. The contract was then terminated by mutual agreement. We have not yet reached the point where we have really gained a foothold in the USA again.”
(Germany)

“Establishing relationships with partner organisations can be difficult, even if you have worked with them before. These relationships can change where money is involved.”
(Latvia)

“Legal constraints or limitations in different countries several times raise concerns for certain partnerships.”
(Greece)

Planning and Strategy

Reviewing the data, it is essential that an organisation plans before it internationalises its business. Many felt that entrepreneurial focus had resulted in them entering international markets as a result of seizing opportunities, rather than planning and strategizing the advantages and disadvantages of such a step:-

“The barriers to the internationalisation of our organisation are mostly associated with the need for a useful business plan. This guide would have helped our company to follow a specific strategy.”
(Greece)

“we were lucky. There was not a high degree of planning went into this. This was jump into the deep end of the pool and hope we can all swim.”
(Ireland)

“ We didn’t appreciate this before we started; we learnt a lot!. It was a huge learning curve and maybe more research should have been done. We kind of felt that we knew it all because we had been dealing in textiles for years, but, actually when you are in it, you don’t know as much as you think. We had all been operating in sorting textiles and we knew certain items of clothing were worth more than others, such as children’s clothing is worth a lot; we knew to sort it out. However at a professional level, as an exporter, there were 57 grades of clothing that went to South Africa and suddenly you had to learn the 57 grades, as in heavies, woollen clothes, clothes with a percentage grade. Also fashionable clothes, what was fashionable here might not be fashionable there, so you had to learn the differences. It was suddenly this whole different world. You had staff standing by a conveyor belt, that had all of these boxes behind them, they had to be able to make the decision instantly as to which box to put it in, because you would take that box and bale it and that was all that went into the bale. When it arrived at the port people needed to know the standard and the grade of textile that they were buying. We just didn’t appreciate this. We thought that you could just send a container of bales abroad to Pakistan or Ghana and that’s it. In reality this is not how it works.”

(UK)

In order to succeed one organisation noted that the internationalisation process needs to be aligned within the core business of the organisation:-

“You need alignment in your core organisation between Board, senior staff and other staff, if you are all aligned, particularly in terms of international links to your core business, you can make better decisions for the whole. You can keep your energy focussed on your work to grow the organisation and not waste your energy on internal disagreement. Anything you can do to have a good alignment helps, maybe models or spectrums, different ways of communicating decisions. Things like value chains, rapid decision matrix, communication documents are crucial, resulting in self-care and care of the team.”

(UK)

Economy

Organisations also noted that the economic crisis has resulted in challenging trading conditions:-

“Fair trade had a dazzling start here in Italy even though Italy came last in Europe with respect to this. It had a dazzling start and an exponential growth for the first few years. Now the moment is delicate because of the economic crisis that has affected all the trade in general so we too. Fortunately, we have a number of loyal customers so they allowed us to resist.”

(Italy)

“Economic climate is important by our prices of services. The services are provided for tourists and are relatively expensive.”

(Lithuania)

Political

Social enterprises in the UK and Ireland were concerned about the issue of Brexit and the impact it would have on international trade, particularly between these two countries:-

“We have, we've thought about it. It would be very foolish for anyone to think it's not going to cause major problems. Nobody seems to have thought this out. The people that are supposed to know, don't know how are people like ourselves supposed to deal with it. People say have you a plan B in place? What plan N?”
(Ireland)

“The Brexit thing is, it has to be top of the agenda. It's going to create difficulties, it will have to be dealt with.”
(Ireland)

“ In this climate it is very difficult to plan too far ahead because nothing is predictable anymore. Brexit is already having an impact on us now, in fact it was from when it was first announced. We have no control over where we are going, we are like a stick floating down the river, we don't know where we will end up. We still don't know what Brexit will look like; it is horrendous. From a business perspective it is a nightmare and it is definitely having a very impact on the business climate. Things like four professional indemnity insurer has moved to Luxembourg, they are trying to mitigate Brexit and it hasn't even happened yet.”
(UK)

However, one UK based SE considered that trading internationally offered a buffer to potential price rises in the UK and the EU:-

“In terms of Brexit then we have no additional worries as we trade internationally and if prices go up then we can access our ingredients from different international sources.”
(UK)

Lack of Support

One of the outputs of this project has been to review the support available to social enterprises to internationalise their sales of goods and services. Some social enterprises felt that there was a lack of support, this was particularly emphasised by SE's in Lithuania:-

“there is lack of access to business support/poor advice provided. We feel that we need marketing consultations.”
(Lithuania)

“There is a lack of access to business support and poor advice has been provided.”
(Lithuania)

Risks

The social entrepreneurs that took part in this project, highlighted a number of risks associated with operating internationally and these are highlighted in the sections below:-

“Risks of social entrepreneur are the same as for any other entrepreneurs. The only thing that comes as an addition is this social responsibility.”

(Latvia)

External Environment

Whether operating within the national or international context, social enterprises are going to face risks from their external environment, however, it could be argued that the external environment can have a greater effect on the organisation if it is trading internationally, for example:-

“The risks we are facing every day are basically the changes in our PEST environment. We are most afraid of the social, political and financial instability that can affect our work and reduce our export activity. Also, the low liquidity and investment of a vast amount of time is a risk that often stresses us.”

(Greece)

“Taking into consideration my main market of business activity and the fact of bad relationships between Russia and EU, the deterioration of political situation is a risk for my business for sure.”

(Latvia)

“I thought that we had done our research really well, but it was only when we started trading that I realised that we hadn't done it as well as we thought. People don't always appreciate the volatility of the export market. In what we were dealing with prices go up and down regularly. This must affect more products than just textiles, also the value of the Pound. People need to appreciate that there are external factors out there that will impact on your business, that you will have no control over and how to you build this into your business plan. Be aware of what those could be and what would you do if those happened. This happened to us and we didn't appreciate that it would impact so much on our business.”

(UK)

Partnership Risks

Establishing a partnership is generally perceived as a sensible way for a social enterprise to step into international markets, however, respondents highlighted a number of risks associated with partnerships:-

“The biggest risk with our partnerships so far has been time pressure, trust between colleagues, team efficiency and honesty.”

(Greece)

“The biggest international risk is to lose your money without completing the project. In addition, it requires the involvement of many people and time and depends to a large extent on the local partner you find, which has the potential to minimize or eliminate any risk.”

(Greece)

“Another issue is trust between partners. There are stories for instance about Chinese, who suddenly can change the price for your product, however you thought the partner is reliable. When sellers understand that the enterprise is dependent on them, they can change the rules of the game, it happens everywhere.”

(Latvia)

Product Risks

The participants also highlighted risks associated with the products that they were selling internationally, such as product safety and product quality:-

“The risk for our exports is quite large because it is a matter of credibility with our customers. The large product portfolio, with 18 codes, creates several opportunities for collaborations but at the same time it contains risk in terms of safety for these export products.”

(Greece)

“Our mission is to brew great beer and so it is essential that the quality of our craft beer as there is no brand loyalty and so the risk is that a poor quality product could affect our future sales.”

(UK)

Market Risks

In order to be successful social enterprises need to know the market in which they are going to be operating:-

“The main risk of exporting to another country is to fail, because you haven't done enough research and you don't know the market well. You simply don't know where to invest.”

(Latvia)

Financial Risks

Many social entrepreneurs highlighted the financial risks associated with trading internationally and these are highlighted in the quotes below:-

“To invest money and for it not to pay off. To not reach the sales targets which had been predicted, this actually happened because after spending the initial Scottish Government funding we did not reach the sales targets that had been originally expected. We had a very honest conversation with the funding organisation because

there were lessons learnt for both them and us. There is the risk of return on investment.”
(UK)

“The main risk is rising of variable costs (as Municipal taxes, rent charge, the tax on the salaries). By this risk it is the constraint of systematic development.”
(Italy)

Staffing Risk

In order to expand and maintain international trade, it is essential for the social enterprise to have the right team in place:-

“Firstly, we tried to operate in the other cities (Vilnius and Kaunas), but it happened that these decisions were not successful. It was lack of skilled/experience staff in Vilnius and Kaunas, we did not find the leader for branch in Kaunas.”
(Lithuania)

Capacity Risks

The quote below outlines some of the additional risks, relating to limited capacity, that a social enterprise may face:-

“There is the risk of promising more than you can deliver. Then you have a very stressed out group of trainees and you are giving them a hard time because they are not producing quick enough. Because of the group of people that we work with there is always the risk, every day, of their chaotic lifestyles (not our paid staff or our paid trainees) in our volunteers and other staff at the organisation, there are frequently issues with their home life or their mental health or medical health and this is really hard if you are relying on them to make products. Like all SEs if we promise we are going to make products for an international order, we have to do it even if three of the staff are unable to come in because of their anxiety. We have to all help out and make it happen and that is part of my role. It is unusual as a CEO, I will stuff a dog or do some sanding in the woodwork shop if that is what we have to do to get orders out. It doesn't happen often, but we have to be prepared.

The highest order that we have had on the textiles side was from the First Minister, that was 200 dogs in 3 weeks. We were flat out to make that number, each one is handmade and stitched. We have very skilled seamstresses and tailors, but, they can only work at a certain speed and we only have 4 sewing machines. They don't want to feel pressure or stress, they suffer this regularly in their lives and we don't want to be part of the problem, we want to be part of the solution. Managing this type of enterprise is all about being realistic as well as trying to be ambitious. There is a fine line in SE, I have to move at the pace of the people that are in my team or I will lose them. I don't want to lose them because they are incredibly skilled and talented, but it is knowing how to tap into this in a positive way for them.”
(UK)

Legal Risks

Depending on where a social enterprise decides to trade there may be additional legal requirements or legal outcomes:-

“The main risks we faced when we started to operate internationally included in the US where we were really worried about litigation, as if someone is ill from the product then the litigation could damage the entire business.”

(UK)

The quote below emphasises the need to have correct legal documentation:-

“The costs of trading internationally have changed. Over the years the time and effort that have gone into building contracts has massively increased. Now you have to be aware of every requirement. Legislation such as GDPR, has had an impact. It means that to trade internationally you have to spend a lot more time and effort in building up commercial relationships. There is a huge amount of risk around contracts, if you don't get them right, they can come back and bite you.”

(UK)

Evolution of Risks

Risks can also change as social enterprises continue to grow and develop internationally and therefore, it is important to review such risks, as necessary:-

“So risks change as we have evolved and moved to different countries and so it is important to be aware of risks before our production process starts. Doing due diligence is really important when you are starting off as the first brewer we worked with in the US went bankrupt – we should have known that but it did not affect us too much as we found another brewer really quickly but it could have had a damaging impact especially if we could not meet our order commitments, for instance with Waitrose if you do not meet your order you're a firstly fined and then if it happens again you are delisted from that retailer.”

(UK)

Mitigating Risks

As well as regularly reviewing risks, social enterprises can mitigate against risks and incorporate these into their business and strategic planning, as detailed in the following quote:-

“Again it was part of our business planning process. We assessed the general risks and presented them to the Board as expected risks. The information presented was scrutinised by our Board members. Some knew which questions to ask, because they had had their fingers burnt when sending agricultural equipment to Africa and being told that it hadn't arrived. Our new level of governance has led to another review of risks and questioning what risks are we currently exposed to; Things such as hedging money, interest rates in different countries. We had an instance where a member of staff sent out an invoice in the wrong currency which resulted in us losing

a lot of money. We have never invoiced in the local currency yet and they just did it because they thought that's what we did and we lost between £5-6,000.

From our initial assessment the risk have remained relatively stable and as you enter a country you take a look around it. In some countries you are more exposed to corruption than others. We have not had any cases of bribery but we are aware of the severity and the likelihood shifts with different countries. In our next phase where we are going slightly quicker we will have less time to build relationships, some of these issues are going to occur. It's not that there are new risks, it's that the likelihood or severity changes.”

(UK)

Sustaining an International Social Enterprise

Organisations recognised sustainability as an ongoing issue:-

“I guess now we are two years in from the start we can see that it is working, people love what we are doing now the challenge is to make sure we are sustainable as a business”

(UK)

Participants identified the following areas as contributors to longer term sustainability:-

Defined Mission and Goals

Having a clearly defined mission and associated goals will aid a social enterprise to keep its focus as it begins to trade internationally:-

“For those, who would like to become social entrepreneurs I would suggest to clearly define their social goal. Often it is blurred, because entrepreneurs want to save the whole world – working for disabled people and whole ecosystem, starting to think about coal miners, let’s say for example. There should be some focus on what you do and why you do that. It will help on to define all the other activities and the right directions”.

(Latvia)

“You always need to carry your mission in your heart and never let it down. This is the main advice. All the others things are industry related. You always need to search for open doors and never top. The success will come after the hard times. And money should never be your only driver. If there is nothing more, you are basically wasted in this sense, do not even start.”

(Latvia)

Noting that:-

“There is no sense of being social business just because you want to be called “social business” – it brings you nowhere.”

(Latvia)

Measuring Impact

Recording and analysing feedback can also assist with measuring impact, hence influencing sustainability. It is also worth noting that many funders will require impact measurements to be demonstrated:-

“Finally, it is very important to observe their work, to analyse the feedback they get from the citizens and to evaluate the impact they receive from society.”

(UK)

“Impact measurement. Once we have measured how many people we have reached and how many were inspired by us. It is also easy to calculate how many mothers are provided with job by us, but much more exciting is to calculate inspired people.

Also very important are personal stories or mothers we have helped. Personal stories are the best.”

(Latvia)

“Information on the outcomes is widely and publicly available for our community. It is information of our goals and results. We need to assume final responsibility for our activities. The results of the actions implemented under the our goals shall be suitably communicated and disseminated in order to maximise their impact, sustainability and added value. We provide quarterly and annual results.”

(Lithuania)

“By “Reach for change” recommendations, we have measure impact of SE. Now we calculate how many events, programs we create. How many people took part in our activities. For us to measure impact of SE is very important.”

(Lithuania)

“We don’t measure, we just work a lot. I haven’t search for any staff member via advertisement. Our employees have found us by themselves, and there were also employees, who have worked with us for short time and then left, because they found out it is too difficult to work in such kind of organisation. People want to work for 8h, 5 days a week, receive bigger salary, but here it is different, because we help people when they need it. And it is also difficult to describe their duties, because the scope is large. We are 30 people here and our work is very interesting, because we really don’t know the result, we just work, collecting the big puzzle. And, not knowing – it motivates. Each day is unique.”

(Latvia)

“At the beginning we had period, when up to 40 people were working for us and we looked pretty inspiring, as we make real impact.”

(Latvia)

“Impact measurement. Once we have measured how many people we have reached and how many were inspired by us. It is also easy to calculate how many mothers are provided with job by us, but much more exciting is to calculate inspired people. Also very important are personal stories or mothers we have helped. Personal stories are the best. We don’t share these stories with the audience anymore, because we are B2B, it just has no sense now, but previously we have done it a lot.”

(Latvia)

“ Information on the outcomes is widely and publicly available for our community. It is information of our goals and results. We need to assume final responsibility for our activities. The results of the actions implemented under the our goals shall be suitably communicated and disseminated in order to maximise their impact, sustainability and added value. We provide quarterly and annual results.”

(Lithuania)

Governance

Obviously governance of the social enterprise affects long-term sustainability. Social enterprises should also consider the structure of governance as the begin to expand internationally:-

“Strong governance can help, but, it can also be tricky. Having the calibre of governance that you need at the right time is crucial. We have a situation where we have a Scotland company owning a subsidiary and so the subsidiary board is drawn from the Scotland board but also a couple of other people to add some diversification as well. For means that me leading the international side I have two boards in Scotland that I report to and a joint venture board in South Africa that I report to, so you suddenly have lots of boards, with lots of reporting, so we are trying to streamline that.”

(Governance)

“You need to be aware of the governance structure that works for your organisation. You need to allow The organisation to be flexible and agile.”

(UK)

Local Engagement

Many social enterprises considered that it was important to support the communities within which they were working, they considered that community sustainability was closely related to organisational sustainability:-

“It's not a profitable business. We break even. So, unfortunately no matter how much we try, it's, yes, it's ticking all the boxes as to why we're here, bringing in employment, bringing business to the area, helping businesses get bigger and stronger in the area. So, it's doing all of that and then the community work that we're doing. It's supporting the community.”

(Ireland)

“The stronger involvement of community members help to reach more. At first, they have to see the expected initial outcome, and then community believe in the realization of the idea. The incomes can let us to organize relevant tours to other communities with purpose to find alternative ways to attract tourists – to find examples of good practice. Also other communities and individual persons are coming to us to tray our traditional regional speciality.”

(Lithuania)

“We are now helping everyone in the community. When we grow vegetables at the community centre we sell them to everyone in the community, but we sell that at a reduced price. In the community we do not by seeds we propagate. Anything they sell they are making profit, so we try not to charge too much money, because no one has much money. We also try to encourage barter trading. So if someone has something that can be useful for the community project. It is not always about money, it is how to get a community sustainable and get people working together.”

(UK)

Enterprise Development

During the start-up phase, the message from the social enterprises, that took part in the project, is to make the most of the resources that you have, such as time and money, at the start of the enterprise:-

“So at the beginning you get money for an idea, afterwards you get less and less. And that’s why at the beginning I would always say better to try a little more. You can reduce it again and again. So that you also have time, that you / especially in our business you first have to run a few months, if you have a marketing budget, as it usually is, then it has to get around first, for example. So a conservative calculation at the beginning.”

(Germany)

“The second thing is for all your start-up costs, access as much free money as possible, grant or non-interest bearing debt. Do not borrow money and take a punt on developing something else.”

(Ireland)

The next phase of advice for sustainability is, although it can be difficult, is to have bigger goals and long term plans:-

For those, who already are social entrepreneurs – I would suggest to think more through the prism of entrepreneurship. The social aim will not disappear anyway, so it is more valuable to think more about business, income sources, the quality of the products, which in turn will ensure reaching of social goals. Never forget, that is it a business.”

(Latvia)

“It is the usual stuff for any business, think long term, stick at it. It is going to take time. Most businesses fail in the first 3 to 5 years, it takes 7 years to get things to a sustainable level and see some impact.”

(UK)

“So, we work on our sustainability by developing new (larger) goals to reach. From the financial point of view, if previously we managed our activity from project to project, now we produce new products, gain incomes, have stable partners, use opportunities of grant [ALTUM], which also increases our sustainability.”

(Latvia)

“Advice for SE: Building a business is super-tough. You have to be very playful and very analytical and strategic at the same time. But running a social business is even more tough.”

(Latvia)

There is also a need to take seize and take advantage of opportunities:-

“Don’t be too intimidated about it, I think there is just plenty of opportunities there if you have a good story and idea and you are solving a problem for someone.”
(Ireland)

“We have to try and stay one step ahead of the posse”
(Ireland)

“We need to keep our options open.”
(Ireland)

“This area of social impact investing is quite a new area that is now growing. This growth enables us to employ more people and sell more and become more sustainable.”
(UK)

“if we want to have the impact within Ethiopia and properly create jobs and improve the livelihoods of the coffee farmers we need to scale. So we are looking very much towards retail at one side of it. So having retail product that can compete on price, compete on quality and then has an impact no one else has on the shelves in the major supermarkets. That’s the aim. As well as selling to catering companies and large offices.”
(Ireland)

Social enterprises that had been trading internationally for a number of years, considered that this had contributed to success and sustainability:-

“We are quite lucky that because we have been working internationally for a long time we have the network and the experience to overcome language, culture and customs difficulties. We have systems and processes to account for all of that.”
(UK)

“At the end of the day the international side of our business is what has allowed us to weather lots of downturns over the years. An example was that because we had never stuck or specialised in one market, we have always had a least 2 markets that have been generating a sizeable proportion of our revenue, it means that when oil prices hit the fan a few years ago, it was a massive shock and every project that we had on oil and gas disappeared overnight, but, because we had the finance business and the automotive business we were able to transfer skills and weather the storm. The fact the our revenues are not based on a single customer or country means that we are a little bit more insulated from shocks.”
(UK)

Commercial Awareness

In order to be sustainable social enterprises acknowledged that they needed to be commercially aware:-

“I mean the thing is you can't expand too much and I'm very conscious of that”
(Ireland)

“Realise that being a social enterprise is a value add and that you have to operate in a commercial world in terms of standard commercial practices. You have to be seen as a legitimate and safe bet as a company. Generally people set up social enterprises because they want to be responsible for something and they want to do The right thing. But if you want to get this anywhere you need to have that approach anyway. You have to be profitable, whatever you do with the profit. You are unlikely to win contracts if you are not profitable, you are too much of a risk. You have no reserves You are not investing money in the company, if something goes wrong you will go out of business. You need to run yourself as a proper commercial entity with a strong social background.”
(UK)

“Relying on grants can be very dangerous. You have to be even more commercially astute than a mainstream commercial organisation, because they have set themselves up to make a profit. If you are set up for a different purpose you need to have one on them, better that challenge, even if your principles do not agree with that world. As a business you will really have to make difficult decisions sometimes which can test your values and principles, this is when you realise if you are a true social enterprise or not. It is balancing social and commercial principles. Sometimes you may need to make difficult decisions in terms of making people redundant, but this has to be for the good of the company and its business model rather than increasing the size of your paycheque.”
(UK)

Social enterprises evaluated that it was paramount to know their market and their place in that market to ensure sustainability:-

“What we keep from our export experience is the cautious response to demand along with customer reliability and market dynamics. That is, at first we offer a careful quantity to ensure reliability and not create risk in our sales. When our customers prove to be trusted, then we can significantly increase our sales. Marketing knowledge and awareness of the market of interest are two important factors that every businessman needs to know and adopt in order to achieve his mission in the best possible way.”
(Greece)

“So in terms of find your niche in the market, what niche do you want to deliver and have the right skills so you can deliver to that niche.”
(Ireland)

“undertake the proper market research. We had undertaken research before we branched out into disbursing loan finance in the Republic and that worked out. “
(Ireland)

There is also a need to collect and take account of feedback from customers:-

“One needs to talk to his/her clients. I have groups in my trainings, and each time after the trainings I make a focus groups and ask what was good and what was bad, what needs to be improved, what is the most convenient way for them to receive the training, if trainers were ok and need to be invited for the next events etc. I organize it after each training event. Also, extremely important is to make later analysis of this information, as often people just collect the information and store it, but for bigger understanding and qualitative improvements info should be analysed and taken into account.”
(Latvia)

Social enterprises also need to make tough business decisions when products/services are not being as successful as first anticipated:-

“We are not going to return to our branding anymore. Design developments require too much effort and costs too much for customers. It has only sense if our production is sold in small boutique shops, where sellers know how to communicate with customers and tell the whole story of social enterprise. To be effective in branding we would need to have bigger collections and more products, and very clear fashion vision.”
(Latvia)

“The tartan social enterprise is still ticking over and we have drastically reduced its overheads. It used to have a full time member of staff working for the enterprise but it does not anymore it is part-time. It is like a cottage industry now, considerably less time is being spent on it is about a day and a half a week. There are less costs involved and productivity is lower, but it is self-sustaining. It is trying to achieve a lower turnover target than originally planned and this was a decision that I made about a year and a half ago.”
(UK)

Innovation

Being a social innovator also aids sustainability:-

“for example, are now being pushed extremely within two years and you don't know how fast the topic will go down again, so to speak. And I think it is extremely important for us to maintain a very high speed of innovation as an organization.”
(Germany)

“We also keep operators working in an innovative way and professionals with excellent behaviour that convey knowledge and energy.”
(Greece)

“We plan our activities in a long term, not only for the closest year. Our sustainability hides in our innovative business idea. The concept of bio water (and healthy lifestyle)

is just emerging, and it will develop in the nearest future. “We are already in a train where our competitors are just planning to be..”. Our sustainability is in innovation.”
(Latvia)

“You have to listen to other people, work together to innovate and find different ideas.”
(UK)

“The innovation is allowing the company to keep developing its markets. Innovation is not necessarily invention. Continually looking for improve improvement on what we are doing and whether that is the services we are providing to the market. We also need to look internally at our insistence. We are continually looking to free up the process and cut red tape and new ways of working. Some of these ideas come from staff and we appraise them and if feasible implement them.”
(UK)

“Innovation has helped.....we are doing stuff that others could do, but, we are doing it in such a way that we have built up a reputation. We have been around for so long that people think that we have been doing this work for 10 years or more and no one else in our niche sector can say that.”
(UK)

Products and Services

Having robust and quality products and services was also found to aid sustainability:-

“Have a strong product, that’s tried and tested in the marketplace. That you have the ability to produce, in volume, get a good, someone who can deliver the product and other than that I don’t really see, I think the problem is more with that than trading internationally. I don’t think there is any issue with trading internationally. It’s just another customer to me.”
(Ireland)

“We have highly qualified specialists, and even if people in municipalities and state organisations change, our services will stay the same and other will buy them. That’s why I think we have already ensured the sustainability through selling of services.”
(Latvia)

“Sustainability in our enterprise can be ensured only with our services that I see has been developed very well.”
(Latvia)

“People will buy a product if it is good, not just because it is a social business, so the main stress need to be put on product – excellent quality product. The design need to be beautiful to attract. And only on top of this people will realise, that it is extra cool because this is a social business. There should be very strong design strategy and marketing strategy as well. Therefore you need to analyse the market. There are product to be sold internationally, and products that you will be able to sell only in Latvian market. The competition is really tough.”
(Latvia)

Professional Support

Social enterprises that were already trading internationally felt that there were stages during growth and internationalisation that it was necessary to access professional services as such an input, even when it incurred a cost, was required for long-term sustainability:-

“You can see from the basic design that we have professional groups involved in the movement. And that means consultants and auditors who can also simply have a material interest in the topic moving forward and getting more customers because they can earn money with it. And I believe that this is something that is much frowned upon from such critical movements in the environmental and social field, because it has precisely this material aspect. But I think, that is a piece far pragmatically.”

(Germany)

“ You have to get on, and its bodies like that, that can provide that and have said bring in the experts, access the funds. If you had to sit down and you had to access funds we would have had 2 people on our board that were excellent at sourcing funds, at taking the application.”

(Ireland)

“Recommendations – to find business consultants, they can learn how to work internationally. To find connections with organizations in the local market with experience in the external markets.”

(Lithuania)

“Paying attention and getting good legal advice would definitely be a top point.”

(UK)

“First recommendation is that social business is professional marketing services. Because tourists want better-quality services so we need always think how to improve them.”

(Lithuania)

Relationships

Building relationships was thought to be a key component is the sustainability of international social enterprise. Participants highlighted a number of areas where key relationships existed; Networks, partners and role models:-

“I believe that projects only work sustainably if people understand each other well. You also have the special case with us - which means special case - we have many actors around us who have decision-makers about them. Be it the local authority, politicians or the like, who are of course a little more driven by the guidelines that a country or a city sets itself. And we, especially if we also work together with other non-profit organisations or if there is perhaps no overarching strategic arrangement, I believe that this is extremely important for internationalisation, that we get on well with each other.”

(Germany)

“Equally there is a need to have resources to actually go and check what is happening on the ground in the different locations in which your product is being produced as there is no substitute for actually developing a personal relationship with your supply chain organisations that are operating in different parts of the globe. If you have a distributor working overseas then it is important that you are comfortable to work with them as your partner.”

(UK)

Networks

“And at least we noticed that it was extremely important that we built up a large network early on. And that not only at the management level, but also at the employee level we really had a lot of good networks with a lot of actors and that was extremely important in the early phase.”

(Germany)

“I think there are networks there to help you. And particularly if they are non-profit there’ll be local funding available.”

(Ireland)

“talk to others who are doing it, because it can be quite a specific in what another social enterprise would be doing. But there can be some pitfalls but basically talk to others that are hopefully within the similar sector as yourself. And yeah be open and frank and you’ll find your way through.”

(Ireland)

“My advice would be to have the contacts better defined in the country that you are exporting to. For us this would have worked much better. Also if there is a building or a person that you can physically go and meet, this makes life so much easier.”

(UK)

“Having contacts is important, those professional networks, myself and the former CEO have been out and about for more years than we would like to remember and over those years we have built up contacts. A lot of our networks, our contacts have really come to us because of the business. I cannot say that the former CEO and I have been instrumental in building the business into what it is now. Obviously everyone has their skill sets and there hasn’t been anyone else that hasn’t been anyone else doing what we have been doing.”

(UK)

Partners

“the other thing is that when you’re small, because resources are scarce, I always think it’s good to find someone internationally who’s right to carry this idea forward. So not only someone who wants to do that and perhaps also has the resources, but also / I think half is actually the heart and the other half is the network and professionalism that someone brings along. What I say to our partners makes them successful. So in such an international business it is also important that you stay in

contact with each other. It is never badly invested money if you meet in person.”
(Germany)

“Your relationship with international projects and clients enables you to create strong partnerships. Today's social entrepreneur must be open to work in a wide environment. It is essential to have developed a model that works in Greece, have it branded, verified, checked on its scalability, in order to adapt it “protect” it in some way.”
(Greece)

“International business, it is one of those things that you need the right partner. For us at least it is very important to have the right partner that is based in the country and is almost kind of working for you, to some extent. It is a very useful way of breaking into those markets. We have been very lucky in terms of finding those partners, because of our specialism, when people do a search, if they are looking for our niche products, most of our partners have always just come to us.”
(UK)

Role Models

“I think the important thing is / I believe that the basic logic is to create pioneers, pioneers who show that it is possible. And make the idea socially acceptable, in order to mobilize political support, in order to shape the framework conditions in such a way that systemically we support it. And I think that this is exactly what we are doing with the association at the moment and the phase in which we are involved. We now have a handful of pioneers. I think you can always find them. There are always people who think differently, think further, are open, who can be won over.”
(Germany)

“It is very important to have a mentor/coach, who listens to you. Sometimes it is not even necessary for him to speak, because it is very important (for implementer) to speak about the problem and rethink what is happening and how to solve the problem. Sometimes you can find the solution in your head by reflecting on it. It can just come during the speech. This is how the business incubators work. We speak about our business ideas and come up with new solutions, like “...wait, this would be a good idea, etc.”. Then you start to act, adapt to the situation and see what is the effect on business processes.”
(Latvia)

The Leader

The vision and drive of the leader is essential in driving the sustainability agenda:-

“As a leader, everything you have to begin with yourself. To believe in what you are doing, generate ideas, to look for financial resources. But the main thing is your living style, because sustainable development and environment protection is close with personal living. Then it is possible to share your own experience.”
(Lithuania)

“To keep the organisation going you have to be determined, you have to trust it too. You have to believe in what you are doing, otherwise it is easy to give up. It is not always about money, it is about where your passion is.”

(UK)

Self

Expanding a social enterprise internationally can take its toll on the person the leading that process. Such a person, usually a Leader or Director is usually holds an essential role and plays a key part in the sustainability of the internationalisation:-

“That you don't put yourself under too much pressure right from the start and have your hands free to really get going.”

(Germany)

“It is a life that always leads you to be tossed around the world that can be nice to feel but a little 'more difficult to do; it has negative sides therefore of structure, of having stable friendships, of fixed points.”

(Italy)

“Self-care, looking after yourself, whoever, is leading the internationalisation because you are going to be pushing yourself. Working across multiple time zones and multiple customer bases. Make sure you have a well-rounded team, that back each other up so that at difficult moments you have somebody to talk to. Have your coaching and learning and development plans in place.”

(UK)

“Balancing this international social enterprise with the other element of our business was stressful, but you just get on and do it. Looking back on it now it was mad. We did have someone that was managing the day to day operations, but the strategic elements of the business landed on my shoulders.”

(UK)

Team

Unsurprisingly the final key component of international sustainability is having the right team and having succession planning [processes in place:-

“attract and develop the right skills and everything will be fine.”

(Ireland)

“My advice is to understand what you are good at and what you are bad at. Don't try to play a designer if you are not. You have to work with designers. Don't do copywriting or social media if you don't know how to do it. As soon as you compromise (because it is cheaper or easier) you will fail. You need to build a team of people, who are strong at what they are doing. Entrepreneur has the vision, but then you need other people, who do the things. It's about trusting people, finding the right people.”

(Latvia)

“To drive the weaving forward we need someone that is socially minded but has lots of experience of the textile industry. They can come in and they can talk the talk, deal with customers, suppliers, partners, licensees and they can talk about the product. Someone that can talk with real passion about colour and what it evokes, I can pick up the product and say it looks lovely, but, it ends there.

It can take many attempts to find the right person, they have to be passionate and technical but they also have to be able to connect with our people. They have to be able to balance the delicate needs of the individual with the commercial needs of the organisation.”

(UK)

“In terms of lessons learned I would suggest that in order to keep a social enterprise going that is trading overseas then I would say it is important to have a person employed by the organisation who has responsibility for that part of the business is important as this allows core business to be focused on.”

(UK)

“Staff and skills have been essential to keeping the company going. Is the other element that have kept us going. We have a strong international team that have experience and accountability to go out and find new business.”

(UK)

And thinking even further into the future:-

“Think about your commitment to it, think about succession planning, what is your role and when should you hand it on. Get the right people in the team, get the right skills set and think about your internal team, you may have motivation issues where people are seeing the international working and thinking, I am done with what I am doing here, how can I play a part in the bigger piece of the puzzle. We have had the debate a lot about we would be losing a member of the team if we sent them to Australia or South Africa, but, actually, we have a global team. That is part of the alignment of thinking that you are no longer just a business in one country, you become a global business. You don't lose people by sending people elsewhere, you keep them. They are taking all of the knowledge that they have built in your organisation and deploying it in new markets, accelerating the new market success and making sure that those contributions are coming back into the business core. So little decisions like that about how to grow your team and invest in your people are just like any other business.”

(UK)