

SEFORIS Final Conference

'Social Entrepreneurship: Inclusion and
Innovation in Society'

Governance of social enterprises – a piece of the puzzle in achieving impact

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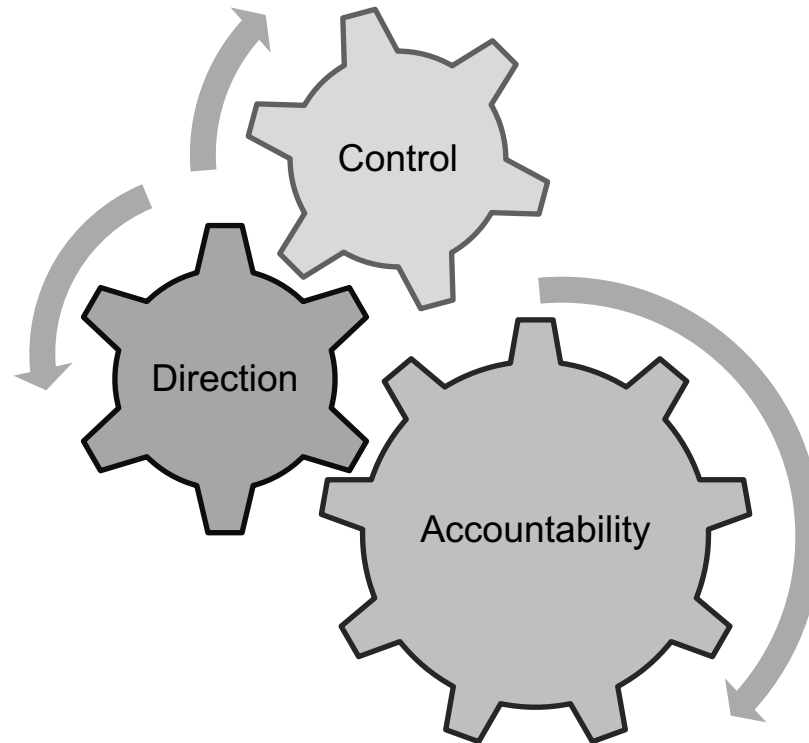


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SEFORIS

The logo for SEFORIS, featuring a stylized graphic of three human figures in green and blue above the word 'SEFORIS' in a bold, sans-serif font.

Governance in research and practice



Governance in social enterprises ... a matter of comprisal

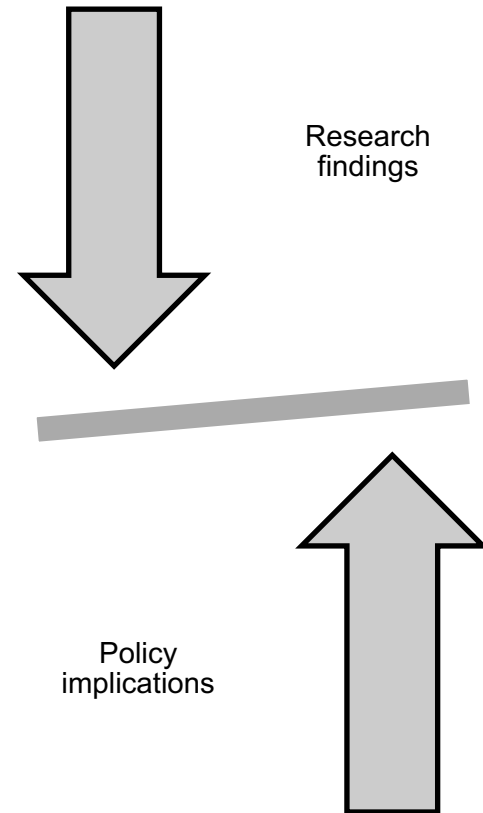
Governance research in SEFORIS

What we focus on:

1. Legal forms
2. Board composition and roles
3. Reporting practices

Why we focus on this:

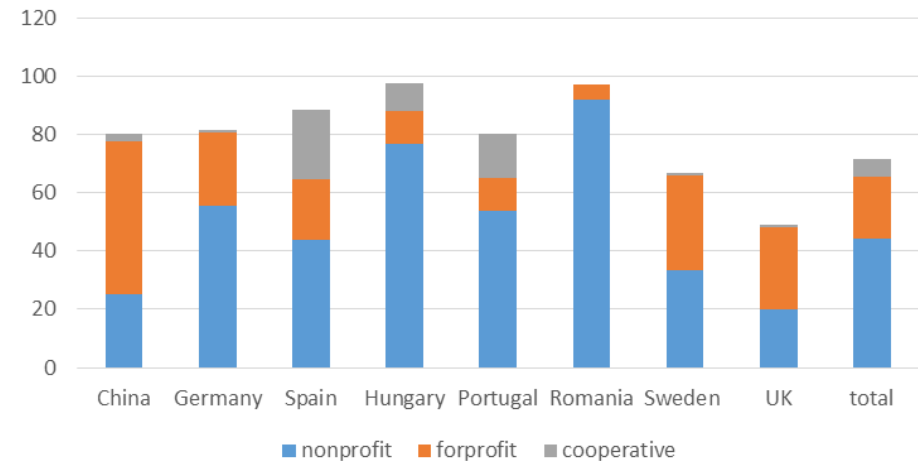
- Organizational control
- Strategy and direction
- Accountability



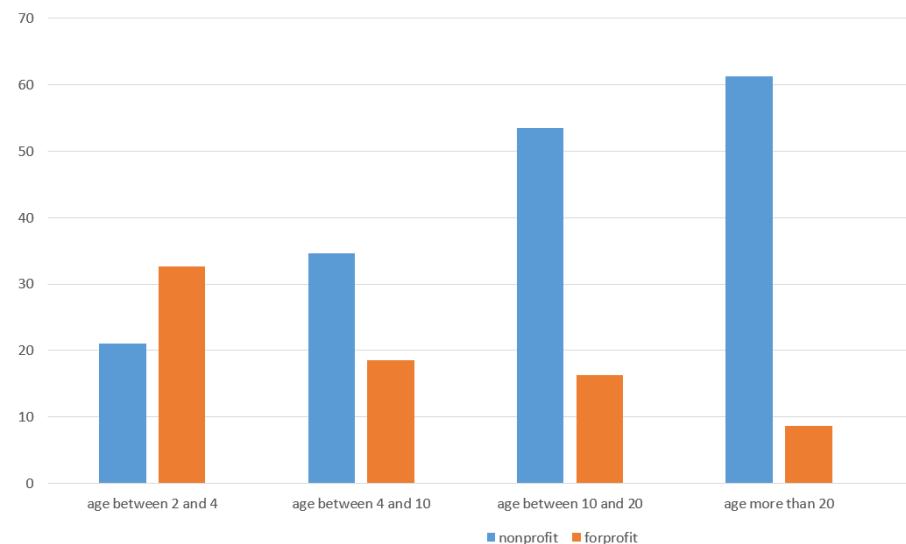
1. Legal form – variety and creativity

- Heterogeneity of legal forms among social enterprises
- Younger organizations tend to assume for-profit legal forms
- A considerable amount of social enterprises combine multiple legal forms for internal alignment and external signaling

legal forms across countries (%)



Legal form adopted/age group (% per age group)



Does social entrepreneurship require a new legal form?

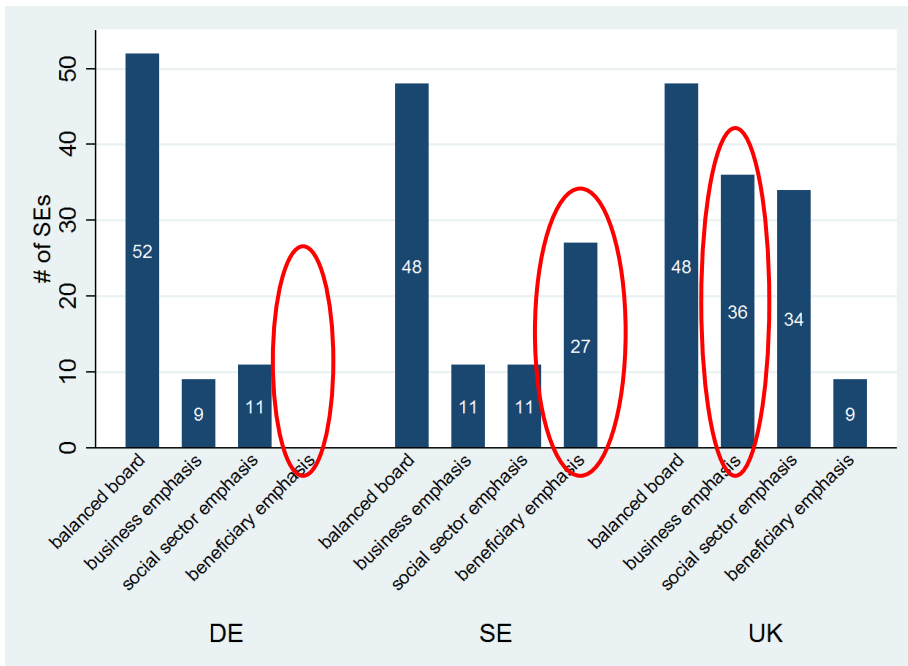
Do social enterprises „request“ new legal forms?

- The ***need for new legal forms is not the main priority***, as social enterprises show creativity with existing forms, structures, regulation.
- The need for a new legal form was mentioned by only 11% of social enterprises.
- Introducing new legal forms would require more in-depth analysis of the regulatory implications and also implementation particularities in different contexts.

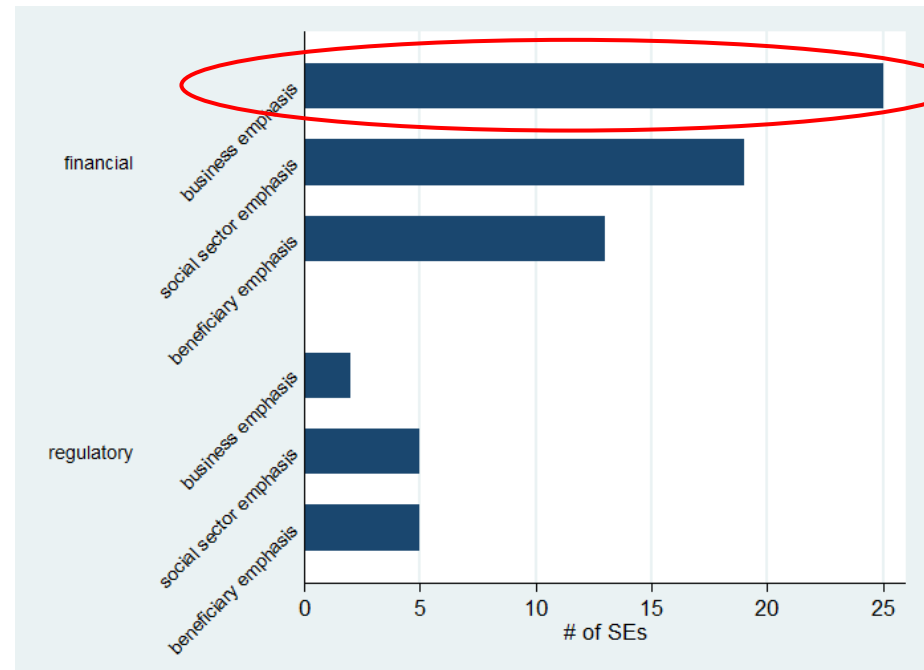
2. Understanding board composition and roles

- 86% of social enterprises surveyed have a board
- 80% of social enterprises establish boards for compliance reasons, rather than substantive reasons (20%)
- Yet boards display different foci in their member composition (business sector or beneficiaries). We observe substantial differences...

across countries



across innovation barriers



Revisiting the role of the boards

- ***Beyond compliance***, boards are also used as a resource for tackling barriers and for dealing with ongoing challenges of social enterprises
- Boards are **not the only way of ensuring accountability** but rather we see alternative accountability mechanisms
- More research is needed on the interaction of formal and informal accountability structures and practices in social enterprises

3. Reporting – practices and content

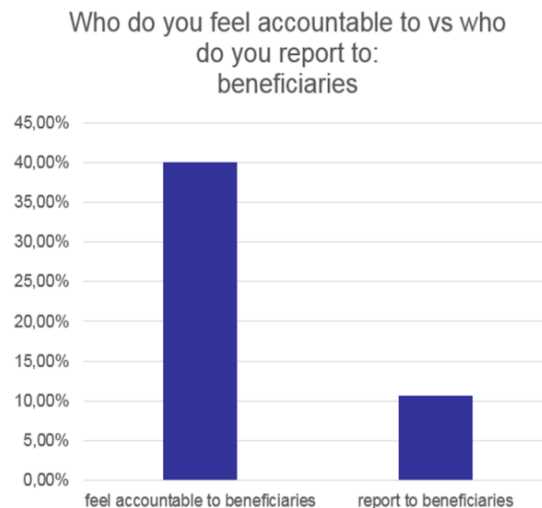
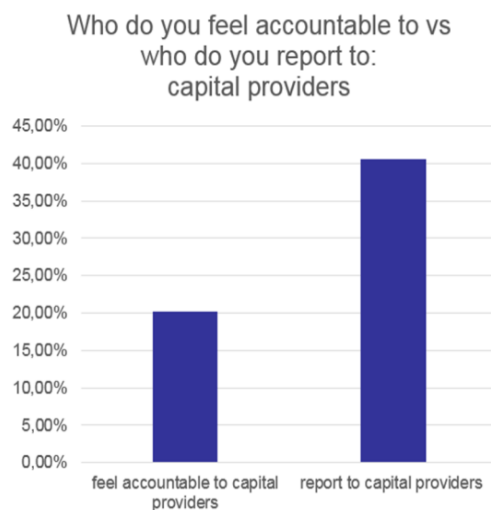
- **Reporting is important:** 64% of the organizations track their social performance and report on it



- **Reporting is diverse:** Social enterprises use a stock of common indicators (e.g. number of beneficiaries) but also construct their own indicators based on their specific activities (e.g. behavior change, nutrition values, number of clicks)
- **Reporting audience:** Most social enterprises report to their capital providers, public authorities or the general public

Strategic use of reporting

- **Reporting as a learning tool** for the organization, allows for reflections on performance, development, and impact.
- **Beyond standard measurements**, reporting practices that build upon customized indicators used by social enterprises help generate knowledge in a social activity domain.
- **Align reporting and accountability.** We detected instances of misalignment. Spotting those might be important to prevent mission drift.



Further interrogation of data

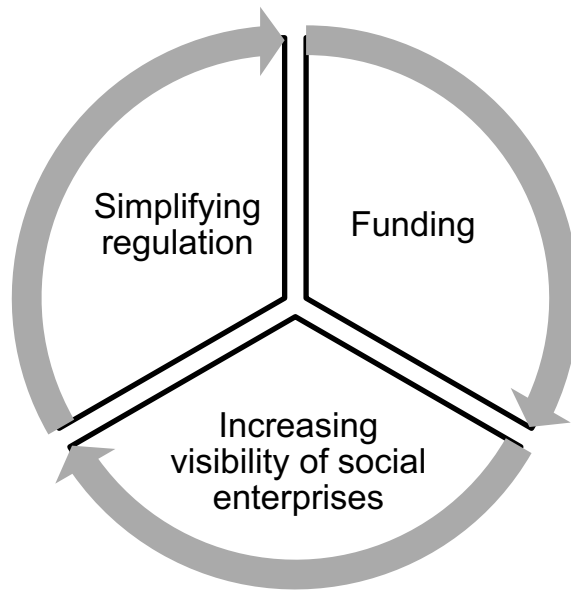
Social enterprises are very heterogeneous in their governance arrangements, also while adopting similar legal forms and having the same national origin.

Looking at board composition and reporting practices as a window to understand governance.

Open question: Salience of stakeholder expectations and particularities of social problems as potential explanations?

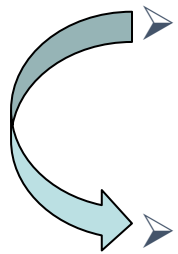
Connecting policy approaches to organizational realities

The Social Business Initiative focuses on



- Bringing the organization and its practices back in
- Complementing an existing focus on SE ecosystems in the Social Business Initiative with governance arrangements
- But heterogeneity of social enterprises and their governance arrangements indicate limits of regulation
- Protect agility and flexibility on how social enterprises govern and are governed.

Testimonial on governance of social enterprises



➤ Diversity of governance arrangements accross countries

➤ Deep-dive into the case of Germany

- How does governance of social enterprises in Germany look like?
- Learning from the governance approaches of Rose Volz-Schmidt and wellcome