

Social enterprises

Business



Social enterprises refer to the organizations that normally employ entrepreneurial qualities and skills in their bid to raise substantial income (Pearce, 2003). They always seek to serve all the social objectives that a given nation may have. They prioritize their social goals before any other thing (Bull, 2008). This value of serving social objectives in the society is one of the essential defining factors that distinguish social enterprises from corporate enterprises that always have profit maximization for their owners as the sole objective. Social enterprises always sit at the main crossroad existing between the social organizations and corporate worlds in today's world.

This is because they are out to meet their social objectives, and also for the concept of employing all entrepreneurial skills in their quest (Pearce, 2003). The development of Cafedirect represents the enormous growth of this issue at hand. Enterprising in the coffee industry has proven to be one of the leading sectors that are thriving in the world. The United Kingdom markets have been under the control of Fair Trade coffee. The sales of this market, as in 2007, were over 163 million, which materially accounted for more than 24 % of it. Coffee matters to all people in the world.

It is applied to various uses and, therefore, those who produce and sell it benefit maximally (Barratt, 2007). It is referred to as black gold, as famously looked at by people from different backgrounds. Those who actively participate in these markets can confess to this (Pearce, 2003). There is even a film symbolizing the way coffee farmers were mistreated. There has been a principal cause shift in the concept of financing organizations from grants and also donors' incomes to the famous market bases.

This has been fueled by the immense competition for verifiable philanthropic income existing in all social sectors (Nicholls, 2006). The competitive nature of market sector and structures led to the growth of the call for social consideration in all dealings. Social entrepreneurship is known to have its roots in the UK which dates back to the Victorian times, a period when most of the health institutions always operated on very high pay for services (Barratt, 2007). The lack of a leading umbrella term for many of these organizations had a negative impact on the cohesion of the fair trade markets. It became difficult to identify them along the social fronts. Markets since then have regarded these coffee markets as highly competitive and discrete ones (Intel, 2008).

Sales activities in these sectors are always concentrated in all manufacturers who are known to possess the predetermined long-term and many-established brands. Existing economies of scale were seen to be afforded only by international resources of the leading firms. This was the main reason behind the difficulty faced by small players in order to compete favorably in terms of distribution, price of commodities and the range of products (Blythman, 2004). Such existing concentration of high power is evident at all retail levels (Intel, 2008). Despite the ever growing coffee market, there are factors that decrease its prosperity.

The renowned International Coffee Agreement that was at the core of controlling the prices of coffee beans went on to collapse in 1989. This brought about a fall in the price of coffee to a record third of its latter year level in just few years. This had a compromising effect on the existing incomes of all small-scale farmers in the whole world (Brown, 2007). Three-
<https://assignbuster.com/social-enterprises-essay-samples-2/>

quarters of all global supplies are always produced by small farms. There are many countries all over the world that are into this practice. The earnings they get are highly critical for countries in the African continent, which mostly rely on coffee export for economic growth.

The decline in prices affects the producers' access to necessary education, food and also medical services. This development of the well-known fair trade coffee comes out as a reaction to the earlier crisis. In 1991, organizations emanating from the third-sector which included Oxfam, Equal Exchange, Twin Tradinf, and Traidcraft, came together to form Cafedirect. All these four organizations were already active in all distributions of the Fair Trade Coffee, mainly in the UK, but later on, came to realize that they could not achieve a lot on a collective level. Cafedirect arose from this alliance with one mission: To pioneer fair trade in the mainstream of consumer consciousness and purchasing in the UK.

Moore's arguments seem to be in favor and support of the prior Cafedirect existence and experience at the hands of its retailers and competitors. It is depicted that after a substantially long period of profit generation as from the start of 1995, the first predicament to strike the firm was in 2006, when it suffered its first after tax loss. The year 2007 is a historical year for Cafedirect, as it experienced diminished retail sell by 4 percent to 17 million. From both fair trade goods, Cafedirect exhibits effects of increased competition (Brown, 2007). Most of the social enterprises as linked to Cafedirect are faced with financial disabilities. Based on the analysis attained from the recent research that was carried out on social enterprises, it was

depicted that a large percentage of the entire social enterprises totally failed to secure the startup capital.

Despite them being financed by the new funding supporting culture, they still exhibit difficulties, since the capital allocated is constrained to fixed structures. A section of the financial burden has been eliminated by the supporting culture initiated by the local, regional and national governments. According to a snap analysis, concerning financial matters associated with social enterprises revealed that most of the firms have now attained a positively balanced financial statement as a result of the support culture, therefore, eradicating finance as a major challenge to social enterprises as proved by Cafedirect. Regardless of financial problems almost attaining solution from supporting culture, managers running social enterprises such as Cafedirect still experience the threat of lack of proper strategy and training. As indicated by most literature sources and works, inadequate and poor training facilities contribute highly to poor strategies, which do not cater for secure funding to start an entrepreneurial project (Brown, 2007). Though, the key idea for poor adaptability is not confirmed among the participating organizations, it can be clearly analyzed based on their entire experience and sensitivity within the social segment.

In reference to Cafedirect and other social enterprises, the core reason as to why most of the firms eventually collapse and become bankrupted is due to poor strategy. Regarding a go through a questionnaire that was distributed to some of the firms, it was identified that inability to detect threats and reforms to an operational environment was the core reason as to why most of the social enterprises fail as analyzed from the feedback from most of the <https://assignbuster.com/social-enterprises-essay-samples-2/>

respondents (Brown, 2007). Of recent, strategic management is a common course in almost every institution of professional management. However, based on the prior curricular, only few institutions were able to incorporate the idea, leaving most leaders and managers in the social enterprises shallowly equipped with entrepreneurial skills such as; strategic planning (Brown, 2007). It is essential to note that most social enterprises lack social capital/connections. The prosperity and existence of a social enterprise is usually maintained and enhanced by being a beneficiary of a support culture, which is a result of being a member of either a local, regional or national social sector support organization.

Based on the feedback from most interviewees, a great percentage of them acknowledged the full support and effort provided by Southend Association of Voluntary Services, Advantage West Midlands, and All Saints and Blakenhall Community Development just to mention a few through their contribution and assistance to the social enterprises (Brown, 2007). From the information gathered, it is a clear justification of the role and importance of such supporting cultures in rendering both financial and strategic support either directly or indirectly to social enterprises from the start and throughout their existence. The study discloses the persuasion and control that the supporting culture possesses. They distribute awareness through the precise channels. This implies the value of social capital in promoting the social sector.

Governance can be considered a potential and daring challenge for many social enterprises in prior literature, mostly due to variance of interests arising between board members and the obligation of the entity. Conversely, <https://assignbuster.com/social-enterprises-essay-samples-2/>

the entire research acknowledged that either model of governance was suitable for organizations that participated. Regarding all discussions and talks between the participating organization and the board, despite the limited data from the field due to the small number of participants, no controversy ever emerged regarding the functions of the organizations and their respective boards. Based on the long-term existence of social entrepreneurship that has rapidly spread and substantially developed, it is depicted that most of the controversy that usually emerged have been washed away and most of the boards have attained curtesy to acknowledge and accept the importance of social entrepreneurship. Another vital challenge that is experienced by managers and leaders of social enterprises is the socio-cultural resistance, offered by either employee or managers undermining strategies or in some scenarios from the public and other stakeholders.

It is, therefore, strongly recommended that the leaders and managers of social enterprises should be capable of implementing and adapting to new strategies for diffusing and eliminating such situations. The strategies can be; consultations, consideration of stakeholders at most stages (Brown, 2007). Therefore, it calls for individual effort from social enterprises to attain maximum training on diversity of knowledge and skill that will enable him or her handle and manage complex management decisions, which may arise within the firm. Other challenges and observations include attitude that granters do not trust these institutions. Nudging of social organizations towards the social entrepreneurship symbolizes the changing attitudes as for entrepreneurship from all parts of the social sector.

For all social enterprises to continue developing entrepreneurial skills there is need for a shift in every paradigm that exists to encourage all social enterprises to gear towards accepting and also embracing risks. This will aid in avoiding most crowding in their basic and normal entrepreneurial activity. There is a need to support organizations to be a part of such support groups and organizations, and expansion of such support bodies nationwide. It is necessary to strengtheng essential structures that exist outside the known governments in order to support all social enterprises in the world, to function as the independent organs in the states. This can only happen by giving enough power to all regional, and also social enterprise support to representative groups.