



## **EMES CONFERENCES**

---

### **SELECTED PAPERS SERIES**

"The Third Sector and Sustainable Social Change: New Frontiers for Research"  
*Barcelona (Spain) - July 9-12, 2008*

**8<sup>th</sup> ISTR International Conference**  
**2<sup>nd</sup> EMES-ISTR European Conference**  
**in partnership with CINEFOGO**

---

#### **TOWARDS A CLASSIFICATION FRAMEWORK FOR NOT-FOR-PROFIT ORGANISATIONS – THE IMPORTANCE OF MEASUREMENT INDICATORS**

Denise Crossan<sup>(1)</sup> and Jon Van Til<sup>(2)</sup>

(1) School of Business, Trinity College, Dublin, Ireland

(2) Department of Public Policy and Administration, Rutgers University, Camden, USA

Copyright © 2009 Denise Crossan ([crossand@tcd.ie](mailto:crossand@tcd.ie)) and Jon Van Til ([vantil@camden.rutgers.edu](mailto:vantil@camden.rutgers.edu))  
Any portion of these materials is freely available for information and educational purposes, but cannot be re-published in any format that may entail fees or royalties without the express permission of the copyright holders.

#### **ABOUT THE EMES CONFERENCES SELECTED PAPERS SERIES:**

This series aims to ensure that selected papers from conferences in which EMES has been involved will be accessible to a larger community interested in the third sector and social enterprise.

EMES Conferences Selected Papers have not undergone any editing process.

All the papers of the series are available for download at [www.emes.net](http://www.emes.net).

## CONTENTS

Abstract.....	3
Introduction.....	4
Literature review .....	4
Classification Systems .....	4
Measurement Indicators.....	5
Measurement Indicators: The Role of Performance Indicators .....	7
Measurement Indicators: The Role of For Profit Organisations .....	8
The Theoretical Measurement Framework (TMF) Model.....	8
The Social Economic Continuum: The Irish Model.....	10
Methodology .....	12
Findings .....	13
Discussion.....	19
Contribution to the Literature.....	20
Limitations of the Study .....	20
Implications for Future Research Agenda .....	21
Conclusion .....	21
References.....	22

## **ABSTRACT**

This document is a working paper that presents findings carried out by recent research examining current classification systems and performance measurement indicators applied to not-for-profit and for-profit organisations in an Irish regional context. The research presents a new classification mode, encompassing a Theoretical Measurement Framework and a Social Economic Continuum Model for an Irish context.

### **Key Words:**

Classification Systems, Theoretical Measurement Framework, not-for-profit and for-profit organisations, Northern Ireland, Republic of Ireland, Social Economic Continuum.

## **INTRODUCTION**

For the past 40 years, throughout the period of violence known as "the troubles", not-for-profit organisations in Northern Ireland formed the main backbone of community infrastructure regionally; albeit fragmented by religious and community divisions. When substantial funding to build peace and reconciliation and to support community and social enterprises development was first introduced in Ireland in 1996, there was a critical lack of information on the scale and diversity of organisations that operated within the social economy sector in Northern Ireland and the Republic of Ireland.

The provision of accurate and well-informed data became imperative for the success of the funding programmes. The Department of Trade and Investment (DTI) Report (2002) stated that the lack of a comprehensive and consistent evidence base to support the on-going growth of the social enterprise sector at a UK national level was a critical factor affecting the development of the sector. Nevertheless, due to political and social pressure, funding programmes were introduced and administered in the absence of such information.

A research study was carried out in 2007 which carried out an examination of the classification of not-for-profit organisations in an Irish context to gain greater insight and understanding (Crossan 2007). The premise for the Study's research evolved out of a series of research questions, namely: is there a continuum of practice between community, voluntary and social economy organisations in Northern Ireland (NI) and the Republic of Ireland (ROI)?; could not-for-profits and for-profits be classified along a continuum using characteristic indicators?; could the presence of an overly social or overly economic focus within a not-for-profit influence its position along a continuum?; and finally, could such a classification inform government and policy makers and statutory agencies? In order to address the research questions, the Study established two research objectives: Research Objective 1: To identify characteristic variables at various positions along a Social Economic Continuum; Research Objective 2: To measure the level of social and / or economic focus within organisations along a Social Economic Continuum.

Through the study, international classification mechanisms and theories were reviewed and significant advances in classification theory were proposed for international application. The aim of this paper is to report on these advances through a discussion of the developed Theoretical Measurement Framework Model; its component indicators and their application in the Study and overall findings.

## **LITERATURE REVIEW**

### **Classification Systems**

The classification literature that describes the complexities of the internal and external relationships of the community, voluntary and social economy sectors with other sectors has been ongoing since the 1930's. In Van Til's (1988) substantive piece creates a significant critique of a number of earlier "maps" produced by authors such as; Banfield (1963), Parsons (1966), Sumariwalla (1983), Kramer (1984), and Gamwell (1984), and integrates this foundation into his own map of volunteerism within the social economy (Van Til 1988). This review is expanded later to include Smith (1991), Paton (2003), Schuppert (1991), Scott (1992), Pestoff (1992) and Bauer (1993) cited in Van Til (1996).

As Jon Van Til (1988) points out, "It would appear that classification of voluntary sector organisations can proceed on grounds that are fundamentally empirical or grounds that are fundamentally normative". One perspective can encourage analysis, "by means of concepts

and categorisation", the other by identifying, "those qualities and activities that achieve a broader moral purpose, however related to whatever kind of organisational activity" (Van Til 1988 pg 81). This foundation of thought, and Van Til's discussion and introduction of the "blurring of sectoral boundaries" ideology sets the scene for the development of the literature during the 1990's to the present day (Van Til 1988, 1996).

The literature lurches between a number of classification models expressing differing levels of depth or dimension. Firstly, those who would, coming from a comparable statistical analysis perspective, seek to develop a one dimensional view of the sector to simply calculate the types of organisations within the classification system using a limited number of measurement indicators (e.g. DTI 2005). Others (e.g. Paton 2003, Billis 2003) acknowledge the dichotomous nature of the sector, exploring its depth by making reference to both the economic orientation of the organisations, which are often tangible and therefore often quantifiable, and also the purpose or social dimensions of the organisation, often therefore less easily quantifiable. Others again, (e.g. Stull 2003, Marwell & McInerney 2003, Hasenfeld and Gidron (2005) noting both the economic and social dimensions, draw attention to the importance of the internal and external influences affecting the organisation, such as the market and governance structures, and its impact on their overall classification. Finally, there are those that wish to perceive all organisations within the social and economic environment, public, social and commercial equally, as having a role with civil society (Emerson & Bonini 2005).

In recent years, studies such as those carried out by Donoghue (2000), Donoghue, Anheier & Salamon (1999), Powell (2002), O'Shaughnessy, Spear & Aiken (2004), O'Shaughnessy (2004) and Fenton, O'Shaughnessy & O'Hara (2005) describe the definitions and complexity of the sectors in the Republic of Ireland. Undoubtedly the largest and most recent survey of not-for-profits in Ireland was reported in June 2006 by the Centre for Nonprofit Management (Donoghue et al 2006) in Trinity College, Dublin, entitled "The Hidden Landscape: First Forays into Mapping Nonprofit Organisations in Ireland" (Donoghue et al 2006). Using an adaptation of the Salamon and Anheier (1997) International Classification of Non Profit Organisations model (ICNPO) the CNM study undertook a "wide sweeping" assessment of the community, voluntary and social economy sector in Ireland ranging from hospitals to community business, credit unions and housing associations (Donoghue et al 2006). Unfortunately their audit of the sector was limited to the Republic of Ireland and did not take account of the sector in Northern Ireland.

### **Measurement Indicators**

Albert Einstein is often quoted as saying "Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted" (cited in NEF 2004). The fact remains that whilst social organisations may start with a social mission, and develop actions to address specific needs, there is often no way of predicting what impact their actions will have in the community in general (Paton 2003). According to Crittenden (2000) "This creates a major challenge for determining the effectiveness of strategy or the strategy content-performance linkage". Many authors also agree that financial measures alone are insufficient and that the mission or purpose of the organisation has to form the basis of any successful measurement structure (Brown & Yoshioka, 2002; McFarlan 1999, Akingbola 2006, Moore 2000; Herman & Renz 2004, Raynard 1998). Darby & Jenkins (2006) through their research have identified a number of barriers for social enterprises in "terms of the development and implementation of indicator sets" for the sector (see also Shah 2003).

However, organisations within the social economy sector are coming under increased pressure to justify their existence; in order to 1) secure their ever depleting funding (Darby & Jenkins

2006, Brennan & Ackers 2004, Aeron-Thomas et al. 2004), 2) to compete with either other public, or in some cases private organisations in the market (Darby & Jenkins 2006), 3) to show accountability to their stakeholders and 4) to succumb to a general push towards increased professionalism within the sector (Myers & Sacks 2003, Darby & Jenkins 2006, Brennan & Ackers 2004, Aeron-Thomas et al., 2004, Paton, 2003).

In order to examine the extant measurement indicators to the Study, recent classification studies in NI, ROI and further afield were reviewed and their applied measurement indicators examined. The studies examined were as follows:

- Biennial Survey of NI Social Economy Enterprises 2006 – DETI NI (ongoing);
- "The Hidden Landscape: First Forays into Mapping Nonprofit Organisations in Ireland", Centre for Nonprofit Management (CNM), Trinity College, Dublin, (reported in June 2006);
- Review of Housing Associations in Ireland (Rhodes & Keogan 2005);
- Global Entrepreneurship Monitor UK (GEM) 2003 (Harding 2004, 2006);
- The John Hopkins Comparative Nonprofit Sector Project and Global Civil Society Index (Salamon & Anheier 1997, Salamon & Sokolowski 2004); and
- Stanford Project on Emerging Non Profits ([www.gsb.stanford.edu/spen/](http://www.gsb.stanford.edu/spen/)), Stanford University, California (reported on 2006).

The findings of the analysis of the classification variables was interesting and useful towards giving a relative view of the importance placed on certain characteristics associated, or assumed to be associated, with not-for-profit organisations. Table 1 reorders the variables according to the frequency of their application where provided in the extant literature. It is clear that 5 out of the 7 classification studies reviewed placed importance on income sources, donations and funding as a mechanism for classifying not-for-profits. After income, information describing employee numbers, contract types and gender become important, as well as the legal status of the organisation. Table 1 shows that the most common group of variables concerning indicators which describe location, catchment area, activities of the organisations (SIC codes applied), basic financial information gauging the level of turnover, age and client base. Therefore, overall, barring the variables concerning information on donations and funding, the majority of the indicators applied are relatively generic and applicable to any study of social or economically driven organisations in a region.

Variables that are most infrequently used, rating only 2 or 1 out of the 7 studies, related to performance orientated activities within organisations that might be more specific to not-for-profit organisations. These include levels of volunteers, involvement in networking, performance indicators, measurement of impact, and motivation. These variables could be linked more closely to relatively intangible outcomes.

Beyond the basic descriptive indicators, few studies have referred to the mission of the not-for-profit, its social aims, objectives and goals as important as determining indicators identifying them as particular to the not-for-profit sector. What motivates the organisation, its purpose and goals are less easily broken down into identifiable indicators that are specific to the organisation and yet relatively common to all not-for-profit organisations. Still fewer of the classification studies suggested indicators that represented the behaviour of the not-for-profits as indicators of its position within the not-for-profit sector, apart from destination of funds and the particular beneficiaries getting benefit from the organisations.

*Table 1 - Ranking of Classification Variable / Frequency of Use*

Variables (#5)	<ul style="list-style-type: none"> <li>• Income sources / sales / donations / grants / funding</li> </ul>
Variables (#4)	<ul style="list-style-type: none"> <li>• Data regarding Employees / FT/PT/Temp / Perm / Gender</li> <li>• Legal Status</li> </ul>
Variables (#3)	<ul style="list-style-type: none"> <li>• Geographic location / contact address details</li> <li>• Geographic scale / catchment area</li> <li>• Trading activities or SIC codes</li> <li>• Financial Information - Turnover</li> <li>• Age of not-for-profit / year of establishment</li> <li>• Business Model</li> <li>• Social Mission, aims, goals, values, purpose</li> <li>• Beneficiaries / client base</li> </ul>
Variables (#2)	<ul style="list-style-type: none"> <li>• Volunteer levels / hours contributed</li> <li>• Expenditure</li> <li>• Involvement / importance of networking</li> <li>• Performance indicators / behavioural standards / motivation</li> </ul>
Variables (#1)	<ul style="list-style-type: none"> <li>• Employees – ethnic origin / disability status</li> <li>• Section 75 details (marital status, political opinions, religious beliefs, sexual orientation)</li> <li>• Governance structures</li> <li>• ICNPO classification</li> <li>• Created profits / surpluses</li> <li>• Wages and salaries costs</li> <li>• Assets information</li> <li>• Charitable status</li> <li>• Conditions of establishment – identification of need</li> <li>• Measure of Confidence</li> <li>• Measurement of social / environmental impact</li> <li>• Quality of work indicators (such as training for staff)</li> <li>• Environmental analysis (internal / external)</li> <li>• Human resource policies</li> <li>• Programme activities</li> </ul>

*Measurement Indicators: The Role of Performance Indicators*

Raynard suggests that "It is always unwise for an organisation not to practice what it preaches" (Raynard 1998). This demand for accountability has put significant pressure on not-for-profit organisations to adopt methodologies to report, usually on very regular/short timescales, to account and to illustrate that they are giving value for money for "the public purse" (Paton 2003) and this has resulted in not-for-profits turning to ready-made methodologies, usually more frequently used by private sector organisations, to explore whether the performance measurement tools can be used, or adapted and used to suit the needs of the not-for-profit (Harris 1998). One such technique is social auditing. Evans, Gatward and Redfern (1998) give the definition of the social auditing method as "a systematic approach for organizations who want to account for their social impact... (Social auditing) recognizes the right of all who have a stake or interest in the organization to receive information about its ethical performance and social impact and to contribute to the social audit accounting process. Therefore social auditing is a method which involves the organisation, its stakeholders and its social mission working together; equally as a mechanism for the organisation to prove that it is achieving what it set out to achieve (Paton 2003).

By now it is well documented that the social economy sector is highly complex in nature and also purpose driven. The question that arises is should classification frameworks place more

emphasis on the behaviours and outcomes of the not-for-profit organisation as the main reason for its inclusion in the social economy sector? If not-for-profit organisations are highly purpose driven, shouldn't they be defined by the successes and outcomes gained through achieving their purpose, living up to their promises, rather than the structures, business models, volunteers and employee levels that aid the journey?

#### *Measurement Indicators: The Role of For Profit Organisations*

What is the role of for-profits in a Social Economic Continuum? There is an abundance of literature available describing the growing interest in social and environment sustainability and the contribution made and role that corporations and commercial organisations play towards the benefit of civil society globally (Darby & Jenkins 2006, Hayes 2002, Bouckaert & Vandenhove 1998, Spence, Schmidpeter & Habisch 2003, Kay 2006, Gray, Healy & Crofts 2003, Harding 2004). It would appear that as eclectic as the literature on the social economy sector is, it is only matched by the depth and range of the literature dealing with corporate social responsibility and the creation of the enigmatic social capital. The irony is not lost on the authors that organisations that are set up with the direct purpose of addressing social needs may often be less coordinated in their strategic performance measurement approach than commercial profit driven organisations who, albeit faced with growing societal pressures, have been able to voluntarily identify and develop a plethora of measurement tools and standards to measure their own social impact.

It is interesting to note that the types of corporate social responsibility and social capital variables are action orientated, that is they are focused on the outcomes of actions, driven by a social aim or objective, putting the emphasis on the behaviour of the organisation. It seems as if, just as they are driven to achieve profits through action, commercial organisations assume that actions will also achieve and should be the measure for their social results.

#### **The Theoretical Measurement Framework (TMF) Model**

It seems clear from the literature that indicators used to classify and characterise social purpose aims and objectives, regardless of the sector of the organisation, can be divided into 3 layers; 1) the descriptor variables, such as legal structure, business model, staffing, trading activities etc, 2) motivator variables, such as the purpose of the organisation or their social aims and objectives, and 3) the behaviour variables, how the organisation actually performs in terms of meeting their social aims and objectives, and the behaviour variables acting as the true test to decided the position of any organisation along a Social Economic Continuum.

Therefore, within the Theoretical Measurement Framework Model the Descriptor indicators describe the baseline activities of the organisation, their legal structure, the number of directors and or committee members, the other occupations of the directors and/or committee members, the number and type of staff and contracts, the level of volunteerism in the organisation, sources of funding, the organisation's perceived market and finally their interpretation of social enterprises, social responsibility and social capital. The Motivator indicators included review the organisation's mission; its aims and objectives; stating specifically its social aims and objectives if not implicit in the overall aims and objectives and the organisation's process for measuring their achievement of their aims. Finally, the Behaviour indicators include the organisations current level of networking or interaction with other organisations; the level of sharing of assets with other organisations; their policy for spending locally for goods and services; their perception of earned income and reliance on external funding; how they distribute any profits; their practice towards donations and charity; their approach to private and public partnerships and finally, their assessment of the future for the organisation in relation to income, staff, volunteering, provision of services and spending. The Theoretical Measurement Framework is illustrated in Table 2 below.

Table 2 - The Theoretical Measurement Framework - Descriptors, Motivators and Behaviours Indicators

Framework	Question areas
<b>Descriptors</b>	
<i>Structure</i>	1. Legal structure
<i>Business Model</i>	2. Business model
<i>Activities</i>	3. Core business activities
<i>Governance</i>	4. No. directors/committee members
	5. Outside occupation of directors/committee members
<i>Staffing</i>	6. No & type of staff
<i>Volunteering</i>	7. percent time Contributed in voluntary hours
<i>Funding</i>	8. Funding income
<i>Catchment</i>	9. Market served / currently or future exporting
<i>Definitions</i>	10. Opinion of community businesses or social enterprises
	11. Define social responsibility / social capital
<b>Motivators</b>	
<i>Mission</i>	12. Mission statement
<i>Aims &amp; Object</i>	13. Organisation's aims and objectives
	14. Planning Cycle short or long term
<i>Review of M/A/Os</i>	15. Frequency of review of mission and aims
<i>Social aims</i>	16. Clear social aims and objectives
<i>Measurement</i>	17. Measures the impact of social aims and objectives
	18. Measurement tool for social aims and objectives
	19. Organisation's impact on the community
<b>Framework</b>	<b>Question areas</b>
<b>Behaviours</b>	
<i>Networking</i>	20. Collaborate with other organisations
	21. Level of interaction with affiliated organisation(s)
<i>Sharing Assets</i>	22. Awareness of economic realities
	23. Currently lease assets from a community organisation
	24. Allow premises or assets to be used by other community organisations
<i>Spend locally</i>	25. Spend per annum on local goods and/or services
	26. Buy services/products from community businesses
<i>Income/funding</i>	27. Describe any charge for services/use of assets as; nominal rental charge; charitable activity for your organisation, important way for your organisation to generate income, other
<i>Surplus Income</i>	28. Organisation generates surplus income per annum or will in the future
	29. Agree with the following statements, "No, our organisation does not generate income, we are 100 percent funding dependent", "Yes we generate a small amount of income, but it does not meet our ongoing financial needs per annum", "Yes, we generate income, but it directly matches our outgoings per annum", "Yes, we generate income and our surplus is redistributed" / Reliance on external funding
<i>Distribution of Profits</i>	30. Cumulative percent of profits from organisation distributed in following ways; Profits paid to Owner/Shareholders/Partners, Profits paid towards financial repayments, Profits reinvested into the business, Profits invested in developing new products and services, Profits donated to an affiliated organisation, Profits donated as charity, Other
<i>Donations</i>	31. Describe the type, size and destination of a typical donation. Expectations on are return on giving.
<i>Public / Public Relationships</i>	32. Currently or in the past worked in partnership with public/public organisation and would it be potential for future
<i>Public / Private Relationships</i>	33. Currently or in the past worked in partnership with private/public organisation and would it be potential for future
<i>Future – Increase, Decrease?</i>	34. Following factors will increase or decrease: Income, Capital Expenditure, Revenue Expenditure, Reinvestment of Profit for social benefit, No of Staff, No of Volunteers, Range of Services / Activities, Involvement in social partnerships, Involvement in economic partnerships
<i>Self Classification</i>	35. Placing own organisation along the Social Economic Continuum
<i>Relocation for-profit</i>	36. Would you move from your community to make more profit / what would make you stay

Source: © Crossan, 2007

### **The Social Economic Continuum: The Irish Model**

The majority of social economy practitioners in the Study agreed with the reality that social enterprises operate along a spectrum of activity, under the influence of many factors including the need to be socially driven and economically sustainable (Crossan 2007). At a very basic level the continuum can be described as having one end of the scale where the focus for the social economy enterprise will be to have a more social and less economic focus, potentially only operating to generate enough income to survive. At the other end of the scale, the social economy enterprises will operate and present themselves as businesses that aim to maximise profits to fund underlying social objectives (SEL 1999).

Often the initial questions concerning the development of a continuum is at what stage, or under what conditions does an organisation move from one point or classification along the continuum into another? Equally, at what stage, or under what conditions, does an organisation begin to consider and introduce economically orientated business processes within their organisation as a way of ensuring income for the future?

The Social Economic Continuum Model attempts to illustrate this concept of an economic continuum from an Irish regional perspective, see Table 3 below. The Social Economic Continuum is constructed in order to illustrate the location of not-for-profit organisations in relation to commercial enterprises that have a level of social focus which may impact on their management decisions and practices. The model describes the Continuum from social activity to economic activity, by moving from the public/government sector, through the not-for-profit sector and into the for-profit sector.

At the point between social and commercial, there is an additional classification element between those not-for-profit organisations that are outwardly social in their behaviours and practices and those that are inwardly social. Likewise, on the commercial side, businesses who are outwardly social and inwardly social, and finally onto purely commercially driven.

Table 3 - The Conceptual Classification Framework– The Social Economic Continuum for NI and NW ROI

Not-for-profit Social			Social Commercial			For-profit Commercial Social		Commercial
Quangos	Community & Voluntary	Charities	Charities with Co. Ltd G	Social Firms	Community Businesses Housing Assoc Mutuals Credit Unions	Family owned	Shareholder Ethical	Soletrader SME Co ltd G
Govnt								
(Outwardly Social → Inwardly Social)						(Outwardly Social → Inwardly Social)		
<b>Social Activity</b>						<b>Economic Activity</b>		

Source: © Crossan, 2007

## **METHODOLOGY**

Having developed the Social Economic Continuum and the Theoretical Measurement Framework based on the extant literature, the empirical stage of the Study employed a sequential mixed method research approach. This involved an initial quantitative phase consisting of a survey of 386 not-for-profit organisations in both NI and ROI which resulted in 118 returns. The second qualitative phase of the methodology involved carrying out in-depth interviews with 17 of both not-for-profit and for-profit organisations yielding substantive qualitative data. It was decided that this triangulation of methods, combining inductive and deductive dimensions through a pragmatist perspective (employing prior experiential knowledge, conceptual models, structured quantitative questionnaires, and qualitative in-depth interviews), was the most appropriate methodological approach.

In order to address the research questions, the Study established two research objectives, 1) To identify characteristic variables at various positions along the Social Economic Continuum, and 2) To measure the level of social and / or economic focus within organisations along the Social Economic Continuum. The Study began by carrying out a review of the extant literature and considered the following areas: the range of definitional issues associated with the sector; existing information of not-for-profits within the UK, NI and ROI; a review and syntheses of relevant and current classification systems; a review of measurement indicators applied through classification; and finally, the role of for-profit organisations and their social impact measurement indicators. On completion of the literature review the Study developed a conceptual Social Economic Continuum Model (SEC) as described above.

In addition, having reviewed the measurement indicators and characteristics employed by both non profit and for profit classification systems locally and international and a review of the extant literature (Brown & Yoshioka, 2002; McFarlan 1999, Akingbola 2006, Moore 2000; Herman & Renz 2004, Raynard 1998, Darby & Jenkins 2006, Brennan & Ackers 2004, Aeron-Thomas et al. 2004, Rhodes & Keogan 2005, Harding 2004, 2006, Salamon & Anheier 1997, Salamon & Sokolowski 2004, Raynard 1998, Paton 2003, Evans, Gatward and Redfern 1998) the Study created the Theoretical Measurement Framework (TMF) which provided the measurement indicators that would be tested through the empirical stage of the Study.

The measurement indicators used to classify and characterise social purpose aims and objectives, regardless of the sector of the organisation, were divided into 3 layers; 1) the descriptor variables, such as legal structure, business model, staffing, trading activities etc, 2) motivator variables, such as the purpose of the organisation or their social aims and objectives, and 3) the behaviour variables, how the organisation actually performs in terms of meeting their social aims and objectives, and the behaviour variables acting as the true test to decide the position of any organisation along a Social Economic Continuum.

The Study employed a pragmatic sequential mixed method research approach. Having reviewed the extant literature and developed the regional contextual Social Economic Continuum Model and Theoretical Measurement Framework, the empirical activity began with a quantitative methodological approach. A questionnaire was devised, and with the support of four representative bodies supporting social enterprises within the region, a sample of 386 organisations was identified, and received posted surveys. The questionnaire received 118 responses and the data gathered was analysed using SPSS v.11. The subsequent stage of the methodology was to engage in-depth interviews with 17 of the sample organisations, both non profit and for profit organisations, analysed using a Thematic Content Analysis approach

(Saunders et al 2000). The Theoretical Measurement Framework was employed at both the quantitative and qualitative stages, to ascertain and clarify the usefulness of each of the descriptor, motivator or behavioural indicator criteria in aiding the classification of organisations contributing to the social economy. Having completed the quantitative and qualitative stages, the findings were analysed and used to improve the TMF and the placement of organisations within the regional Social Economic Continuum.

## **FINDINGS**

The findings of the Study focus on the relevance and usefulness of the Theoretical Measurement Framework indicators in identifying differentiation along a Social Economic Continuum. Indicators such as "Directors and Committees", "Volunteers", "Networking" and "Sharing of Assets" show distinctive differentiation patterns amongst types of organisations. Likewise indicators that have distinctive economic or social focus, such as "Measurement of Impact", "Business Models" and "Attitudes towards Local Spending" also show differentiable patterns.

In addition, it is clear that the following do not form appropriate indicators to be used to determine the position of a not-for-profit organisation along the Social Economic Continuum.

- Legal Structure
- Review of their Mission, Aims and Objectives
- Charge for Assets
- Distribution of Profits for New Products and Services
- Donations to affiliated organisations
- Future generation of Income
- Future Reinvestment for Social Benefit
- Future level of Volunteer Involvement

However, the following indicators, when used in conjunction with other indicators, provide a better profile of the organisation in relation to its Descriptors, Motivators, and Behaviours and do allow the organisations to be placed along the Social Economic Continuum.

- Business Model
- Activities (Tangible vs. Intangible outcomes)
- Directors & Committees (size and community representation, large vs. small)
- Volunteers (workers as volunteers vs. directors as volunteers)
- Catchments (local vs. international)
- Exporting (attitudes towards / current and future involvement)
- Mission, aims & objectives (social and Org aims & objectives same vs. separate)
- Measurement of Social Aims & Objectives (Measurement of tangible vs. intangible outcomes)
- Networking (number of affiliate organisations regular contact, large number vs. small)
- Sharing Assets (open access vs. specific access)
- Local Spend / Using community business (ethos of org vs. value for money)
- Surplus Income (presence of surplus and surplus used to add to budget vs. sustain the organisation)
- Financial repayments (currently making payments)
- Reinvestment into Org (no investment vs. reinvestment)
- Future Social partnerships (stay the same vs. increase)
- Future Economic partnerships (stay the same vs. increase)

Out of all the characteristic indicators, it would appear that only funding or the uptake of finance or loans could potentially stand alone as an indicator of the status of the organisation along the Social Economic Continuum.

The Revised Theoretical Measurement Framework in relation to the Social Economic Continuum Model

The Theoretical Measurement Framework evolved throughout the Study, as the findings had implications for the usefulness and appropriateness of each indicator towards the classification of organisations along the Social Economic Continuum. Therefore, Table 4 illustrates the Descriptor, Motivator and Behaviour indicators in relation to the Social Economic Continuum Model, to illustrate the types of organisations along the Continuum groupings and their related appropriate indicators.

Table 4 - Revised Theoretical Measurement Framework and Social Economic Continuum

TM INDICATORS	Not-for-profit		For-profit	
	Social	Social Commercial	Commercial Social	Commercial
<i>Descriptor Indicators</i>				
<i>Legal Structure</i> * 1. Legal Structure	<ul style="list-style-type: none"> <li>Structure choice not useful indicator</li> <li>Will amend their structure for greater economic benefit</li> </ul>	<ul style="list-style-type: none"> <li>Structure choice not useful indicator</li> <li>Will amend their structure for greater economic benefit</li> </ul>	<ul style="list-style-type: none"> <li>Structure choice not useful indicator</li> </ul>	<ul style="list-style-type: none"> <li>(Structure choice not useful indicator)</li> </ul>
<i>Business Model</i> * 2. Business Model	<ul style="list-style-type: none"> <li>As per SEC model above</li> </ul>	<ul style="list-style-type: none"> <li>As per SEC model above</li> <li>May emphasis the commercial nature of the org as priority</li> </ul>	<ul style="list-style-type: none"> <li>As per SEC model above</li> <li>Will emphasise the commercial nature of the org as priority</li> </ul>	<ul style="list-style-type: none"> <li>As per SEC model above</li> </ul>
<i>Activities</i> 3. Core business Activities	<ul style="list-style-type: none"> <li>Places greater emphasis on intangible outcomes</li> <li>Find it easy to describe their social activities</li> </ul>	<ul style="list-style-type: none"> <li>Aware of intangible outcomes, however focused on achieving tangible outcomes</li> <li>Have greater difficulty describing or putting emphasis on either social or economic activities as priorities</li> </ul>	<ul style="list-style-type: none"> <li>Find it easy and natural to discuss their economically focused activities, whilst still aware of social purpose, through economic means</li> </ul>	<ul style="list-style-type: none"> <li>Find it easy and natural to discuss their economically focused activities, social activities revealed only after questioning</li> </ul>
<i>Governance</i> * 4. No. of Directors/Committee Members 5. Outside Occupation	<ul style="list-style-type: none"> <li>Larger board size, greater community representation</li> <li>No professional or commercial experience required</li> </ul>	<ul style="list-style-type: none"> <li>Smaller boards, more commercial representation</li> <li>Professional, commercial experience desirable</li> </ul>	<ul style="list-style-type: none"> <li>Smaller boards, total commercial representation</li> <li>Often membership based or shareholders on board</li> </ul>	<ul style="list-style-type: none"> <li>Unlikely to have any board of directors input</li> </ul>
<i>Staffing</i> 6. No. & Type of Staff	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>
<i>Volunteers</i> 7. % time contributed in vol. hours	<ul style="list-style-type: none"> <li>Volunteers on board and high presence in day to day operations of the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Volunteers primarily within board only</li> </ul>	<ul style="list-style-type: none"> <li>Volunteers primarily within board only</li> </ul>	<ul style="list-style-type: none"> <li>No volunteers internally – unprofessional</li> <li>Act as volunteers for other orgs</li> </ul>
<i>Funding</i> * 8. Funding income	<ul style="list-style-type: none"> <li>"cocktail" multi sources of funding, short term project based</li> </ul>	<ul style="list-style-type: none"> <li>Fewer, long term sources, contract orientated, uptake of finance/loans</li> </ul>	<ul style="list-style-type: none"> <li>Financially sustainable, very minor start up funding</li> </ul>	<ul style="list-style-type: none"> <li>Predominately no funding received</li> </ul>
<i>Catchment</i> 9. Market served / future exporting	<ul style="list-style-type: none"> <li>Local community</li> <li>Not likely to export</li> </ul>	<ul style="list-style-type: none"> <li>Local, regional, national, international</li> <li>Increasingly likely to export</li> </ul>	<ul style="list-style-type: none"> <li>Local, regional, national, international</li> <li>Already exporting</li> </ul>	<ul style="list-style-type: none"> <li>Local, regional, national, international</li> <li>Involved in exporting</li> </ul>
<i>Definitions</i> 10. Opinion of comm. bus. / soc. ent. 11. Defining social responsibility / social capital	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>

Source: © Crossan, 2007

Table 4 - Revised Theoretical Measurement Framework and Social Economic Continuum (cont)

TM INDICATORS	Not-for-profit		For-profit	
	Social	Social Commercial	Commercial Social	Commercial
<i>Motivator Indicators</i>				
<i>Mission</i> * 12. Mission Statement	<ul style="list-style-type: none"> <li>Social and organisational M, A &amp; O are considered one in the same</li> </ul>	<ul style="list-style-type: none"> <li>Social and organisational M, A&amp;O different, "holographic" Management approach</li> </ul>	<ul style="list-style-type: none"> <li>Organisational M,A &amp; O's are priority over social M,A&amp;Os</li> </ul>	<ul style="list-style-type: none"> <li>No formally written mission, aims and objectives, organisational or social</li> </ul>
<i>Aims &amp; Objectives</i> * 13. Organisation's aims and objectives 14. Planning cycle short or long term	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>
<i>Review of Mission, Aims &amp; Objectives</i> * 15. Frequency of Review of M/A/O's	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>
<i>Social Aims</i> * 16. Clear social aims & objectives	<ul style="list-style-type: none"> <li>As above in indicator 12</li> </ul>	<ul style="list-style-type: none"> <li>As above in indicator 12</li> </ul>	<ul style="list-style-type: none"> <li>As above in indicator 12</li> </ul>	<ul style="list-style-type: none"> <li>As above in indicator 12</li> </ul>
<i>Measurement</i> * 17. Measures the impact of social aims & objectives 18. Measurement tools for social aims & objectives 19. Organisation's impact on the community	<ul style="list-style-type: none"> <li>Required to measure impact</li> <li>Emphasis on presentation of intangible &amp; tangible outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Required to measure impact</li> <li>Tangible outcomes takes priority over intangible outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Required to measure impact</li> <li>Economic focus concerns the creation of jobs, leverage of funds to the community, and for inwardly social / social commercial orgs the growth and development of market share and return for members</li> </ul>	<ul style="list-style-type: none"> <li>Not required to measure impact</li> <li>Economic focus concerns creation of quality jobs, employee development</li> </ul>

Source: © Crossan 2007

Table 4 - Revised Theoretical Measurement Framework and Social Economic Continuum (cont)

TM INDICATORS	Not-for-profit		For-profit	
	Social	Social Commercial	Commercial Social	Commercial
<i>Behaviour Indicators</i>				
<i>Networking</i>				
20. Collaborate with other orgs 21. Level of interaction with affiliated orgs	<ul style="list-style-type: none"> <li>Greater number of networks</li> <li>less regular or continuous contact</li> </ul>	<ul style="list-style-type: none"> <li>Fewer number of networks,</li> <li>regular or continuous contact</li> </ul>	<ul style="list-style-type: none"> <li>very select networks, infrequent contact</li> </ul>	<ul style="list-style-type: none"> <li>no networking</li> </ul>
<i>Sharing Assets</i>				
22. Awareness of economic realities 23. Currently lease assets from community orgs 24. Allow premises or assets to be used by other community orgs	<ul style="list-style-type: none"> <li>Access to all,</li> <li>community owned,</li> <li>not charged,</li> <li>usage not specifically measured</li> <li>strong financial and administrative operating procedures followed</li> </ul>	<ul style="list-style-type: none"> <li>Access limited and selective,</li> <li>awareness of costs,</li> <li>assets are available to grow and earn from</li> <li>charged &amp; measured as outcome</li> <li>strong financial and administrative operating procedures followed</li> </ul>	<ul style="list-style-type: none"> <li>Access limited and selective,</li> <li>awareness of costs,</li> <li>charged for assets</li> <li>if funded, strong financial and administrative operating procedures followed</li> </ul>	<ul style="list-style-type: none"> <li>access provided on request</li> <li>not normally charged for</li> <li>minor evidence of leasing from community</li> </ul>
<i>Spend locally</i>				
25. Spend per annum on local goods / services 26. Buy services/products from community orgs	<ul style="list-style-type: none"> <li>Spend amount Not Useful</li> <li>Have policies ensuring the support of other not-for-profit suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Spend amount Not Useful</li> <li>Will make final decision according to cost and professionalism, not just go with not-for-profit organisation</li> </ul>	<ul style="list-style-type: none"> <li>Spend amount Not Useful</li> <li>Will make final decision according to cost and professionalism, not just go with not-for-profit organisation</li> </ul>	<ul style="list-style-type: none"> <li>Spend amount Not Useful</li> <li>Will choose according to cost and service, may vet not-for-profit suppliers greater</li> <li>Strong preference to buy locally</li> </ul>
<i>Income / funding *</i>				
27. Charges for Assets statements	<ul style="list-style-type: none"> <li>Charging for assets linked to sharing assets response in indicator 22-24</li> </ul>	<ul style="list-style-type: none"> <li>Charging for assets is important for sustainability</li> </ul>	<ul style="list-style-type: none"> <li>charges are reflection of the organisation's perception of ownership of the assets</li> <li>negligible differentiation between charges to not-for-profits and private clients</li> </ul>	<ul style="list-style-type: none"> <li>will charge private clients</li> <li>not likely to charge not-for-profits, perceived as charitable activity</li> </ul>
<i>Surplus Income *</i>				
28. Generates surplus or will in the future 29. Income statements	<ul style="list-style-type: none"> <li>Less or no regular surplus,</li> <li>use surplus for maintenance &amp; repairs</li> <li>use of surplus controlled by funder</li> </ul>	<ul style="list-style-type: none"> <li>Greater surplus, intention to create surplus</li> <li>surplus key to growth &amp; development</li> <li>surplus less controlled by funder</li> </ul>	<ul style="list-style-type: none"> <li>intention to grow and develop services economically to reduce reliance on funding and increase chances of long term sustainability</li> <li>surplus paid to members</li> </ul>	<ul style="list-style-type: none"> <li>surplus expected</li> <li>organisations not "driven" by the generation of profit</li> </ul>
<i>Distribution of Profits *</i>				
30. Owners/shareholders, Financial repayments, Reinvestment into Org, New products & services, Donate to affiliated Orgs, donated as charity, Other	<ul style="list-style-type: none"> <li>Reinvest into own org or services &amp; products</li> <li>restricted in donations</li> <li>any profit allows for limited budget flexibility</li> <li>more likely to receive than make donations to affiliated orgs</li> </ul>	<ul style="list-style-type: none"> <li>Used for financial repayments &amp; reinvest into own org or service/products</li> <li>Will donate funds to affiliated orgs</li> </ul>	<ul style="list-style-type: none"> <li>expectation that profits reinvested in the business to sustain orgs / develop new services</li> <li>or to pay profits to shareholders</li> <li>no restrictions in the distribution of profits</li> <li>will donate to affiliated orgs</li> </ul>	<ul style="list-style-type: none"> <li>expectation that profits reinvested in the business to sustain orgs / develop new services</li> <li>or paid to owners</li> <li>do not donate profits to affiliates</li> </ul>

Source: © Crossan, 2007

Table 4 - Revised Theoretical Measurement Framework and Social Economic Continuum (cont)

TM INDICATORS	Not-for-profit		For-profit	
	Social	Social Commercial	Commercial Social	Commercial
<i>Behaviour Indicators (cont)</i>				
<i>Donations</i> * 31. Type, size and destination, Expectation on return for giving	<ul style="list-style-type: none"> <li>Requests are considered under the current projects' remit or made as contributions in kind</li> <li>No expectation of return</li> </ul>	<ul style="list-style-type: none"> <li>Seen as individual activity / from staff,</li> <li>Have building relationships as an expectation for a return on giving</li> <li>Will give cash and services</li> </ul>	<ul style="list-style-type: none"> <li>Seen as individual activity rather than organisation</li> <li>Will give predominately cash over services or products</li> <li>Have higher expectation of return through relationships and return business.</li> </ul>	<ul style="list-style-type: none"> <li>Seen as individual activity</li> <li>Divided into cash gifts – unrecorded, regular on a monthly basis, no return expected &amp; sponsorship donations, representative of the business, high expectation of return and financially more significant and measured</li> </ul>
<i>Public / Public Relationships</i> 32. Past experiences & future	<ul style="list-style-type: none"> <li>Public and not-for-profit struggle to justify their existence and compete for the provision of public services and therefore the receipt of income</li> </ul>	<ul style="list-style-type: none"> <li>SC orgs sit between S and C orgs and come under scrutiny from both sides, therefore criticised for not being social enough from purely social orgs, and not "real" businesses from the commercial orgs – often dependent on their level of outwardly displayed social face.</li> </ul>	<ul style="list-style-type: none"> <li>Due to their inwardly social approach, CS orgs sit more easily within the commercial sector, and in some cases aren't even considered relevant to the social economy as they simply service a discreet group of members</li> </ul>	<ul style="list-style-type: none"> <li>Not relevant</li> </ul>
<i>Public / Private Relationships</i> 33. Past experiences & future	<ul style="list-style-type: none"> <li>S orgs find the development of private relationships useful for leveraging services and funds into an area</li> </ul>	<ul style="list-style-type: none"> <li>SC orgs consider the development of relationships with private orgs as useful to growing the business, considered as clients who have potential to pay greater amounts for products and services</li> </ul>	<ul style="list-style-type: none"> <li>Having private org relationships normally and standard</li> <li>Important for the business and relationships are easy to facilitate and maintain.</li> </ul>	<ul style="list-style-type: none"> <li>Generally very negative past experiences with public bodies</li> <li>Negative experience past on to S and SC orgs by association</li> <li>However, this did not prevent C orgs to consider relationships with not-for-profit organisations.</li> </ul>
<i>Future –increase or decrease?</i> 34. Income, Reinvestment for Soc Benefit, Volunteers, Soc p'ships, Econ p'ships,	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>	<ul style="list-style-type: none"> <li>Not Useful</li> </ul>
<i>Self-Classification</i> 35. Place own org on the S & E Continuum	<ul style="list-style-type: none"> <li>Positioning reflected by outwardly social scale</li> </ul>	<ul style="list-style-type: none"> <li>Position reflected by outwardly economic scale, with recognition of social aspects</li> </ul>	<ul style="list-style-type: none"> <li>Position reflected by outwardly economic scale, with some recognition to social aspect</li> </ul>	<ul style="list-style-type: none"> <li>Not relevant</li> </ul>
<i>Relocation for-profit</i> 36. Relocation for increased profits / or why stay?	<ul style="list-style-type: none"> <li>Remain rooted within local community</li> </ul>	<ul style="list-style-type: none"> <li>considers offering services in other areas, regionally or internationally to grow organisation and increase surpluses</li> <li>either as a way of return surplus to community in need, or to relocating for increases business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Currently offer services in other areas, regionally or internationally to grow organisation and increase surpluses</li> <li>Surplus to members therefore not always geographically constrained</li> </ul>	<ul style="list-style-type: none"> <li>Strong social focus concerning the location of the business, their community identity, and the desire to give back to their local area.</li> <li>Respondents also stated that developing the business, creating jobs and growth was a greater motivator than generating profits alone.</li> </ul>

Source: © Crossan, 2007

This final Theoretical Measurement Framework illustrates the following important differentiation points along the Continuum:

- 1) Firstly that role the community representation plays at governance level and in the day to day operations of the organisation;
- 2) The usage of volunteers at governance and / or day to day level;
- 3) The importance placed on intangible outcomes; their occurrence, measurement and inclusion in reporting of overall outcomes;
- 4) The number of, mix and duration of relatively short term projects within the organisations;
- 5) The number of, mix, and duration of funding sources supporting the organisations;
- 6) The uptake of finance, or loans requiring ongoing repayment;
- 7) The perceived reach of the organisation and their willingness to extent services to other markets;
- 8) Their presentation of the organisational mission, aims and objectives and social mission, aims and objectives as one in the same;
- 9) Their perceptions of ownership of their organisations assets, and the resulting behaviour towards allowing access to assets and charging practices;
- 10) Their behaviour towards growth of the organisation as a mechanism to perpetuate their organisation and activities, or as a vital way to sustain themselves and grow bigger over time;
- 11) The use of profit to relieve inflexibility in tightly controlled and monitored budgets or as a critical element for survival and growth; and
- 12) The behaviour towards the management and facilitation of donations of the organisation, as either drawing on the existing projects and resources of the organisation, or as a separate addition activity undertaken by individuals or the organisation with some element of return expected.

In addition, it is important to highlight the shared objectives expressed by all of the organisations located along the Continuum to create long term employment, build local community infrastructure and lever greater funds into the local community.

## **DISCUSSION**

The findings clearly show that there are number of indicators, whether considered traditional static descriptor type characteristics or more importantly action orientated or cause effective indicators that have a role to play and can be scientifically implemented to classify organisations. Whilst current classification systems have to some extent avoided the in-depth measurement of behaviours as criteria for classification, this Study shows that the inclusion of the Behaviour indicators in any future classification system becomes most important.

The not-for-profit organisations examined within the Study region tended to have either relatively homogeneous characteristic indicators, which made it difficult to differentiate between the types of organisations along the Continuum, or had rather distinctive characteristic indicators that made differentiation more successful. In the most part, the characteristic indicators operated on a social to gradually more economically focused scale along the Continuum, which allowed the characteristics to be broadly divided into graduated stages.

The more homogeneous characteristic indicators, such as legal structure, business model, and sources of funding, highlighted the significant external influences of the statutory public organisations. These organisations included government and its related departments, public health and education services, and those agencies responsible for the facilitation of government or public purse funding into the community, voluntary and social economy

sectors. This external influence was shown to have significant impact on the structure, funding, management, measurement and in some cases the actual social purpose of the organisations.

The less homogenous characteristic indicators allowed for the differentiation of organisations according to their attitudes towards each indicator. For example, in relation to the volunteer indicator, social profiled organisations proved to be more likely to perceive the importance of volunteering throughout the organisation, not just at board or committee level. Likewise, with regard to the distribution of assets, social profiled organisations illustrated their perception that the community owned the assets of the organisation, and should be shared with the community openly. Previous classification systems would have recorded only the level of volunteers within an organisation, or the amount given in donations as static, demographic or statistically related information, rather than considering the behavioural aspects of the indicators and therefore the behavioural influence of their position along the Social Economic Continuum.

### **Contribution to the Literature**

From a theoretical position, the Study created a 3 dimensional measurement framework applicable to all organisations within an economy, allowing organisations to identify their own place along a Social Economic Continuum. The Study has also identified the importance of the measurement of behaviour indicators across the continuum in order to achieve accurate classification. The Study has discussed the concepts of "outwardly and inwardly social" as an aid to classification. Finally, and regionally important, the Study has created a Social Economic Continuum model applicable to NI and ROI. From a practical contribution perspective, through the creation of the Theoretical Measurement Framework, the Study has provided a tool that will allow all organisations within an environment to identify their position along the Continuum. In doing so, this allows for a greater understanding of their proximity and social relationship with other organisations. The Study acts to inform and educate policy makers and agencies on the 3 dimensional characteristics of organisations operating within and having an influencing role on the social economy sector. In addition, the findings and resulting Social Economic Continuum and Theoretical Measurement Framework models allows not-for-profits and for-profit organisations to better understand and measure their social contribution; creating opportunities for collaboration across the traditional sector "silos". Finally, the Study has created a practical diagnostic tool for organisations to facilitate their strategic development over time and build opportunities to foster better relationships and increase their social impact.

### **Limitations of the Study**

The Study has developed new models for creating a deeper understanding of organisations that participate within the social economy sector within Northern Ireland and the NW of the Republic of Ireland. However, as appropriate, certain limitations should be considered with respect to the findings and resultant models. Firstly, the geographic context of the Study region and the resultant models reflecting the social economic landscape must be considered if the models developed are applied in any other geographic context. Certainly situational and organisational differences will occur in differing locations around the world. For example, according to Renz et al (1997) "Foundations are usually established on the basis of an endowment, commonly from a single source, and with a programme which is managed by its own trustees and directors, generally focused on educational, social, charitable, religious or other common welfare purposes. However, Donoghue (2004) points out that in Ireland foundation structures (of which there are very few) are rarely based on endowment sources and normally seeking on-going funding from public sources, as do other not-for-profit

organisations. Therefore the environmental aspects affecting the organisations along the Continuum are often very regionally specific.

With the need to facilitate the distribution of public funding, these organisations have taken on the role of acting as service providers for government and statutory agencies and therefore their activities are often highly influenced by the control and requirements of their funding providers. With this control, the statutory funding agencies exert considerable influence and this influence could be considered as a limitation to the study. However, as the Theoretical Measurement Framework shows, the indicators influenced by statutory agencies are predominately located with the Descriptor and Motivator categories and less within the Behaviour indicators category. Therefore, for the purposes of this Study, and the fact that the findings puts the emphasis of successful classification of the application of the Behaviour indicators, the influence of the statutory agencies does not overly affect the findings of the research.

### **Implications for Future Research Agenda**

The completion of current research exercise generates a number of additional directions for related research in the future, such as:

- 1) the replication of the Study in other areas;
- 2) deeper investigation into the importance of Behaviour indicators in aiding classification;
- 3) designing additional levels of analysis, using static or demographic variables in association with business model as a unit of analysis;
- 4) using the Theoretical Measurement Framework model to identify the "tipping point" for not-for-profit organisations moving along the Continuum;
- 5) investigating the "true" destination of profits within not-for-profit organisations;
- 6) exploring areas such as the role of volunteer levels as an indicator, examining the level and value of exporting in not-for-profits, examining the role of funding and the uptake of finance as an indicator, and the role of future strategic planning or change management practices in not-for-profit organisations; and
- 7) The opportunity to establish a longitudinal study.

### **CONCLUSION**

In Ireland the social economy sector was borne out of necessity, characterised by resourcefulness, guided by religion and community strength and a belief in the greater good. The sector now is faced by crisis, polarised between government service provisions at one end and pulled towards commercialism at the other; faced with the loss of its resourcefulness, independence, and community representation that carried it through some of the darkest moments of Irish history.

The Social Economic Continuum and the Theoretical Measurement Framework acts as models to better identify and inform all organisations and players within and involved in the social economy sector. Through this increased understanding of their position and the facets that contribute and influence movement over time, mechanisms can be established to better support and develop those who have a role to play in creating social good in communities of need. This understanding allows for the creation of new opportunities to identify bridges that will help these organisations to relate to each other, other sectors and to the community and the environment overall.

## REFERENCES

- Aeron-Thomas, D., Nicholls, J., Forster, S. and Westall, A. (2004) *Social Return on Investment: Valuing What Matters*, New Economics Foundation, London
- Akingbola, K. (2006) Strategic choices and change in non-profit organizations, *Strategic Change* 15: 265–281
- Banfield, E. and Wilson, J. (1963) *City Politics*, Cambridge, MA: Harvard University Press
- Bauer, R. (1993) cited by Van Til (1996), Comments at CIES Conference, Barcelona, June 1993
- Billis, D. (2003) Sectors, Hybrids and Public Policy: The Voluntary Sector in Context (draft), Paper presented at the ARNOVA 2003 Conference, Denver, Colorado
- Bouckaert, L. and Vandenhove, J. (1998) Business Ethics and Management of Non-Profit Institutions, *Journal of Business Ethics*, 17:1073-1081
- Brennan, S. and Ackers, S. (2004) Recycling, best value and social enterprise: assessing the "Liverpool Model", *Local Economy*, Vol. 19 No. 2, pp. 175-80
- Brown, AW. and Yoshioka, C. (2002) Employee Satisfaction and Mission Attachment as Factors in Retention, Paper presented at the ARNOVA Conference, Montreal
- Crittenden, W. (2000) Spinning straw into gold: the tenuous strategy, funding, and financial performance linkage, *Nonprofit and Voluntary Sector Quarterly* 29: 164–182.
- Crossan, D. (2007) "Towards a Classification Framework for Not For Profit Organisations", PhD Dissertation Thesis, School of International Business, University of Ulster, Magee Campus
- Darby, L. and Jenkins, H. (2006) Applying Sustainability Indicators to the Social Enterprise Business Model: The Development and Application of an Indicator Set for Newport Wastesavers, Wales, *International Journal of Social Economics*, Vol. 33 No. 5/6, pp. 411-431
- Donoghue, F. (2000) *Philanthropy or Advertising? Corporate Giving to the Non Profit Sector in Ireland*, Dublin: National College of Ireland
- Donoghue, F. (2004) *Foundations in Ireland: Identity, Roles and Relationships*, The Centre for Nonprofit Management, Trinity College, Dublin
- Donoghue, F., Prizeman, G., O'Regan, A. and Noël, V. (2006) *The Hidden Landscape: First Forays into Mapping Nonprofit Organisations in Ireland*, Centre Nonprofit Management, Trinity College, Dublin
- Donoghue, F., Anheier, H. and Salamon, L. (1999) *Uncovering the Nonprofit Sector in Ireland*, Dublin: National College of Ireland.
- DTI (2002) *Social Enterprise: A Strategy for Success*, DTI, London
- DTI Small Business Services (2005) *A Survey of Social Enterprises Across the UK*, report prepared by IFF Research Ltd.
- Emerson, J. and Bonini, S. (2005) Maximizing Blended Value – Building beyond the Blended Value Map to Sustainable Investing, Philanthropy and Organisations [www.blendedvalue.org](http://www.blendedvalue.org)

- Evans, R., Gatward, M. and Redfern, A. (1998) Measuring the Developmental Impact of Small Enterprise Development using Social Accounting Techniques, *Small Enterprise Development*, Vol9, No 3, pp28-36
- Fenton, M., O'Shaughnessy, M. and O'Hara, P (2005) Exploring the Differences – A Comparative Analysis of Irish Urban and Rural Social Enterprises, Working Paper part of Research on Social Enterprises in the UK: Trends and Models, Practices and Challenges, Co-ops Research Unit and Public Interest Non-Profit Management Research Unit, Open University, Milton Keynes
- Gamwell, F. (1984) *Beyond Preference: Liberal Theories of Independent Association*, Chicago: University of Chicago Press
- Gray, M., Healy, K. and Crofts, P. (2003) Social enterprise: is it the Business of Social Work?, *Australian Social Work*, Vol. 56, No. 2, pp 141-154
- Harding, R. (2004) Social Enterprise: The New Economic Engine, *Business Strategy Review*, pp 39-43
- Harding, R. (2006) GEM UK Social Entrepreneurs: Specialist Summary 2006, Barclays
- Harris, J. (1998) Performance Models: Enhancing Accountability in Academe, *Public Productivity and Management Review*, 22(2), 135–139.
- Hasenfeld, Y. and Gidron, B. (2005) Understanding Multi-Purpose Hybrid Voluntary Organizations: The Contributions of Theories on Civil Society, Social Movements and Non-profit Organizations, *Journal of Civil Society*, Vol. 1, No. 2, 97–112, September
- Hayes, T. (2002) The Non-Profit Sector, Government and Business, Partners in the dance of Change – an Irish Perspective, *Public Management Review*, vol 4 no. 2 pp 257-264
- Herman, R. D. and Renz, D. O. (2004) Investigating the Relation Between Good Management, Financial Outcomes and Stakeholder Judgement of Effectiveness in Donative and Commercial Nonprofit Organizations, Paper presented at the ARNOVA Conference, Los Angeles, 18–20 November
- Kay, A. (2006) Social Capital, the Social Economy and Community Development, *Community Development Journal* Vol 41 No 2, pp. 160–173
- Kramer, R. (1985) The Future of the Voluntary Agency in a Mixed Economy, *Journal of Applied Behavioural Sciences*, 21:377-391
- Marwell N.P. and McInerney P.B. (2003) The Nonprofit/For-profit Continuum: Making Forprofit Markets from Nonprofit Activities, Paper presented at the ARNOVA 2003 Conference, Denver, Colorado
- McFarlan, W. (1999) Don't assume the shoe fits, *Harvard Business Review*, Nov/Dec
- Moore, M. (2000) Managing for Value: Organizational Strategy in For-Profit, Non-Profit, and Governmental Organizations, *Nonprofit and Voluntary Sector Quarterly* 29: 183–208
- Myers, J. and Sacks, R. (2003) Tools, Techniques and Tightropes: The Art of Walking and Talking Private Sector Management in Non-Profit Organisations, Is It Just a Question of Balance?, *Financial Accountability & Management*, Vol 19, 3, pp287-305
- New Economics Foundation (NEF) (2004) Social Return on Investment: Valuing What Matters, Findings and Recommendations from a Pilot Study, ([www.neweconomics.org](http://www.neweconomics.org))

- O'Shaughnessy, M. (2004) Work Integration Social Enterprises: Some Challenges and Key Issues, paper presented to AVARI (Association for Voluntary Action Research in Ireland) Conference, Derry, Northern Ireland
- O'Shaughnessy, M., Spear, R. and Aiken, M. (2004) How do Government Policies and Programmes Impact on Third Sector Organisations offering Work Opportunities for Disadvantaged Workers? Lessons from Research into Organisations in Ireland and the UK, Paper discussed at NCVO's 10th Researching the Voluntary Sector Conference, Sheffield, UK
- Parsons, T. (1966) On the Concept of Political Power, in Bendix and S.M Lipset, (eds.) *Class, Status and Power*, 2nd edition, pp.240-265, New York: Free Press
- Paton, R. (2003) *Managing and Measuring Social Enterprises*, Sage, London.
- Pestoff, V. (1992) cited in Van Til (1996), summarized in Svetlik, I. (1992) The Voluntary Sector in a Post-Communist Country: The Case of Slovenia, Kuhnle, K and Selle, P. (eds) *Government and Voluntary Organisations*, Aldershot (UK), Avebury
- Powell, F. (2002) Paper on the Third Sector in Ireland, presented to the Faculty of Sociology at the University of Rome "La Sapienza"
- Raynard, P. (1998) Coming Together: A Review of Contemporary Approaches to Social Accounting, Auditing and Reporting in Non-profit Organisations, *Journal of Business Ethics*, Vol 17, pp 1471-1479
- Renz, L, Mandler, C and Tran, T (1997) *Foundation Giving, Yearbook of Facts and Figures on Private, Corporate and Community Foundations*, New York: Foundation Center, cited in Anheier, H and Toepler, S. (1999) *Private Funds, Public Purpose*, New York: Kluwer Academic/Plenum Press
- Rhodes, M. L. and Keogan, J.F. (2005) Strategic Choice in the Non Profit Sector: Modelling the Dimensions of Strategy, *Irish Journal of Management*, 2005, 26, 1, pg 122
- Salamon, L. and Anheier, H. (1997) *Defining the Nonprofit Sector: A Cross-national Analysis*, Manchester University Press, Manchester, UK
- Salamon, L. and Sokolowski, S.W. (2004) *Global Civil Society: Dimensions of the Nonprofit Sector, Volume Two*, Bloomfield, CT, Kumarian Press
- Schuppert, G.F. (1991) State, Market, Third Sector: Problems of Organisational Choice and the Delivery of Public Services, *Nonprofit and Voluntary Sector Quarterly*, Vol 20, No. 2, 123-136
- Scott, J.T (1992) cited in Van Til (1996), Voluntary Sector in Crisis: Canada's Changing Public Philosophy of the State and its Impact on Voluntary, Charitable Organisations, Thesis submitted to the Graduate School of Public Affairs, University of Colorado, Denver
- Social Enterprise London (1999) *Social Enterprise in London: Case Studies in Economic Participation*, Social Enterprise London, London
- Shah, H. (2003) Quality and Impact Tools Project Needs Analysis – Key Findings (Draft), EQUAL, Social Enterprise Partnership GB Ltd and NEF, London
- Smith, D.H. (1991) Four Sectors or Five? Retaining the Member-Benefit Sector, *Nonprofit and Voluntary Sector Quarterly*, Vol 20, No. 2, 137-150

- Spence, L.J., Schmidpeter, R. and Habisch, A. (2003) Assessing Social Capital: Small and Medium Sized Enterprises in Germany and the U.K., *Journal of Business Ethics*, 47:17-29
- Stull, M.G. (2003) Balancing the Dynamic Tension between Traditional Nonprofit Management and Social Entrepreneurship, Paper presented at the ARNOVA 2003 Conference, Denver, Colorado
- Sumariwalla, R. (1983) Preliminary Observations on Scope, Size and Classification of the Sector, in Working Papers for the Spring Research Forum: Since the Filer Commission, pp. 181-228, Washington, D.C: Independent Sector
- Van Til, J (1996) Shifting Boundaries of the Nonprofit Sector in a Changing Social Economy: An Experience in Theory Construction, Discussion Paper for the Second Think Tank for Nonprofit Organisation Leaders, Definitions and Boundaries of the Nonprofit Sector, Case Western Reserve University, January 2006 (<http://crab.rutgers.edu/~vantil/papers.html>).
- Van Til, J (1988) *Mapping the Third Sector: Voluntarism in a Changing Social Economy*, New York: Foundation Center
- [www.gsb.stanford.edu/spen/](http://www.gsb.stanford.edu/spen/) Stanford Project on Emerging Non Profits (Cited 10th April 2006)