

In collaboration with Deloitte

The Corporate Social Innovation Compass: Accelerating Impact through Social Enterprise Partnerships

INSIGHT REPORT
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Preface

By joining forces with social enterprises, corporations can weave social innovation into their core strategies to remain competitive and help enable a sustainable and equitable future.



Hilde Schwab, Chairperson,
Schwab Foundation for
Social Entrepreneurship

If the past few years have shown us anything, it is that the world is facing serious and evolving challenges – from long-term climate, equity and sustainability issues to significant near-term problems such as natural disasters, a global pandemic, conflicts and humanitarian crises occurring globally. This ever-changing landscape has prompted businesses to recognize the pressing need for proactive social engagement. Today, there is a growing expectation that corporations should integrate social and environmental progress into their core business strategies.



Anna Marks, Global Chair,
Deloitte

For more than 25 years, the Schwab Foundation has recognized social entrepreneurship as a beacon of hope for a more inclusive, just and sustainable society. And there has been significant traction on public policy worldwide in support of the social economy, most notably the passing of the United Nations Resolution Promoting the Social and Solidarity Economy for Sustainable Development.¹ Similarly, companies such as Deloitte have supported social innovators for years. The private sector has both an opportunity as well as an imperative to scale its partnerships with social enterprises to join global efforts to promote a stakeholder-centric economy – and to stay competitive in an environment that demands more than just financial performance.



Daniel Nowack, Head,
Global Alliance for Social
Entrepreneurship, World
Economic Forum

This report by the Schwab Foundation's Global Alliance for Social Entrepreneurship, in partnership with the World Economic Forum and Deloitte, aims to guide corporations in forging effective partnerships with social enterprises. It draws on the expertise of a network of more than 110 entities convened by the Global Alliance, including

corporations, social enterprises, investors, non-governmental organizations (NGOs), multilateral organizations, foundations and academics. The insights in this report, sourced from Alliance members and others, include detailed analyses and case studies, offering concrete engagement mechanisms and business benefits based on real-world examples and lessons learned.

But beyond the data and the strategies, this report is a narrative of hope and a roadmap for meaningful impact. It underscores the undeniable fact that when corporations join forces with social enterprises, they do not just change the game. They change lives. They build communities. They protect our planet. They create a world where business success and social progress go hand in hand.

As you explore this report, let it not just be a reading exercise but a journey into possibility. We hope it ignites your passion to embrace social innovation as a fundamental contribution to corporate identity. This document is an invitation to be part of a legacy – a legacy of businesses that have thrived while making the world a better place.

Foreword

Social innovation not only uplifts communities but also propels businesses towards sustainable growth and relevance.



Alexandra van der Ploeg,
Head of Corporate Social
Responsibility, SAP



Jean-Philippe Courtois,
Executive Vice President
and President, National
Transformation Partnerships,
Microsoft

In recent years, public policy has recognized the potential of social innovation to improve the integrity of our society, the health of our planet and the success of our businesses. The momentum has shifted in favour of social innovation through the passing of the International Labour Organization's resolution on the social economy in June 2022, the Organisation for Economic Co-operation and Development (OECD) Recommendation on the Social and Solidarity Economy and Social Innovation, the European Commission's action plan on the social economy or the African Union's 10-year strategy on the social economy, among others.

The private sector has been a long-standing ally to social innovators, providing support where possible and, in some cases, leading the charge for change. What's new – and exciting – is how companies are now bringing these social innovation practices into the heart of their businesses.

Despite the progress we have made, there is still plenty of room for growth. We need more companies to recognize the value of stepping into the social innovation space, not just for the world at large but for their own long-term success and

relevance. This report is designed to show exactly why and how more companies can and should make this leap. It is filled with real-world insights on building partnerships with social innovators that do not just create much-needed social and environmental value but also make good business sense.

At the same time, we are putting words into action with the Rise Ahead pledge, which we have proudly co-initiated. This pledge is our commitment to deepen our engagement with social innovation. But it is more than just a commitment – it is an invitation. We want to bring more companies along on this journey, to learn from this report and to see how these partnerships can benefit all of us.

We invite you to join us and take the insights from this report to heart. It is time to make social innovation a natural part of what we do as businesses, not just because it is the right thing to do but because it is the smart thing to do. Our communities and our companies both stand to benefit from the ideas, the energy and the new perspectives that social innovators bring to the table. Let us work together to build a future in which every company is a force for good.

Executive summary

In today's business landscape, achieving success demands a holistic perspective that takes into account the wider impact on society.

Leaders are recognizing the importance of considering the broader societal impact of their business, for both the good of the world and the good of their businesses.

Numerous companies have embraced this call to action, setting forth tangible objectives encompassing sustainability, climate, equity and inclusion commitments. Out of the 10,000 business and human resources (HR) leaders in a global Deloitte survey, more than 50% saw their organization's purpose as broadening to include all stakeholders, including the communities they serve and the collective society.² Emphasizing the size of the opportunity that exists in this space, impact investing is estimated to have exceeded \$1 trillion for the first time in 2021 by some estimates. However, the practical execution of this opportunity often raises questions regarding how to balance social impact goals with the realities of driving a competitive business.

This report, prepared by members of the World Economic Forum's Global Alliance for Social Entrepreneurship in partnership with Deloitte, reveals a rich ecosystem of social innovators with extensive experience working at the intersection of profitability and social impact. Through more than 40 interviews, research engagements and consultations, it showcases how social enterprises offer an opportunity for companies to engage at all stages of their social impact journey. By collaborating with these mission-driven organizations, companies have

been shown to benefit from a wide array of business benefits.

The report introduces the Corporate Social Innovation Compass, which connects the most common engagement mechanisms with these benefits and transformation potential, as shown in Table 1. It enables companies to **accelerate their own innovation or expand into new business markets**, as seen in Verizon's Forward for Good Accelerator programme. Displaying the dual benefit of engaging in the social impact sector, companies can also generate **both financial and social returns** on their impact investments, such as those observed in Cabinet Health's partnership with major healthcare supplies distributor McKesson. Additionally, as new generations mature and join the workforce, being well connected with social enterprises can result in human capital benefits for companies that are looking to **attract, develop and retain talent**, according to 80% of industry leaders interviewed.

However, business leaders may encounter common challenges when attempting to discover and engage social enterprises. In an ever-evolving social impact landscape, commercial companies may **lack awareness** about the social enterprise ecosystem. They may struggle to find support in forging partnerships with social enterprises due to **competing, profitable initiatives** and carefully allocated budgets. It is also possible that larger companies are not at the opportune point in their own growth to **meet organizations at varying**

Photo Credit: Barefoot Law

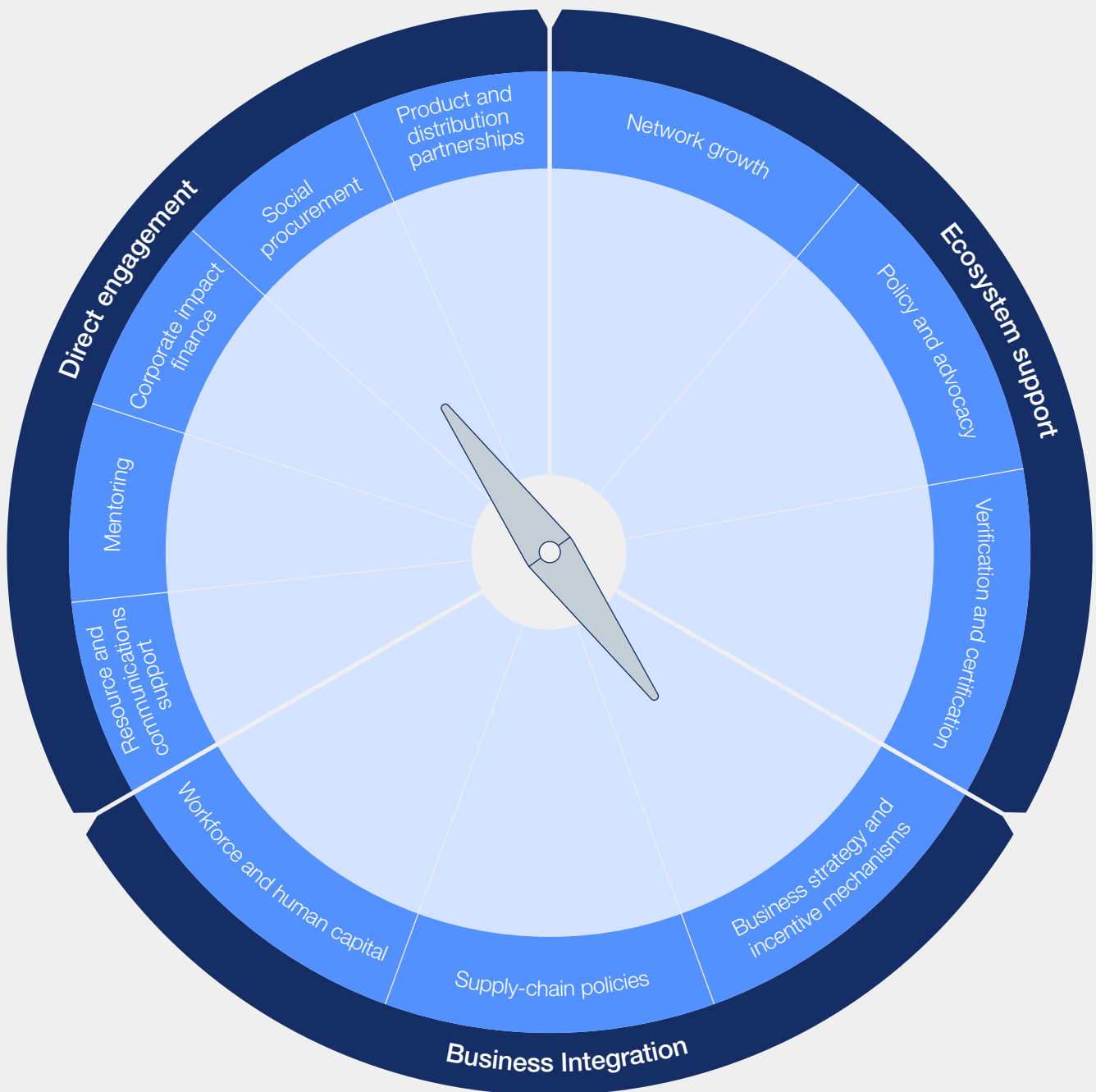


stages of development and scale. Finally, in a traditional economy where success is most often defined in hard currency, the impact of engaging with a social enterprise may appear **difficult to measure holistically.**

To assist companies in overcoming these challenges, this report discusses **proven mechanisms for successful partnerships with social enterprises,** enabling all parties to work together to achieve their shared goals. It is complemented by an overview of potential partners in the global ecosystem for social entrepreneurship, represented by the Global

Alliance for Social Entrepreneurship at the World Economic Forum. The report highlights important recommendations to maximize the effects of collaboration with social innovators, including: 1) identifying the most appropriate ways to engage social enterprises; 2) working across the broader social entrepreneurship ecosystem; and 3) integrating social enterprise engagements into the core business. And while each company's journey with social entrepreneurship is unique, there are clear recommendations on how to apply each of these measures at four general stages: **exploring, instituting, championing** and finally **transforming** social innovation.

FIGURE 1: Corporate Social Innovation Compass



Source: Based on literature research, interviews and survey results

Introduction

Many countries have outlined the need for corporations to take account of climate and social issues in their work, and the corporations themselves are also recognizing this need.

Out of the 10,000 business and human resources (HR) leaders in a global survey, more than 50% saw their organization's purpose as broadening to include all stakeholders, including the communities they serve and the collective society. Companies are committing significant investments to social impact efforts.³ For instance, in 2022, Deloitte announced a \$1 billion investment to develop a global Sustainability & Climate practice.⁴ Impact investing is estimated to have exceeded \$1 trillion for the first time in 2021.⁵ Indeed, the global trend from these studies and surveys suggests that companies are becoming increasingly concerned about how best to address their impact on society. Staff are demanding that their values are reflected in their organization, consumers are more socially conscious and communities are becoming more active in a way that has transformed the business landscape, making it necessary for companies to consider the interests of a broader set of stakeholders.

However, while many companies have publicly committed themselves to these objectives, progress is slow. It will take time to transform how large organizations do business. This is where social enterprises can help. Their unique set of incentives means that they can innovate and drive change for any commercial company that engages with them. Social enterprises have the advantage of being more risk-tolerant, more flexible and more innovative, and they have a deep understanding of stakeholder groups that are as yet ill-understood among companies. Acting as a "social research and development (R&D) lab", they have accumulated decades of experience working at the intersection of the private and public sectors to achieve social objectives.

Yet challenges persist in scaling these partnerships, in some cases due to access limitations and sometimes because of corporate partners' unfamiliarity with effective engagement strategies. Thankfully, decades of global efforts have yielded invaluable insights into how companies can engage social enterprises in a way that magnifies their joint impact.

For both companies and social enterprises, these engagements are critical for expanding business operations and achieving desired societal impacts. **This report seeks to focus on helping corporate leaders comprehend the "why" and "how" of engaging with social entrepreneurs.**

The initial sections introduce the concept of social enterprises and expand upon the benefits of corporate engagement, including the ability to:

- Attract, retain, motivate and nurture employees
- Achieve sustainability and inclusion goals and create brand value
- Generate measurable financial and/or social return on investment
- Explore new markets
- Promote innovation in products, services and business models

The subsequent sections of the report will examine the obstacles to scaling this engagement and provide the mechanisms for enhancing collaboration. These mechanisms include:

- Direct engagement approaches, such as funding, mentorship, social procurement, partnerships and resource support
- Ecosystem strategies that support coalitions in generating synergies and efficiencies surpassing individual efforts
- Internal integration strategies within corporations, aligning social enterprise engagements with core business interests to drive scalability

The final section will offer recommendations to businesses according to their level of experience with social enterprises. Supported by data, interview insights and case studies, this report demonstrates that there are proven methods for scaling social enterprise engagements across diverse industries and geographical contexts.

Report methodology

This report employs a mixed-method approach to investigating strategies for companies engaging social enterprises, drawing insights from several sources:

Research of published literature: A review of more than 100 items of public literature pertaining to the social economy, social economy actors and country-specific contexts, including milestone research by social innovation leaders such as Acumen, Ashoka, Catalyst 2030, Impact Hub, Euclid Network, Impact Europe, MovingWorlds, Social Enterprise NL, Social Enterprise UK (SE UK), Social Enterprise World Forum (SEWF) and Yunus Social Business.

Collaboration with the Global Alliance for Social Entrepreneurship: Discussions with the World Economic Forum's Global Alliance for Social Entrepreneurship to bring industry-leading insights from experts and stakeholders.

The participants surveyed and interviewed for this report represented a diverse array of

organizations, including: **commercial companies**, ranging from technology conglomerates to household manufacturers; **social enterprises and intermediaries**, including a venture capital firm investing in technology for sustainable supply chains and an Africa-based initiative bridging the gap between youth and information technology (IT); and **conveners**, connecting social enterprises with companies or NGOs.

All 31 participants had a global presence in their social outreach. The most targeted geographic region for these organizations was Africa, with 77% operating there, followed by Latin America, where 73% were active.

In pursuit of social impact objectives, all 31 organizations reported alignment with the 17 United Nations Sustainable Development Goals (SDGs). The most commonly cited SDG was Goal 8: Decent Work and Economic Growth, with 69% of participants listing it as one of their objectives. Goal 13: Climate Action was the second most prevalent, with 58% identifying it as a primary goal.

FIGURE 2: Graphical representation of report participants



Study participants



Social enterprise

- 11 respondents
- Businesses with a social objective as the primary purpose



Convener

- 10 respondents
- Groups that connect social entrepreneurs with industry organizations, NGOs etc.



Industry

- 10 respondents
- Companies, corporate foundations, corporate impact investors or other impact entities initiated by companies

Source: Based on literature research, interviews and survey results

1

Social enterprises, corporate engagements and scalability

Social enterprises are a rapidly growing force for good, transforming business and communities worldwide and accounting for 7% of global GDP.



1.1 | Introducing the social enterprise market

In a world where companies prioritize profit and have historically let the broader interests of stakeholders take a back seat, a remarkable shift is under way due to the growing global movement of social innovation and social entrepreneurship.

Social enterprises are profit-generating organizations that apply commercial strategies and innovative approaches to social challenges. Social entrepreneurs centre their business models on achieving social and environmental goals, emphasizing impact over profit maximization. Of the social enterprises participating in this report, 64% reported working towards United Nations Sustainable Development Goal (SDG) 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth); 45% reported prioritizing SDG 9 (Industry, Innovation and Infrastructure). Social enterprises' driving force is promoting the greater good, safeguarding collective welfare and enhancing the well-being of individuals and communities through a unique approach to conducting their operations.⁶

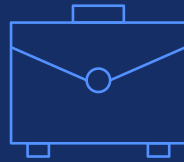
As the influence of social enterprises continues to grow, the broader social economy is also

developing into a major player – by one estimate, the social economy now accounts for 7% of global GDP.⁷ This rising figure encompasses the employment opportunities generated by the social economy, underlining its multipronged impact on society. In 2020, the European Union alone boasted an impressive 2.8 million social economy organizations, collectively employing 13.6 million individuals.⁸ This is comparable to the number of jobs created by the construction industry, twice as many jobs as the information and communications technology (ICT) sector and almost three times as many as the finance and insurance industry in the European Union.⁹

Furthermore, the financial aspect of social impact investing has gained considerable traction, with the impact investment market's total scale reaching a noteworthy \$1 trillion in 2021, according to Global Impact Investing Network (GIIN) data.¹⁰ With an annual growth rate of 9%, this market is projected to exceed \$1.8 trillion by 2030,¹¹ emphasizing the substantial and expanding influence of the social economy and the role of corporate impact investing in driving this growth.



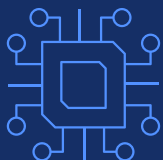
7% of global GDP



13.6 million jobs
in the EU



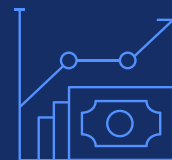
As many employees as the
construction industry in the
EU



2x the size of the
information, communication
and technology sector in
the EU



~3x the size of the finance
and insurance industry in
the EU



\$1.8 trillion in impact
investing by 2030

Cabinet Health – sustainable healthcare packaging

About: Cabinet Health was founded in 2017 with the mission to improve the environmental impact of the healthcare industry and reduce single-use plastic pharmaceutical packaging. Today, Cabinet Health sells prescriptions, over-the-counter medicine and supplements in sustainable and refillable packaging. Its products address the vast plastic-waste issue in healthcare, which currently produces upwards of 190 billion single-use plastic medicine bottles annually. The company targets patients who are looking for high-quality medicines and want to make a positive impact on the environment. Cabinet also operates its own digital pharmacy.

One key to Cabinet Health’s rapid scale is its partnerships. To achieve national brand awareness, the founders appeared on the show *Shark Tank*, a reality TV show that searches for new entrepreneurs and inventors. And in 2023, CVS debuted Cabinet’s innovative solution to tap into the increasing consumer demand for sustainable products. Cabinet also partners with McKesson, a diversified healthcare leader, which plans to distribute Cabinet products to health systems, pharmacies and retailers across the US. This distribution agreement is designed to position McKesson as part of an industry shift to more-sustainable packaging within the US pharmaceutical supply chain.

Outcome: Cabinet Health has already served more than 1 million customers, growing rapidly. In 2023, the company offered high-quality sustainable alternatives to 180+ prescriptions and the most common over-the-counter products. In 2024, Cabinet will offer 500+ prescriptions, expand retailers and scale into the broader US healthcare system. Cabinet Health is helping McKesson innovate use of an aluminium packaging that is designed to be recyclable and reduce some plastic pharmaceutical containers through an upcoming 2024 offering within its Foster & Thrive brand of over-the-counter products.

Lessons learned: Social enterprises seek to solve environmental or social issues in innovative ways. Cabinet Health has successfully created sustainable products that appeal to a growing sector of customers and recognized the need to consider an efficient way to scale this. Through establishing commercial relationships with larger companies, Cabinet Health was able to expand its reach to offer competitive innovations that serve consumers in a more environmentally conscious way.

1.2 | The Corporate Social Innovation Compass

As will be shown throughout this report, the mechanisms for engaging with social entrepreneurs are manifold – and so are the benefits of doing so. To provide a framework for this discussion, the Corporate Social Innovation Compass serves as a strategic guide for corporations, highlighting the advantages of actively participating in social innovation and, more particularly, of forming partnerships with

social entrepreneurs. It details how various collaborative mechanisms can unlock these benefits, providing tangible illustrations through case studies and specific examples. Moreover, the compass offers practical advice for companies, helping them choose suitable collaboration mechanisms that align with their current phase in the social innovation process and achieve greater impact.

Photo: Social Innovator








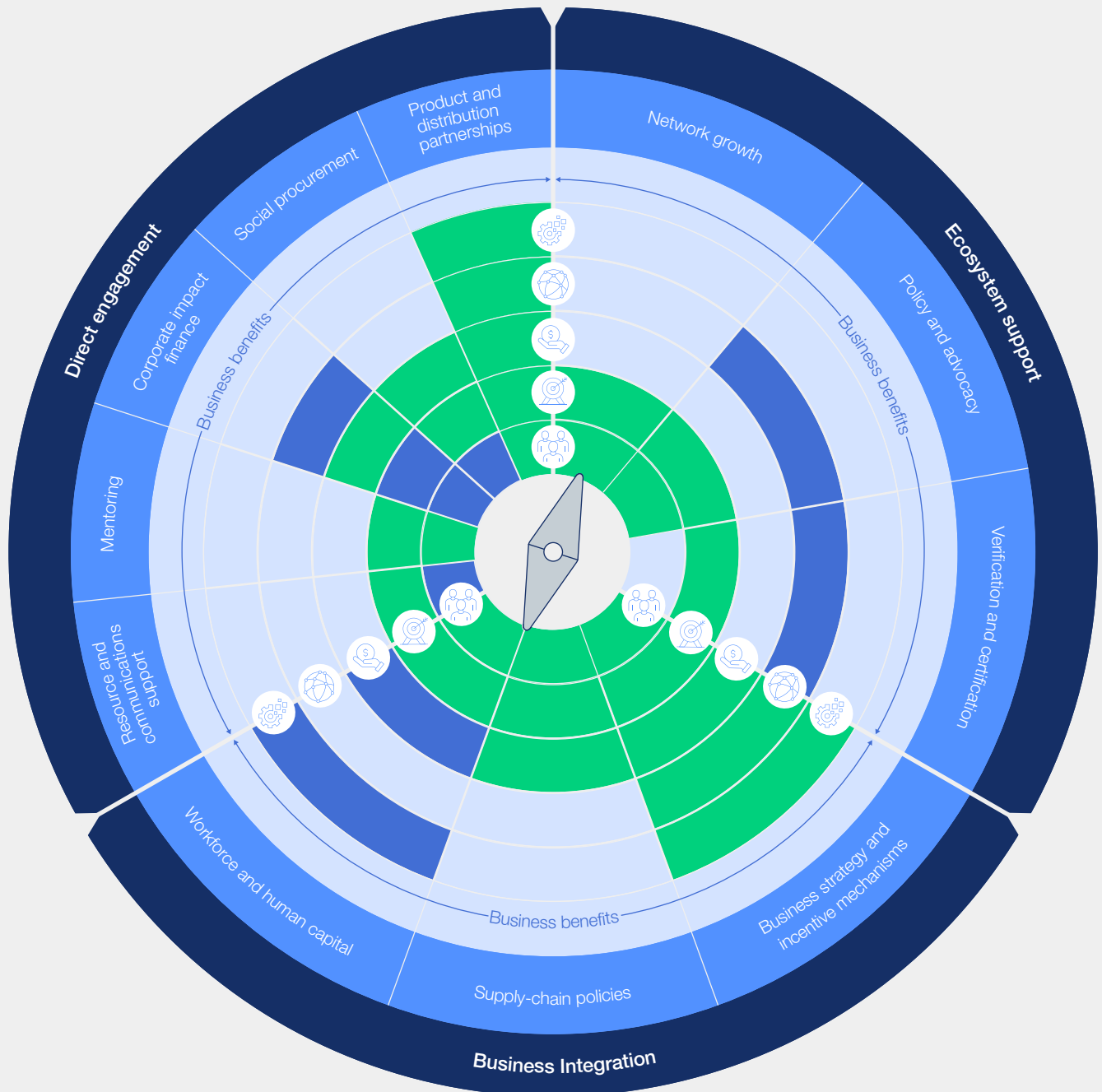
FIGURE 3: Corporate Social Innovation Compass

Business benefits

EXPLORE / INSTITUTE / CHAMPION / TRANSFORM

Typical stage of corporate social innovation as outlined in Section 4

-  Accelerate innovation
 -  Expand into new markets
 -  Generate financial and/or social ROI
 -  Achieve impact goals and create brand value
 -  Attract, develop and retain talent
- Probability**
● High ● Potential



Source: Based on literature research, interviews and survey results

The following sections outline the details of the compass and provide concrete examples and case studies for each intersection of mechanisms and benefits.

1.3 Synthesizing landmark reports and research

To a significant extent, this report and the Corporate Social Innovation Compass build on and synthesize previous research focused on the topic of corporate social partnerships with social innovators. Table 1 shows selected publications for further reading. The benefits of social innovation in Section 2 are based on primary research (interviews, surveys), as well as landmark reports by Acumen,¹² Catalyst 2030,¹³ Social Enterprise UK (SE UK)¹⁴ and Yunus Social Business.¹⁵ Similarly, the mechanisms for engagement build on interviews and survey results, a consultation process with members of the Global Alliance for Social Entrepreneurship through its “Scaling & Partnerships” workstream and research by Catalyst 2030,¹⁶ Impact Europe¹⁷ and MovingWorlds.¹⁸ Detailed investigations of specific engagement mechanisms are referenced in the relevant chapter.

Social procurement has received significant attention in the past few years, with important research published by Acumen,¹⁹ SE UK,²⁰ the Social Enterprise World Forum (SEWF)²¹ and Yunus Social Business.²² The corporate journey specifically attempts to integrate social innovation principles and purpose-driven innovation into mainstream business, and it is informed by research conducted by Acumen,²³ Social Enterprise NL²⁴ and Yunus Social Business.²⁵

Lastly, significant insights on the social economy at large are compiled from reports by the OECD, the International Labour Organization (ILO), Euclid Network and its European Social Enterprise Monitor, the Global Impact Investing Network and others.

TABLE 1: Existing reports on social innovation

Organization	Title	Publication Date	
Acumen	Inclusive Business Playbook	2021	→
Acumen	Corporate Ready	2022	→
Catalyst 2030	Catalysing Collaboration	2021	→
Impact Europe	Putting the S in ESG	2023	→
Impact Europe	Social Impact through Strategic Alignment	2019	→
MovingWorlds	Responsible Companies Partner with Social Enterprises Across These 10 Business Functions	2022	→
Resonance	What Happens When Large Companies Join Forces with Innovative Social Enterprises	2021	→
Social Enterprise NL	Social Enterprises as Influencers of the Broader Business Community	2020	→
Social Enterprise UK	Buy Social Corporate Challenge – Year 7 Impact Report	2023	→
Yunus Social Business	Business As Unusual	2020	→
Yunus Social Business	Social Procurement Manual	2022	→
Yunus Social Business	Business as a Force for Good	2022	→

② Developing the business case for engaging social enterprises

Collaborating with social enterprises offers companies a unique pathway to drive business innovation and achieve impactful social progress.



2.1 | The business case for engaging social enterprises

In the past decade, activism has gone mainstream among global consumers, who now expect businesses to prioritize social impact and engage with communities as the main stakeholders.

Companies are no longer assessed solely on their financial performance but also on their ability to make progress on issues that are important to customers, such as diversity, inclusion and the environment. According to the *#GetOutInFront* global research report, which surveyed 10,000 consumers in six different countries, 23% said they will switch their loyalty to eco-friendly brands, and 42% have changed their consumption habits due to environmental concerns.²⁶ However, this is not always matched by consumer action, as shown in a survey by Kearney highlighting that while they prefer products made from recycled feedstock, consumers are willing to pay only a slim premium of 10%.²⁷

And so, while a large proportion of companies have publicly committed to tackling complex global issues, questions remain on how to maximize impact and build attractive business models. As

Deloitte highlighted, “increasingly empowered consumers and more activism-oriented investors are pushing organizations to address social impact issues concretely and transparently. They are looking for organizations to put purpose at the core of their operations, caring for the issues that concern their employees, communities, industries, and the world at large. They are fueled by the transparency afforded to them in the digital age and they are increasingly putting their money where their values are.”²⁸

This section explores the practical advantages of engaging social enterprises, supported by case studies and data. It demonstrates that these collaborations offer multifaceted benefits, such as accelerating innovation, unlocking new markets, delivering financial and social returns, achieving sustainability and social goals, and enhancing brand perception. Additionally, it highlights how collaborating with social enterprises can appeal to a socially conscious workforce, attracting a broader pool of talent and promoting professional development and employee retention.

2.2 | Accelerate innovation

Social enterprises are uniquely positioned to offer new and impact-focused perspectives due to their mission-oriented approach. They develop novel products, services and processes that maximize the use of often scarce resources. Being adept at producing innovative work within the confines of limited resources, social enterprises carve out competitive niches over their commercial-only counterparts. The latter are often unable to take paradigm-shifting stances independently due to a smaller appetite for risk and ability to deploy truly disruptive approaches.

This ability to innovate while maintaining profitability in competitive niches is what makes engaging social enterprises so compelling: 50% of companies engaging in social innovation have seen employees take a different perspective on their work and therefore more innovative approaches to doing business.²⁹ MovingWorlds, after interviewing more than 75 leaders from

across organizational roles in corporate social responsibility (CSR), social enterprise and impact investing, highlights exposure to new business models and disruptive innovation as an important benefit and source of value to be gained from corporate partnerships with social enterprises.

The collaboration between IKEA and Industree Foundation is a notable example of success. Industree Foundation is a social enterprise that helps communities to assess their traditional skill base, organize workers into production units, develop products that appeal to modern markets and create consistent demand to establish sustainable businesses at the lowest possible costs. Through the HANTVERK collection, featuring products collaboratively designed with IKEA and produced by Industree Foundation, it has been able to reach 30,000 women artisans across India and Africa.³⁰

Verizon – Forward for Good Accelerator

About: Verizon, a leading wireless network operator in the United States, showcases the benefits gained for both industry and social enterprise partnership through the success of their Forward for Good Accelerator programme. In the accelerator programme, each participating start-up is paired with a Verizon employee and is provided with technology coaching, expert mentorship, connections to potential partners and funders and \$50,000 in non-dilutive funding to help scale their solutions.

Outcome: Through this programme, Verizon has worked with 21 start-ups over the past three years that are developing solutions that leverage technology such as 5G, MEC, Big Data, AI and XR for social impact.

Lessons learned: Each year, Verizon identifies an impact area for the Forward for Good Accelerator. Verizon considers a series of questions to identify the most appropriate area of focus, for example – “Does technology have a relevant gap to fill here? Is this an issue where Verizon could add value and is it authentic to our organization?” Verizon focuses on how establishing new partnerships can fit within its business model while also making an impact. Long term, Verizon plans to continue understanding how the company can leverage the start-ups’ technologies by considering how to incorporate them into their technology or business, or with new partnerships.

2.3 Expand into new markets

By engaging with social enterprises, companies can access new markets and reach new consumers by incorporating new products, expanding into new geographies, reaching new populations or evolving their services. With their extensive knowledge, innovative business models and local networks, social entrepreneurs can assist companies to gain insights into, and access, difficult-to-reach markets.

In the study conducted for this report, 80% of social enterprises indicated that they had active social campaigns in Africa, the most common region among the participants. For example, major pharmaceutical companies have coordinated with mPharma to simultaneously reach new customers and provide affordable, life-saving treatments to patients. Consider the current healthcare crisis in Africa, where many struggle to access affordable medicine and pharmacy shelves are frequently

unstocked due to supply-chain issues. In response, mPharma, a social enterprise dedicated to providing Africans with safe and inexpensive medicine, has stepped up to provide innovative solutions.³¹

According to Naa Akwetey, Senior Vice-President of Strategy and Business Development at mPharma, social enterprises have a unique advantage due to their close ties to local communities. They can provide large companies with vital on-the-ground insights and market data that can be challenging to access through global supply chains. These insights offer feedback to multinational pharmaceutical companies about patient behaviours, preferences and purchasing patterns in specific markets and across different countries. For many companies, these markets often suffer from the highest disease burden and can be expected to emerge as commercially important in the coming years.³²

2.4 Generate financial and social returns

For many years, engagements with social enterprises have been initiated and managed by the CSR function, which has largely been relegated to a staff function with little involvement in core business. But as Impact Europe outlines in its study on Social Impact through Strategic Alignment, companies are increasingly aligning their business goals with their social impact ambitions in thematic, industry, business and non-material categories.³³ Syngenta Foundation, for example, engages in developing smallholder farmer solutions such as MandiPlus, which stimulates the growth of cassava plants and protects them against insects, fungal and viral diseases.³⁴

Similarly, Prabhat, the community development initiative of Hindustan Unilever, engages with

communities along the Unilever supply chain in South Asia. It provides training, certification and job assistance through its livelihood programmes and its health/nutritional health or environmental sustainability initiatives such as its eco-villages. These initiatives contribute directly to the resilience of Hindustan Unilever's supply chain in the region. The work has affected 9 million lives in 21 states and two union territories with **a social return on investment of \$15.46 for every \$1 invested**.

Lastly, mechanisms such as impact investing can combine financial returns and strategic insights into new markets and technologies with social and environmental impact. Section 3.2 gives more details about the opportunity of impact investing for companies.

Photo: Hindustan Unilever, Prabhat



2.5 Achieve social impact goals and improve brand perception

In recent years, there has been a surge in the adoption of climate, sustainability and other social impact goals among companies and organizations worldwide. As of 2022, 96% of Standard & Poor's 500 companies and 81% of Russell 1000 companies (the top 500 and 1000 US companies by stock market capitalization) reportedly published environmental, social and governance (ESG) reports in some form.³⁵ This advance was driven in part by the growing demand for corporate transparency and industry commitment to socially responsible business practices, which caused governing bodies around the world to issue new regulations and policies to create incentives for established social impact goals.

Companies new to or experienced in sustainable development reporting can use social enterprise engagements to meet social impact targets and sometimes mandated compliance goals. For example, in January 2023, Germany's new Supply Chain Due Diligence Act came into effect, requiring companies with more than 3,000 employees to ensure social and environmental standards in their supply chain.³⁶ The Working Capital Fund, one of the report participants, highlights how this new law has "influenced industry partners to understand their labour/human rights exposure, largely through their supply chains, and to improve their social performance".

Social procurement offers a unique opportunity for companies to comply with emerging regulation

and remain ahead of regulatory development by going beyond supply-chain risk mitigation towards positive impact creation. Unsurprisingly, 73% of participating companies in the Buy Social UK campaign have seen an increase in supply-chain sustainability, and 95% have been able to increase supplier diversity, business value and purpose through their partnerships with social entrepreneurs.³⁷ It is estimated that this area alone will have a potential market size of \$506 billion within the decade, according to a report by Yunus Social Business, SAP and the Boston Consulting Group.³⁸

From a brand perspective, by publicly demonstrating commitments to sustainability, social responsibility and ethical governance, companies can enhance their reputation, differentiate themselves in competitive markets and attract a growing base of conscientious consumers and investors. To incorporate social commitments into its branding, Microsoft announced in 2020 that in 10 years the company will be water positive, zero waste across its direct waste footprint, and carbon negative. And by 2050 it aims to remove historical carbon emissions since its founding in 1975. To help

transform these goals into reality, Microsoft created its \$1 billion Climate Innovation Fund to accelerate the global development of carbon reduction and removal technologies, as well as related climate solutions to reduce water use and waste. Microsoft is rapidly expanding its ESG capabilities within Microsoft Cloud for Sustainability and through its global partner environment to help organizations track their Scope 1, 2 and 3 emissions, water data and more, to improve reporting, governance and accountability and drive sustainability performance. It also launched the Entrepreneurship for Positive Impact programme to empower social impact entrepreneurs by providing access to its AI, ecosystem and talent via its internal Leadership for Positive Impact mentoring programme, helping to scale and accelerate the positive impact that purpose-driven organizations have.³⁹

These efforts have translated into stock market success. Microsoft ranks No. 1 as the best ESG company in IBD's 100 Best ESG Companies for 2023 list and was a top beneficiary of stock market investments in focused (social impact) funds in 2020, with social impact funds holding \$2.3 billion worth of Microsoft stock.⁴⁰

2.6 Attract, develop and retain talent

In today's business environment, engaging social enterprises is not only a vital aspect of necessary corporate social impact work but also a strategic approach to attracting, developing and retaining talent. Deloitte's Global Gen Z and Millennial survey 2023 revealed that the ability to drive change on social issues significantly influences recruitment and retention efforts: 44% of Gen Zs and 37% of millennials have turned down assignments due to ethical concerns, while 39% and 34%, respectively, have rejected employers whose values do not align with their own.⁴¹

Consequently, by engaging social enterprises and showcasing the impact of this collaboration, employers can boost their employer brand and ability to attract talent. In a study conducted by Yunus Social Business, one in three companies saw improvements in their ability to attract talent as a result of their social innovation activities.⁴² In another survey, employees of a global chemicals company that were participating in the company's social innovation activities were more than 34% more likely to be highly engaged and more likely to recommend the company as an employer.⁴³

Additionally, collaborating with social enterprises provides employees with valuable development opportunities. Pro bono consulting projects with social enterprises offer chances for employees to take on challenging assignments. That way, they cultivate the necessary leadership skills for the next generation of sustainable businesses. SAP's

Social Sabbatical programme enables employees to spend up to four weeks with a social enterprise or non-profit. In a detailed evaluation with impact measurement company 60 Decibels, SAP found that three in four participants in the programme had acquired new skills, and 74% reported a long-term impact on their professional careers.⁴⁴

Another example is Deloitte's D2international (D2i) programme, which connects consulting and advisory staff with social enterprises to address the UN SDGs. D2i enables junior practitioners to perform at a higher level, accelerating their professional growth and preparing them for greater responsibilities in client work. Over the past decade, D2i has engaged more than 2,000 Deloitte practitioners, with 71% reporting that their D2i experience enhanced their leadership skills.⁴⁵

Companies that operate with a sense of purpose beyond profit also retain employees at higher rates. The opportunity to make a meaningful contribution to society while at work promotes a sense of community and leads to reduced employee turnover. Purpose-driven companies report 40% higher levels of workforce retention compared to their competitors.⁴⁶

CASE STUDY 3

Lex Mundi

About: Lex Mundi Pro Bono Foundation was founded in 2006 as a non-profit affiliate of its parent organization, Lex Mundi. Lex Mundi is a community of 150 top-tier law firms across more than 125 countries that banded together, originally in the late 1980s, to address the growing need for cross-border transactions among their clients and created an alternative to global law firms. The foundation was created in 2006 to engage this network to support social enterprises and NGOs working on high-impact, sustainable solutions to social, economic and environmental challenges. Currently, its flagship offering is its matchmaking service wherein social entrepreneurs are vetted and matched with lawyers from its vetted and approved network of law firms.

Outcome: Lex Mundi has proudly served as a catalyst for scaling recognized social enterprises through the foundation. Notably, for more than 15 years, the Lex Mundi Pro Bono Foundation and 20 Lex Mundi member firms have supported microfinance organization Kiva's mission to

reinvent microcredit in developing countries.⁴⁷ The basis for the partnership is a pro bono engagement – to inform Kiva's decisions regarding geographical expansion, member firms provide thorough lending model research and legal guidance pertaining to potential new jurisdictions. As Kiva has exponentially grown and scaled its model through successful expansion, when it decides to go “boots on the ground” in a new location, Lex Mundi member firms support the establishment of Kiva's new office on a fee-for-service basis.

Lessons learned: By supporting social entrepreneurs, Lex Mundi has reaped its own human capital benefits in the form of retention and employee satisfaction. However, another unanticipated benefit of meeting a social enterprise where they are in their maturity journey is highlighted in Kiva's own success. Lex Mundi supported Kiva as a non-profit client as it scaled, and, in turn, the non-profit has generated a meaningful relationship and revenue stream in the social enterprise sector.



3 Engagement mechanisms with social innovators

To scale social enterprises, companies need to consider how to engage, create network effects and integrate the partnerships into their businesses.



Photo Credit: Babban Gona

3.1 | Scaling the power and potential of social enterprises

Engagements between social innovators and companies come in different shapes and forms. As the space has evolved in the past few years, so have the different mechanisms for partnerships. Via interviews with practitioners and a consultation process through the Global Alliance for Social Entrepreneurship, three main areas for engagement emerged that include a range of sub-mechanisms.

The most prevalent form of engagement is through **direct engagements** between social entrepreneurs and companies (often on a bilateral basis). These can include social procurement (buying from social entrepreneurs), providing resources and support (such as access to technology) or direct investments in social entrepreneurs through corporate impact funds or foundations. More often than not, direct engagements with individual social entrepreneurs are the starting point for a company's social innovation efforts.

As they mature and learn more about the space, companies realize the need to **engage the broader ecosystem** and the benefits of doing so. This engagement not only enables companies to grow their network and make their voice heard, but also gives them recognition for their efforts. It helps companies to strengthen their individual engagements with social entrepreneurs, too.

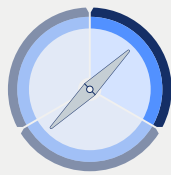
Lastly, working with social innovators tends ultimately to lead companies to review some of their own operating principles. As partnerships scale and come to maturity, it becomes relevant for the company to adopt the principles deployed by social entrepreneurs to address a certain social or environmental issue. This **integration into business** offers companies the ability to scale their impact while improving their operations.

FIGURE 4. Engagement mechanisms summary



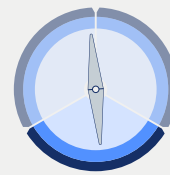
Direct engagements

- Social procurement
- Collaboration and partnerships
- Resources and communications support
- Corporate investment and funding
- Mentorship, capacity development and support



Ecosystem involvement

- Network growth
- Policy and advocacy
- Verification and certification



Integration into business

- Social impact goals alignment
- Workforce human capital alignment
- Supply-chain incentives and policies
- Integration of principles into corporate business strategy

Source: World Economic Forum

3.2 Direct engagements with social enterprises

Direct engagements with social entrepreneurs include a range of options – from resource and communications support to product and distribution partnerships.

Product and distribution partnerships

One of the most advanced forms of direct partnerships is engagement between companies and social enterprises to **co-create new products, services and market approaches**. Through TRANSFORM, Unilever partnered with Kasha, an eCommerce platform focused on helping women meet their everyday needs in low and middle-income countries, to exclusively launch Lifebuoy soap in Rwanda.⁴⁸ Kasha released handwashing campaigns and collaborated with Unilever to create and implement a new bundling and pricing strategy – this led to Lifebuoy becoming a product leader.⁴⁹

Another example is WeRobotics, a social impact organization dedicated to equalizing access to robotics technology. It co-created an “inclusive networks model” based on a bottom-up, social franchise approach. This model is the foundation for the Flying Labs Network that WeRobotics facilitates and supports.⁵⁰ WeRobotics⁵¹ has been able to implement more than 130 locally led projects⁵² since 2019 and credits its success to its inclusive network with locally owned organizations, decentralized power structures, shared governance models and focus on open knowledge sharing.

WeRobotics works with a wide range of industry partners, such as drone and data software companies, drone hardware companies and

a variety of non-profit and non-governmental organizations such as the World Bank and the World Health Organization.⁵³ Its industry partnerships are driving a third of its annual income and provide technologies, access to learning resources and sector knowledge in exchange for the local expertise that the social enterprise harnesses in diverse countries and regions.

Through **distribution partnerships**, social entrepreneurs enable companies to access hard-to-reach areas or populations. Social enterprises tend to be embedded in local communities⁵⁴ in ways in which large multinational players often are not. The previously mentioned example of mPharma, a healthcare social enterprise, highlights opportunities for equitable access to medication in Africa. It works with large pharmaceutical companies and buys drugs on behalf of local pharmacies to sell to low- and middle-income patients. Pfizer, Bayer and Novartis are some of the providers from which mPharma makes purchases. Through this partnership, the pharmaceutical companies track, streamline and guarantee the accessibility of medicine.⁵⁵ The partnership directly affects the access goals of these pharma companies, enables them to tap into new markets and creates tangible social impact through medicine availability.

Probability of benefits



Accelerate innovation	Expand into new markets	Generate financial and/or social ROI	Achieve impact goals and create brand value	Attract, develop and retain talent
● High	● High	● High	● High	● High
Creation of new products, services or distribution channels.	Directly taps into new target groups.	Generates either direct social or financial returns, or affects insights and thus leads to more effective product design.	Directly contributes to impact goals and allows brand equity effects.	Engages employees in the development of novel products and services.

Stage of corporate social innovation: CHAMPION. Engagement in product/service design or distribution requires a high level of strategic alignment, executive buy-in and resource access, which is typical for companies at the Champion stage.

Social procurement

Social procurement is the process of purchasing goods or services from a social enterprise. Through this engagement, the social enterprise benefits from scale while the corporate partner strengthens its supply-chain resilience and capitalizes on opportunities to create impact through its value chain. The scale of social procurement is significant, with a range of companies entering this space. Estimates of the market opportunity for social procurement range as high as \$506 billion.⁵⁶ In 2021, Unilever made social commitments that include its intent to spend €2 billion annually with suppliers owned and managed by people from under-represented groups by 2025.⁵⁷ SAP has launched an initiative to direct 5% of its addressable procurement spend to social enterprises and 5% to diverse businesses by 2025.⁵⁸

Social procurement can drive corporate social impact and provide opportunities for business innovation and revenue growth. It can also help tap into new markets, improve staff loyalty

and strengthen brand perception. A range of organizations and initiatives enable companies to engage in social procurement: the Social Enterprise World Forum (SEWF);⁵⁹ Buy Social UK;⁶⁰ the Buy Social Europe⁶¹ campaign led by Euclid Network, SEWF and SE UK; other buy social campaigns in Canada⁶² or the US;⁶³ the Catalyst Market;⁶⁴ or the Unusual Partners programme.⁶⁵ These are all initiatives enabling companies to tap into social entrepreneurs as an emerging supplier base.

Existing examples range from the food industry to fashion and fast-moving consumers goods (FMCG). Grupo Exito, for example, works with the Colombian social enterprise Pomario to source fresh fruits and vegetables for 60 supermarkets in the country. The sustainable sneaker company VEJA engages with Groupe Ares to procure logistics services for its warehouses and integrate people with disabilities into its value chain. And the Body Shop works with Plastics for Change to source fairly recycled plastics.

Probability of benefits



Accelerate innovation	Expand into new markets	Generate financial and/or social ROI	Achieve impact goals and create brand value	Attract, develop and retain talent
		<p>● High</p> <p>As social enterprises increasingly compete on cost, they create additional social benefits at the same time.</p>	<p>● High</p> <p>Collaboration with social entrepreneurs directly pays into impact goals along the supply chain and creates brand value through communication.</p>	<p>● Potential</p> <p>Social procurement has the potential to rally employees, especially procurement officers, by combining business and impact activities.</p>

Stage of corporate social innovation: [INSTITUTE](#). An engagement with social procurement can start with indirect spending and can therefore be deployed by companies at an early development stage. It does, however, regularly require a flexible stance towards applying standard procurement practices by integrating impact criteria in the evaluation.

Corporate impact funding

Perhaps the most obvious need and form of engagement is to invest in social enterprises, also known as “impact investing”. This practice has proven to be a valuable tool. In 2022 the global impact investing market reached \$1.64 trillion. GIIN attributes much of the 2022 market growth to corporate impact investing: “The sheer scale of cash reserves held by corporations along with their increasing focus to push for social change provides an attractive opportunity for the continued growth of the impact investing market.”⁶⁶

The type of financial transactions used to invest in social enterprises mirror some of the same mechanisms that companies use to invest in start-ups. They can take a variety of forms, such as investments in stocks, bonds, venture capital and private equity, or loans to social enterprises.⁶⁷ A 2023 report from GIIN analysed data from 308 impact investing organizations managing a combined \$371 billion in impact investment assets. The report revealed that the majority of investors reported meeting or exceeding their financial (79%) and impact (88%) performance expectations.⁶⁸

A business case illustrating the positive financial and social outcomes of impact investing is Johnson & Johnson Impact Ventures, an investment fund within the Johnson & Johnson Foundation. The fund invests in early-stage companies and supports social entrepreneurs advancing global health equity and access to quality, affordable healthcare. Financial returns from its investments are recycled and reinvested into additional social enterprises, providing additional opportunities to create sustainable impact.⁶⁹ Although the fund is only midway through deployment of its initial capital commitment, its portfolio has already reached more than 2.8 million patients and supported 61,000 healthcare workers around the world.⁷⁰

That is not to say that trade-offs do not exist – especially in areas of “deep impact”, addressing social issues at the very base of the pyramid or tackling highly challenging social issues. But even in these cases, creative combinations of corporate philanthropy, venture capital and corporate partnerships can lead to impact and beneficial business outcomes. An example is presented in a report by Impact Europe, highlighting how Philips, Philips Foundation Impact Investments and the Philips Foundation work hand in hand to provide blended financing across different life-cycle stages of social innovation.⁷¹ This includes grants from the corporate foundation, loans and equity from the impact investing arm and access to Philips’ core assets such as its distribution networks and innovation capacities. That way, the company

first enables proof-of-concept for healthcare solutions that are too risky for commercial capital, then de-risks investments and later enables scale-up through its core assets and commercial investments. These solutions subsequently enable Philips to achieve its objective to provide healthcare to 300 million people in underserved communities as part of its overall access strategy, directly benefitting financial and non-financial targets.

An opportunity for guidance in these areas comes from established fund managers at the forefront of impact. IKEA Social Entrepreneurship has collaborated with the Dutch development organization WASTE, the Swedish Development Agency SIDA and the impact investor Yunus Social Business to create the Take-a-Stake Fund. It invests in social enterprises that improve the working conditions and livelihoods of India’s informal waste workers. Ecosystem organizations such as Latimacto, the Asian Venture Philanthropy Association or Impact Europe offer opportunities for companies to learn from their peers, improve their impact investment practices and engage in partnerships to co-invest. A healthcare-focused community of practice of impact investors, for example, was founded based on engagements at Impact Europe and brings together 14 members to share deal flow for investments in sub-Saharan Africa. Founding members include the Bayer Foundation, the We Share Forward Foundation and Boehringer Ingelheim.⁷²



Probability of benefits

Accelerate innovation	Expand into new markets	Generate financial and/or social ROI	Achieve impact goals and create brand value	Attract, develop and retain talent
	<p>● Potential</p> <p>Investing in social enterprises in untapped markets can offer opportunities for market entries.</p>	<p>● High</p> <p>By design, impact investing combines opportunities for financial returns with clear impact.</p>	<p>● Potential</p> <p>When aligned with corporate impact and sustainability targets, impact funding can enhance a company’s impact goals.</p>	<p>● Potential</p> <p>Select corporate investors such as Danone Communities⁷³ strategically provide their investees with non-financial support through employee volunteering.</p>

Stage of corporate social innovation: **INSTITUTE**. Light-touch corporate impact funding activities can be piloted through the CSR budget or the corporate foundation. That way, it makes it more relevant for companies that are just starting their engagement with social entrepreneurs. However, more comprehensive impact investing activities, especially through funds provided off balance sheet, require a stronger strategic integration, usually found at the Champion stage.

Mentoring, pro bono and accelerator programmes

In addition to funding social enterprises, companies have an opportunity to directly engage through **mentorship** and **capacity development**. Often seen through the promotion of skills-based volunteering, hosting of accelerators and co-creation work, mentorship provides an opportunity for companies to support a social enterprise with expertise while engaging its employees in impactful ways. Capacity development can help strengthen a social enterprise by providing access to resources, expertise, tools and methods to mature and ultimately bolster products or services. But it also helps companies to expose employees to a new way of approaching business from an impact perspective.

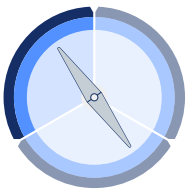
The TRANSFORM Support Hub, powered by MovingWorlds, is an on-demand revenue and impact accelerator for social enterprises. It connects them with corporations that provide money-saving resources, pro bono consultants and mentors, and even new business opportunities. Mentorship and capacity development can be particularly beneficial for

both sides. In addition to social enterprises lowering their costs and accelerating growth, corporate employees learn skills and the company is able to meet its ESG or social impact goals while building new partnerships.

Isis Bous of Lex Mundi Pro Bono Foundation emphasizes this: “If you can give the same support that you give to large corporations [...] to these social enterprises, you can help them strengthen their foundations, scale faster and have greater impact.” Mentorship, capacity development or other support can be offered as **pro bono or low bono services**. These models allow for a more individualized partnership as rates can either severely decrease or be waived, making partnerships more accessible to newly formed organizations or those with lower capital.

While some companies may prefer to provide these opportunities through organic, bilateral partnerships, more often than not companies offer this type of collaboration and innovation by creating specific **accelerator and incubator programmes**.

Probability of benefits



Accelerate innovation	Expand into new markets	Generate financial and/or social ROI	Achieve impact goals and create brand value	Attract, develop and retain talent
			● High Mentoring engagements are often broadly communicated, leading to effects on brand value.	● High Mentoring gives employees an opportunity to use their skills for impact. It regularly creates strong excitement among staff to combine business solutions with impact.

Stage of corporate social innovation: [EXPLORE](#). Mentoring engagements can be done at an early stage in the engagement process. They often serve as the first opportunity to test partnerships with social enterprises as they come with low cost and resource requirements.

Resource and communications support

Companies can use their media platforms and assets to provide resources and communication support to help expand social enterprises. For example, Microsoft’s Entrepreneurship for Positive Impact programme empowers social entrepreneurs and impact start-ups to solve the world’s most pressing challenges. With solutions that address key aspects of the United Nations SDGs and the ESG framework, Microsoft is assisting more than 1,000 entrepreneurs across 70 countries. By providing social enterprises with access to its cloud and AI technology, global

ecosystem of customers and partners and its employee network, Microsoft has the opportunity to explore and support various applications of its technology products, build an ecosystem for other social enterprises, and create social impact at scale. The Leadership for Positive Impact programme partners entrepreneurs with Microsoft leaders, giving them access to the leaders’ expertise and skills, supporting the entrepreneurs to grow as positive leaders as well as connecting them with networks to help them scale through accelerated growth.⁷⁴

Similarly, marketing support can go a long way in supporting the reach of a social enterprise and its impact. eBay for Change, for example, is a collaboration between eBay, SE UK and the World Fair Trade Organization (WFTO) aimed at building a more sustainable and inclusive economy. The WFTO also launched its own eBay for Change shop, featuring a selection of

products from verified members. Through the programme, eBay provides a global shopfront to small businesses dedicated to reinvesting profits into social impact change initiatives. The programme includes marketing support and digital skills training to allow the social enterprises to gain exposure through the expertise of eBay's own marketing skills.⁷⁵



Probability of benefits

Accelerate innovation	Expand into new markets	Generate financial and/or social ROI	Achieve impact goals and create brand value	Attract, develop and retain talent
			<p>● High</p> <p>These engagements are often supported by communication efforts and thus have a strong impact on brand value.</p>	<p>● Potential</p> <p>Provision of resources can be combined with mentoring by employees to effectively use these resources.</p>

Stage of corporate social innovation: EXPLORE. Similar to mentoring, this engagement mechanism can be used during the early stages of the corporate development journey, especially if the resource provided comes with low marginal costs (e.g. technology, software or expertise).

3.3 Ecosystem momentum to advance social enterprise partnerships

Another opportunity to scale social innovation initiatives is to identify ways in which a company can create network effects by working within the broader ecosystem and engaging in collective action. Alternatively, greater effects can be achieved by making the overall environment more conducive for social enterprises to thrive and for corporations to be better able to create successful partnerships with those innovators. While corporations may be working directly with only one or two social enterprises, wider, ecosystem mechanisms often involve collaborating with intermediary organizations and other parts of civil society.

Network growth

Collaborating with other companies and organizations is a major step towards scaling. Networks such as the World Economic Forum's Global Alliance for Social Entrepreneurship create opportunities to rapidly share knowledge, specialize and reuse best practices, and they also generate opportunities for collaboration. Many other organizations exist that specialize in **building networks** – in the survey for this report, more than half of the convener groups reported a primary focus on forging communities and networks in the social economy. Networks are also one of the most efficient paths to business; personal and professional networks led to 79% of corporate customers according to social enterprises surveyed for the *Corporate-Ready* report⁷⁶ by Acumen and IKEA Social Entrepreneurship.

Organizations such as Bayer, whose long-term goal “is to create a platform to connect, engage, and collaborate with an ecosystem of multiple stakeholders, including employees, scientists, NGOs, SEs, and foundations”, are looking to be network builders. However, corporations can also engage with intermediary organizations such as MovingWorlds to plug into these relationships. Within networks there are ample opportunities for companies to engage – corporations can **communicate** externally and publish expertise on best practices or support the community through other means of **community engagement**. These networks can help create a common language and understanding between social enterprises and corporations.

MovingWorlds, SAP and Unilever Partnership: The TRANSFORM Support Hub, powered by MovingWorlds

About: SAP and Unilever, both private-sector leaders in the social enterprise movement, partnered with MovingWorlds, a global platform offering free, ongoing and bespoke non-financial support for social enterprises. Their platform helps corporations educate and engage employees at scale through pro bono consulting with a goal to embed social and environmental impact throughout their core businesses. Building on a decade of experience in pro bono consulting, SAP hoped to scale experiential learning for its employees while accelerating the social and environmental impact worldwide. Unilever was looking to fuel innovation in its own business model while building the capacity of its social enterprises. MovingWorlds assisted SAP and Unilever in the realization of their social responsibility impact, while engaging and developing employees.

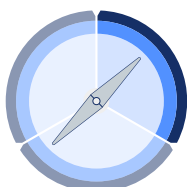
Outcome: The TRANSFORM Support Hub virtually connects experienced professionals with innovative social enterprises to expedite impactful solutions. SAP employees have shared numerous examples of how the TRANSFORM Support Hub has changed the way they work and think about the future of business. Specifically, they expressed gaining insights into innovative and sustainable processes, expanding their growth mindset, and connecting with new suppliers for SAP and its customers' supply

chains. Indeed, Unilever has also reported finding new supply-chain partners and social enterprises for its impact investing fund, TRANSFORM.

Lessons learned: Through the partnership, SAP employees gained insights into new skills, which were cited as increasing their engagement and sense of purpose.

Alexandra van der Ploeg, Head of Corporate Social Responsibility at SAP, shares the following insights: "Skills-based volunteering and pro bono consulting demonstrates our dedication to social entrepreneurship and our commitment to redefining leadership, fostering a people-centric culture and setting the stage for a sustainable systems shift in the business landscape. The TRANSFORM Support Hub, powered by MovingWorlds, makes it fast, simple and cost-effective to engage our employees at scale from across the globe."

Exposing corporate employees to the impactful work and innovative processes used by social entrepreneurs has been demonstrated to lead to higher employee retention, satisfaction and alignment with the integration mechanism for partnerships between social enterprises and private companies: meeting human capital needs.



Probability of benefits

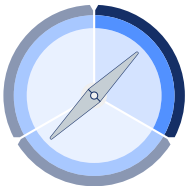
Accelerate innovation	Expand into new markets	Generate financial and/or social ROI	Achieve impact goals and create brand value	Attract, develop and retain talent
			<p>● High</p> <p>Network engagements generally amplify the impact created, and thus the brand value gained from communications.</p>	<p>● High</p> <p>As the network scales the visibility of its impact activities, it also increases the company's credibility in this space in the eyes of its employees.</p>

Stage of corporate social innovation: **INSTITUTE.** Companies making use of networks will need a first set of initiatives that can be distributed among peers and relevant partners. Companies in the Explore stage rarely have the necessary track record to benefit from network effects.

Policy and advocacy

Many social enterprises are operating in challenging environments where legal and regulatory systems may not be set up to best support their types of structure or work. As a powerful ally, companies can support policies that create fertile ground for social enterprises to begin and grow, ensuring a healthy pipeline for partnership. They can also highlight any successful partnerships they have had with social enterprises, creating greater conditions in the market for these types of partnerships to become the new normal.

An example is the Open Letter issued by a group of corporate members in the Global Alliance for Social Entrepreneurship, voicing its support for social innovators and encouraging the UN Inter-Agency Task Force for Social and Solidarity Economy to engage with the private sector in the implementation of the UN Resolution on the Social and Solidarity Economy. Similarly, the B20 closing statement during India's G20 Presidency 2023 calls for the establishment of a Social Economy Working Group during Brazil's G20 Presidency 2024.⁷⁷



Probability of benefits

Accelerate innovation	Expand into new markets	Generate financial and/or social ROI	Achieve impact goals and create brand value	Attract, develop and retain talent
	<ul style="list-style-type: none"> ● Potential <p>Working with public-sector actors on joint-impact objectives can create a "licence to operate", especially if a company invests in impact activities in a market in which it does not yet have commercial activities.</p>		<ul style="list-style-type: none"> ● High <p>Engaging in policy work has a direct effect on increasing the scale of interventions and thus their impact.</p>	<ul style="list-style-type: none"> ● High <p>Engaging in policy efforts increases a company's credibility among its own employees.</p>

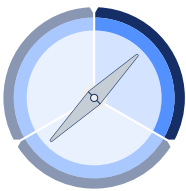
Stage of corporate social innovation: **CHAMPION**. Engaging with policy leaders requires a strong record and a leadership position in the sector. Additionally, executive buy-in and active engagement is often required to engage with high-level public-sector actors.

Verification and certification

One of the primary concerns for corporations looking to partner with social enterprises is ensuring that the social enterprise they are considering is legitimate and truly achieving the desired positive impact. To achieve this confidence, corporations can encourage and support independent organizations to develop certifications and verification processes.

Organizations such as the non-profit B Lab provide a sound basis for standards, tools and certifications that allows social entrepreneurs and other companies to certify their commitment towards people, planet and society. Similarly, the Social Enterprise World Forum (SEWF) has

developed verification for social enterprises that enables companies and other stakeholders to easily identify them as potential partners. SAP aims to integrate verification opportunities such as the SEWF verification into the SAP Business Network, the biggest business-to-business (B2B) online marketplace worldwide, transacting \$4.9 trillion annually, enabling companies to find potential social enterprise suppliers at the click of a button. As of the November 2023 product release, self-identification for social enterprises is now live on SAP's Business Network, allowing social enterprises to be recognized today. Organizations can also share other supplier diversity and sustainability certifications on their profiles.



Probability of benefits

Accelerate innovation	Expand into new markets	Generate financial and/or social ROI	Achieve impact goals and create brand value	Attract, develop and retain talent
	<ul style="list-style-type: none"> ● Potential <p>Commonly accepted verification mechanisms can make impact-driven market entries more effective, as it is easier to find implementing partners in new geographies.</p>		<ul style="list-style-type: none"> ● High <p>Efficient verification mechanisms can significantly scale the impact of future and existing initiatives.</p>	

Stage of corporate social innovation: **CHAMPION**. Credible advocacy for, and engagement in, the development of independent verification and standards requires a significant level of trust between the parties and therefore a proven track record on behalf of the corporate partner.

3.4 Business integration

The final and the most intriguing measure of scaling social impact is the integration of successful social innovation principles into business operations. This mechanism represents the ultimate form of partnership, in which a private organization encompasses all values of a social enterprise and moves beyond an external partnership. Integrating policies and principles builds on direct and ecosystem engagements. These strategies can be applied in a variety of ways.

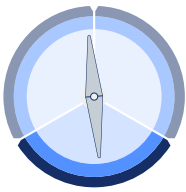
Aligning to workforce human capital needs

More than ever, today's workforce expects their company's values to align with their own. Collaborating with social innovators may further inspire employees with a greater sense of purpose and loyalty to the company. However, simply inspiring employees is not sufficient. Inspiration needs to be complemented by a culture and infrastructure that enables employees to turn their ambitions into internal social innovation. The Siemens Intrapreneurs Bootcamp, for example, offers employees a framework and outlet to turn their impact ambitions into new products and services provided by the company.⁷⁸

With that in mind, company leaders can align their social enterprise engagements with their human capital approach by designing them to create a greater sense of purpose, promote collaboration with others, increase community engagement, create safe spaces for leadership development and gain new perspectives. But even beyond that, integrating successful social innovations into a company's HR policies can yield direct effects on workforce engagement and diversity.

Consider Greyston Bakery, a New York-based organization that supplies baked goods to major corporations such as Ben and Jerry's, Cava and Whole Foods. Greyston is known not only for its sales success but also for its innovative open hiring model. Under the model, the employer does not ask employees for CVs or résumés and does not conduct any interviews. Instead, candidates sign up to a waiting list and whenever a role opens up, the first candidate on the list is hired to prove themselves on the job.⁷⁹

Recognizing that many job applicants face obstacles related to factors such as race, employment history, education and criminal records, Greyston's unconventional hiring approach uplifts marginalized and underemployed groups.⁸⁰ The approach has been successful in increasing staff availability, employee engagement and employer trust. Greyston is now working with companies such as The Body Shop and IKEA to apply the open hiring concept. That way, these companies are integrating the successful social innovation principle of Greyston.



Probability of benefits

Accelerate innovation	Expand into new markets	Generate financial and/or social ROI	Achieve impact goals and create brand value	Attract, develop and retain talent
<p>● Potential</p> <p>When skills and diversity are channelled into action through internal innovation programmes that prioritize impact, new products and services emerge.</p>		<p>● Potential</p> <p>Effects on employee engagement have been shown to yield direct impact on productivity and thus financial results.</p>	<p>● High</p> <p>These initiatives directly influence skills and capabilities that are critical to achieving organizational impact goals and contribute to employer branding.</p>	<p>● High</p> <p>HR strategies and programmes to enable internal social innovation have a direct effect on employee engagement. Integrating principles such as open hiring lead to more inclusive HR processes.</p>

Stage of corporate social innovation: [INSTITUTE](#). HR policies or social innovation programmes can be implemented selectively in the beginning, with an iterative process to further scale their implementation internally. However, minimum buy-in from executives is required.

Supply-chain policies

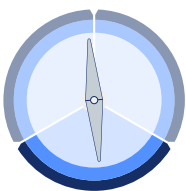
Adopting supply-chain goals within an organization can create incentives for the use of social procurement. This idea is not new in the government and public policy sphere – for example, the city of Calgary in Canada implemented policies that required or encouraged city services to incorporate local goods wherever possible, especially when purchasing smaller volumes.⁸¹ Similarly, adopting policies to mandate or encourage social procurement within in an organization can create internal impact and drive business value.

For example, luxury car manufacturer Audi has created the Code of Conduct for Business Partners of the Volkswagen Group and outlined its Responsible Supply Chain Strategy.⁸² These policies were created to introduce mandatory requirements for partnerships. Since implementing the Responsible Supply Chain Strategy, Audi has been able to further its measures to participate in the circular economy, conduct human rights due diligence and create new technologies.⁸³

Probability of benefits

Accelerate innovation	Expand into new markets	Generate financial and/or social ROI	Achieve impact goals and create brand value	Attract, develop and retain talent
		<p>● High</p> <p>Creating clean and inclusive supply chains has a direct effect on sustainability and impact targets, as well as on supply-chain resilience, which reduces the risk of disruptions.</p>	<p>● High</p> <p>Successfully using a company's supply chain for impact can lead to significant scale due to its integration in the core business.</p>	<p>● High</p> <p>As with social procurement, engaging employees along the supply chain and showcasing commitment to structural policy change can increase employee engagement and employer branding.</p>

Stage of corporate social innovation: [TRANSFORM](#). Changing policies and integrating social innovation principles into supply-chain operations require a high level of executive buy-in, constant reiteration of purpose and impact objectives and a high commitment to the role of the company in society at large.



Integrating social innovation principles into business strategy

In order to turn every business into a force for good, companies will need to adopt business practices that enable them to create a net positive impact for society and nature. As outlined earlier in the report, partnerships with social innovators can inspire companies to progress on the path to doing so. But ultimately companies will need to adopt the core principles of social entrepreneurship – putting people and planet first – into their business practices. And this must involve the internalization of social innovation practices.

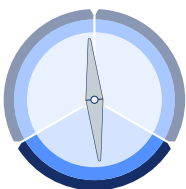
In their Inclusive Business Playbook, Acumen and EY highlight how companies can embark on this journey of integration.⁸⁴ They outline six “key ingredients” for inclusive business:

1. A clear business purpose framed in terms of solving relevant problems
2. A strategy designed to deliver a “future state” of a desirable world
3. Systematically prioritizing marginalized customers as a focus for driving innovation
4. Workplace and supply-chain practices that are diverse, equitable and dignified
5. Participation opportunities in governance processes and fairly shared rewards
6. Value indicators that go beyond financial metrics and incorporate long-term value creation

All of these elements are based on Acumen’s decades of experience in working with social innovators and its ability to combine financial outcomes with social or environmental impact.

Similarly, the impact investing fund Yunus Social Business outlines eight functions for change in its transformation wheel that is based on a range of interviews with executives, academics and large-scale asset managers who have an interest in corporate transformation.⁸⁵ It highlights three fundamental mindset shifts that are necessary to turn a company into a force for good: creating accountability for impact; establishing lasting, purpose-driven commitments; and engaging in collaborative systems thinking. Many of these target mindsets come naturally to the social enterprises that companies work with, but they require a significant transformation in a corporate setting.

Lastly, research provided by Social Enterprise NL highlights how social enterprises can enable companies to progress towards their transformation into a force for good. It showcases how social enterprises “raise the possible” (by providing innovation opportunities), “raise the desirable” (by shaping norms, values and cultures) and “raise the acceptable” (by elevating standards and initiating discourse about acceptable practices).⁸⁶



Probability of benefits

Accelerate innovation	Expand into new markets	Generate financial and/or social ROI	Achieve impact goals and create brand value	Attract, develop and retain talent
● High	● High	● High	● High	● High
Putting impact and purpose first will ultimately lead to higher innovative potential, as it addresses fundamental social and environmental issues.	Putting impact and purpose first will lead a company to consider markets based on a diverse set of criteria beyond financial measures. Such an approach will inevitably lead to market diversification.	Beyond the potential for purpose-driven companies to outperform their peers, an integration of impact into core business decisions will directly or indirectly lead to social return on investment (ROI) to become a steering metric.	Impact is likely to be maximized if it becomes part of a company’s main decision-making criteria.	Purpose-led companies have consistently shown higher employee retention and engagement rates than their commercial-only peers.

Stage of corporate social innovation: TRANSFORM. For obvious reasons, transforming a company along all of its activities towards purpose can be done only with high levels of executive buy-in and a long history and track record of managing and maximizing social outcomes.

Center for Social Value Enhancement Studies' Social Progress Credit programme

About: In 2015, the SK Group, the second largest conglomerate in South Korea, comprising roughly 120 subsidiaries and a combined workforce of 100,000 employees, founded the Center for Social Value Enhancement Studies. The SK Group already had a long-standing tradition of philanthropic contributions when it began to question the effectiveness of its charitable endeavours, especially given the persistent nature of four societal challenges that both the SK Group and South Korean society at large aimed to address: unemployment, social services, the natural environment and the social ecosystem. To revamp the process of generating meaningful social value, the SK Group backed the Center for Social Value Enhancement Studies in launching the Social Progress Credit (SPC) programme. The SPC initiative pioneered an innovative measurement methodology specifically tailored to assess the societal value generated by a for-profit business and its ability to address societal challenges. Since its establishment in 2015, the SPC programme has faced various challenges in its mission to promote social innovation and impact in South Korea.

Outcome: The initial findings from the SPC programme yielded positive results, with evident growth in social value and enhanced financial stability among the participating

social enterprises. However, the programme continues to evolve to address challenges such as how best to persuade other public- and private-sector entities to embrace the SPC model and how to increase support from mainstream capital markets to invest in for-profit businesses based on their effectiveness in creating social value.

The SPC programme has also addressed the challenge of maintaining long-term partnerships with organizations after the initial six-year contract period is over. Once businesses complete the programme, they are no longer required to report key performance indicators (KPIs), making it difficult to monitor their effectiveness. One way in which the SK Group has tackled this has been through an annual Social Progress Awards ceremony that celebrates outstanding businesses. In addition to recognition at the awards ceremony, the SK Group recommends exceptional organizations for additional contracts and support on an ongoing basis.

Lessons learned: Corporations can play a crucial role in addressing societal challenges while promoting economic growth, innovation and inclusivity. By collaborating with social enterprises, they can further amplify their impact and create positive social and environmental change.

4

The corporate journey of engaging social enterprises

While there are many mechanisms and ways of engaging with social enterprises, there is no one-size-fits-all approach.



way, and only a small number of individuals at the company are aware of social innovation as a business opportunity.

Once a company has gained some experience with social enterprises and there is greater acceptance and enthusiasm among leaders, it progresses to the **Institute** stage. Measurable value has been achieved in some form and there is a wider range and number of engagements with social enterprises. Some 40% of commercial partners in the study and interviews conducted for this report were able to confirm the value of piloting their partnership with social entrepreneurs. Pilot projects exist that have matured into more significant business relationships, and these can help identify the best techniques for engaging social enterprises. Company leaders are promoting their commitment to social impact work through internal awareness campaigns and external press releases, website announcements and so forth. Also at this stage, the organization is beginning to participate in the broader social enterprise ecosystem, forming additional engagements with new social enterprises and learning the value of collective efforts – although this is mostly focused on the transactional benefits for its own initiatives. At this stage, social innovation typically remains positioned with CSR or the sustainability department.

Companies in the **Champion** stage decide to holistically integrate social enterprise collaboration into their business through dedicated strategies, budgets and in some cases the creation of a

separate group or department solely dedicated to driving social impact. Organizations at this stage of the engagement journey have several long-standing, successful engagements. Corporate partners are often able to track partnership progress towards the collective social impact goals through established KPIs. While ecosystem engagement is focused on co-shaping the sector, it engages at the CSR/sustainability level. At this stage, the company is a recognized thought leader among members of the broader social impact ecosystem, collaborating with external partners, sharing valuable knowledge and insights and playing a pivotal role in nurturing and growing this dynamic and ever-evolving ecosystem. The SEWF, for instance, reported that through its SAP partnership, it established a network enabling it to meaningfully engage those working at national and regional levels in shaping the global system for strengthening social enterprises and in creating social value.

Lastly, companies in the **Transform** stage have embarked on a journey towards internalizing social innovation principles across their core business. This includes the establishment of core product portfolios that offer positive societal or environmental impact. Typically, this portfolio has emerged from the company's integration of impact targets into all operational processes. This is emphasized by continuous efforts by senior leadership to remind the organization of its values, purpose and operating principles. The company is recognized as an example of best practice.

CASE STUDY 6

Innovation Foundation empowered by Adecco Group

About: The Innovation Foundation is a non-profit organization within the Adecco Group that uplifts individuals and underserved populations who are at risk of falling out of the workforce. Established in 2015, the Innovation Foundation distinguishes itself by exclusively pursuing ventures through its distinctive “Scan, Build, Scale” process, unlike traditional grant-giving, entrepreneur funding, incubation or external concept acceleration.

The Innovation Foundation, which began as a part of the Adecco Group Foundation, had a wide variety of focuses conducted within a traditional CSR approach. Over time, the portfolio was stretched in too many directions and there was a desire for greater impact. In 2020, the foundation revamped its portfolio, shifted the organization out of traditional CSR and also created a research group that would work extensively with ecosystem partners. The Innovation Foundation's work is to create a more inclusive and adaptable workforce using its “Scan, Build, Scale” framework to guide projects such as Youth at Risk, Mature Workers and Women Back to Work.

Outcome: The transformation led to a dramatic scaling of the Innovation Foundation's impact, with a focus on developing projects that share their results beyond the foundation itself, actively seeking partnerships that can maximize the projects' impact with local communities.

“We apply a unique and carefully crafted methodology that ensures we are solving the right problem, for the right people, in the right way, and with the right partners.” – Cynthia Hansen, Managing Director at the Innovation Foundation

Lessons learned: Innovation, flexibility and adaptability are all essential. Although part of the Adecco Group, the Innovation Foundation is an independent organization empowered to be innovative while still using the Adecco Group's valuable industry insights, networks and resources. Strategic partnerships with other ecosystem players is also critical to increase the scale impact. These partnerships have significantly contributed to the foundation's success in identifying and supporting innovative projects with high potential for impact.

Conclusion: Transforming business to build a better future

As this report has shown, the rise of social enterprises marks a significant shift in the business landscape, offering innovation for social and environmental responsibility.

The growth of social enterprises presents a golden opportunity for traditional businesses to engage in collaborations that not only expand their commercial prospects but also amplify their impact.

Social entrepreneurs are distinguished by their agility and creativity, adept at exploring and implementing market ideas that enrich both business value and societal welfare. Traditional companies, with their extensive scale and sophisticated capabilities, are important in elevating the reach and effectiveness of social enterprises – but can also significantly benefit in their efforts to serve all stakeholders. This synergy is essential to amplify the potential of social enterprise and embed sustainable business practices across industries.

This report stands on the shoulders of the countless social entrepreneurs whose collective ingenuity and experiences have demonstrated the benefits businesses can reap through social

innovation. The case studies and examples highlighted represent just a fraction of the vibrant, ever-expanding community of successful social enterprises. They not only reinforce the business case for social engagement but also reshape the wider understanding of how business can be a powerful agent of positive change. This is also a call to business leaders: to embrace social entrepreneurship is to actively participate in shaping a better world.

Envisioning a future in which the concept of “social enterprise” becomes the norm in all business practices has become more than a dream – it has become a goal. Realizing this goal requires the commitment of social entrepreneurs driven by a passion for change and corporate leaders who prioritize this vision. Together, they can forge a path towards a world in which business success and social progress are inextricably linked, creating lasting, meaningful impact.

Contributors

Lead Authors

Peter Liu, Managing Director, Deloitte Consulting

Daniel Nowack, Head, Global Alliance for Social Entrepreneurship, World Economic Forum

World Economic Forum

François Bonnici, Head of Foundations

Katerina Hoskova, Community & Initiatives Specialist

Veerle Klijn, Lead Consultant

Adedoyin Omidiran, Initiatives Lead

Deloitte Consulting

Julius N. Hill, Partner

Hannah Stevenson, Senior Manager

Jasmine Syed, Consultant

Katrina Zdanowicz, Senior Consultant

Acknowledgements

Additional contributors – Deloitte

Sana Ahmed, Analyst

Ramiz Akhtar, Consultant

Shaymaa Amin, Consultant

Raymond Fung, Consultant

Andrea Guite, Consultant

Jennifer Holk, Senior Manager

Skyla Kool, Analyst

Abishek Koutha, Consultant

Rina Lakhani, Analyst

Helen Lee, Consultant

Katie Lee, Consultant

Nnenna Madueke, Analyst

Sam Manocchio, Consultant

Joe Mariani, Senior Manager

Hannah Potter, Analyst

Adrienne Preston, Analyst

Ousmane Sall, Consultant

Erick Seo, Consultant

Steven Watkins, Senior Manager

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Contributing members of the World Economic Forum's Global Alliance for Social Entrepreneurship

Jens Andersson (IKEA Social Entrepreneurship)

Jennifer Beason (SAP)

Jeroo Billimoria (Catalyst 2030)

Rana Birden (Kale Group)

Isis Bosus (Lex Mundi Pro Bono Foundation)

Caitlin Bristol (Johnson & Johnson)

Maeve Curtin (Social Enterprise World Forum)

Ernest Darkoh (The Broadreach Group)

Aniket Doegar (Haqdarshak Empowerment Solutions)

Lucie Durand (Yunus Social Business)

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Chris Gale (eBay)

Carolina Garcia (AB InBev)

Karin Guemmer (Bayer)

Cynthia Hansen (Innovation Foundation)

Gerry Higgins (Social Enterprise World Forum)

Mark Horoszowski (MovingWorlds)

Gayoung Imm (Center for Social Value Enhancement Studies)

Myung-Eun Jeong (Center for Social Value Enhancement Studies)

Victoria Kisyombe (Sero Lease and Finance)

Kenneth Kwok (Global Citizen Capital)

Nicolas Malmedier (Impact Europe)

Lindiwe Matlali (Africa Teen Geeks)

Jeff Pilisuk (Miller Center for Social Entrepreneurship at Santa Clara University)

Leida Rijnhout (World Fair Trade Organization)

Bahaa Eddine Sarroukh (Philips Foundation Impact Investments)

Courtney Schoon (Verizon)

Åsa Skogström Feldt (IKEA Social Entrepreneurship)

Carolina Suarez (Latimpacto)

Grace ter Haar (Unilever)

Juan Carlos Thomas (TechnoServe)

Alexandra van der Ploeg (SAP)

Dan Viederman (Working Capital Fund)

Anthony Virapin (Microsoft)

Emily Will (EY)

Simon Winter (Syngenta Foundation for Sustainable Agriculture)

Peng Zhong (Bayer Foundation)

Additional report participants

Sonja Betschart (WeRobotics)

Russell Gong (Cabinet Health)

Abhinav Khanal (Bean Voyage)

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World Economic Forum
91–93 route de la Capite
CH-1223 Cologny/Geneva
Switzerland

Tel.: +41 (0) 22 869 1212
Fax: +41 (0) 22 786 2744
contact@weforum.org
www.weforum.org