Sougha: A public-owned establishment, assessed as a social enterprise in the UAE

by

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DECLARATION

I declare that Sougha: a public-owned establishment, assessed as a social enterprise in the UAE is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

Author Signature:                                      Date: 23/02/2015

Sarah Emmanuelle Johnsen, Student number: 35038101
ACKNOWLEDGMENTS

The motivation to research about Sougha stems from my meetings with women artisans in the remotest parts of the UAE. The high quality of their skills, the love of their traditions, and their unflinching loyalty to Sougha inspired me to start this research project.

Mouza Obaid, the CEO of Sougha, kindly advocated my project to KFED and ensured that all the paperwork was in order.

I had the privilege to meet Leila Ben Gacem when she started and managed Sougha in its early years. The final form of this project was shaped through our many conversations that

I am indebted to my research supervisor, Dr. Victoria Elizabeth Villagómez Morales, who spent countless hours answering my questions through emails and Skype. Thank you for your guidance, your advices, and for your constant moral support.

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ABSTRACT

The United Arab Emirates are challenged to include the national workforce into their increasingly diversified and knowledge-based economic vision. The federal Khalifa Fund for Enterprise Development incubates Sougha, a non-profit company acting as market intermediary for Emirati artisans. This study aims at providing an insight into Sougha’s potential to become a social enterprise. A pragmatic and exploratory approach is followed. An iterative process underpins the concept of social enterprise from established literature, re-visits it through a social constructivist lens as an emerging topic in the GCC region, and benchmarks Sougha against two selected social enterprise frameworks, based on data analysis from documents and interviews. Sougha demonstrates social value creation while its commercial value creation is restricted to social mission activities. Financial motives are insufficiently reflected in Sougha’s strategic documentation; leaving doubt to whether Sougha is genuinely seeking financial sustainability, which endangers its eligibility as a social enterprise.

KEY TERMS

Social enterprise, United Arab Emirates, GCC, economic empowerment, culture preservation, capacity building, social inclusion, social constructivism, public sector, benchmark.
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LIST OF ABBREVIATIONS

AD 2030: Abu Dhabi Economic Vision 2030
ADTC: Abu Dhabi Tawteen Council
ADTCA: Abu Dhabi Tourism and Culture Authority
BMC: Business Model Canvas
BRICs: Brazil, Russia, India and China
DED: Department of Economic Development
ECSSR: Emirates Center for Strategic Studies and Research
CASE: Centre of the Advancement for Social Entrepreneurship
CIDSE: Coopération Internationale pour le Développement et la Solidarité
CLMRI: Centre for Labour Market Research & Information
CSR: Corporate Social Responsibility
GCC: Gulf Cooperation Council
GDP: Gross Domestic Product
GEM: Global Entrepreneurship Monitor
GSEC: General Secretariat of the Executive Council
HDI: Human Development Index
ICT: Information and Communications Technology
IKED: International Organisation for Knowledge Economy and Enterprise Development
INSME: International Network for Small and Medium Sized Enterprises
KFED: Khalifa Fund for Enterprise Development
MENA: Middle East North Africa
MNCs: Multinational Corporations
NBS: National Bureau of Statistics
NGO: Non-Governmental Organization

OECD: Organisation for Economic Co-operation and Development

SAPs: Structural Adjustment Programmes

SCAD: Statistics Centre – Abu Dhabi

SEBM: Social Enterprise Business Model

SEOs: Social Economy Organisations

SROI: Social Return On Investment

UAE: United Arab Emirates

UAE 2021: UAE Vision 2021

UK: United Kingdom

UN: United Nations

UNDP: United Nations Development Programme

UNISA: University of South Africa

US: United States of America

WEF: World Economic Forum
1 STUDY OUTLINE

This chapter is composed of seven sections indicating the nature and composition of this study. The first section introduces the motives for initiating the study. The second section presents the study’s geographical, economical, demographical, cultural, social and political background. The problem statement and research question are stated in section three. Section four covers the purpose of the study and research objectives. Section five describes the study’s scope, as well as its expected limitations and outcomes. Section six deals with the definitions and clarifications of terms used in the study. The dissertation’s structure is revealed in section seven.

1.1 INTRODUCTION

The interest of this study originated in the government-stated need to transform the citizen employment outlook in the United Arab Emirates (Tanmia, 2013a), as explained in the subsequent study background. The study is about Sougha, an establishment owned by Khalifa Fund for Enterprise Development (KFED), a government-funded entity which aims at supporting entrepreneurship efforts in the United Arab Emirates. Sougha’s mission is “to give a platform to Emirati artisan to become self-entrepreneur with the core objective of improving their financial status and preservation of Emirati culture” (Sougha, 2014). As such, this study is positioned at the crossroads between the domains of macro socio-economic development issues, economic empowerment and cultural heritage preservation.

The social impact of Sougha has largely outgrown forecasted expectations, from seven artisans involved in the pilot project in 2009 to more than 400 artisans registered by February 2014 (McQueen, 2014). Sougha’s story has also been mediatized locally as a successful example in how capacity-building employment alternatives can be delivered to women from opportunity-deprived areas in terms that are culturally acceptable for them (Sahoo, 2013a). Furthermore, Sougha’s social impact is not only tangible. A small scale impact analysis carried on the first seven artisans, showed that, in
addition to identify concrete impact changes such as: “enjoying incomes and financial freedom”, they also mentioned “found true passion, created name for self, filled void in life, opened eyes to new experience, improved happiness” as changes their work with Sougha brought about (Sustainable Square, 2013, p.7).

In early 2013, the student approached Sougha’s management to conduct a master research study concentrating on Sougha’s relevance to national and emirate-level social development imperatives, primarily focussing on employment and social inclusion, capacity building and heritage preservation. The motivation behind such a study was for Sougha to ground its further institutional development on academic-based knowledge aligned with the national perspectives. Following a few months of discussions and feedback from Sougha’s management which perceived Sougha as a social entrepreneurship program, and investigating on the feasibility of such a study, an agreement about researching on Sougha’s potential as a distinctive social enterprise was clarified in May 2013. The Service Agreement was signed between Sougha Establishment and the student on the 29th of September 2013, and the final draft of the research proposal was handed in to the department of Development Studies at UNISA on the 8th of January 2014.

1.2 STUDY BACKGROUND: A MULTIFACETED OVERVIEW OF THE UAE

1.2.1 The region’s main challenge: curbing unemployment through the development of the private sector.

The global population passed seven billion in 2012, challenging most nations to integrate their increasing population in their economy by providing employment for all. This challenge is particularly pressing in the region geographically defined as Middle East North Africa (MENA)\(^1\). MENA is subsequently divided in three regions: The Middle East, North Africa and the

\(^{1}\) ‘The region needs to create more than 100 million jobs by 2020, according to the World Bank. More than 27 per cent of young people are unemployed – twice the global average. That is projected to grow to more than 28 per cent by the end of this year, and to more than 29 per cent by 2018. Youth unemployment is already at 25 per cent in Egypt, and more than 22 per cent in both Algeria and Lebanon’ (Cronin, 2014).
states of the Gulf Cooperation Council (GCC). Each of these regions are dealing with different economic challenges, but agree unanimously that job creation away from an already engorged public sector is a top priority to convert the growing number of educated job seekers from a national security hazard (Forstenlechner et al., 2012), to become “a tremendous opportunity, both as a market and as a labor force” (WEF and OECD, 2011). In a region where “entrepreneurial activities and performance rates are well below those of comparably developed regions” (OECD, 2012, p.15), enhancing the creation of micro, small and medium enterprises has been identified as a key solution which not only diverts the workforce from the public sector, but also counters unemployment, especially for youth and women (ILO, 2012, p.80) and contributes to diversify the national economy of oil exporting economies (The World Bank, 2007, p.vi).

1.2.2 The UAE: a presentation

The United Arab Emirates (UAE) is a forty one year-old federation consisting of seven emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Fujairah, and Ras Al Khaimah, as shown in Figure 1.1.

![Figure 1.1: MAPS OF THE UAE IN THE GULF REGION AND OF THE SEVEN EMIRATES](Sources: MEED 2014)
The GCC member country is defined as a natural resource rich economy (IKED, 2010, p.13), and is ranking seventh in the largest proven reserves of both crude oil and natural gas (Elite Media, 2013, p.50). The UAE is a leading economy within the MENA region, headed by the oil rich emirate of Abu Dhabi, which contributes to “more than 60 per cent of the UAE’s total GDP and over 90 per cent of the total oil production of the UAE” (SCAD, 2013a, p.12). As displayed in Figure 1.2, Abu Dhabi emirate is divided into three geographical areas, the Abu Dhabi region including the city, the Al Ain region, and the western region commonly named Al Gharbia, “home to a significant proportion of Abu Dhabi’s energy reserves, which generated 44 per cent of its GDP in 2011” (Arnold, 2014). Being the UAE’s most oil rich area where oil and gas account for 90% of the region’s GDP, Al Gharbia is also home to a significant petrochemical industrial cluster, the Shams 1 solar power plant, a nuclear plant projected in 2017, and the Etihad railway. The area is paradoxically identified as the sub-region with “biggest challenges in providing its local citizens with enough opportunities for specialized and high-level skill development” (COAD, 2013, p.18). With a population of about 225,700, scattered around small towns, Al Gharbia is in the focus of the economic and social development planning (Arnold, 2014). Al Gharbia is also the geographical area where Sougha initiated its first contacts in 2009 and where the majority of its artisans still live.

![Figure 1.2: MAPS OF ABU DHABI EMIRATE’S THREE REGIONS](Source: SCAD, 2013)
1.2.3 The political structure

The UAE leadership is formed as a federal government which is constituted by four bodies: the Supreme Council has both legislative and executive power, with the seven rulers as members. Their mandate is also to elect a president with a five year mandate, and a prime minister also serving as vice-president (The National Media Council, n.d.). The Council of Ministers, led by the prime minister, holds the executive authority for the federal state and is “responsible for drafting bills for formal enactment” (Krause, 2008, p.34). The Federal National Council holds a parliamentary and advisory role, with forty members elected from all seven emirates (The National Media Council, n.d.). The fourth entity is the independent Federal Judiciary, composed of the Supreme Court and the Courts of First Instance. Although governed as a federal system, the Emirates are built on traditional tribal roots, with a ruling family at the head of each Emirate. In practice, the posts of president and prime minister are respectively held by the ruling Al Nahyan (Abu Dhabi) and Al Maktoum (Dubai) families.

1.2.4 Socio-economic development imperatives

Following the discovery of oil in the 1960’s, a visionary socio-economic development spurred by the leadership has irreversibly changed the Emirati population’s way of life within two generations. Such sudden wealth deeply impacted traditional Emirati households and local communities’ dynamics, bringing new opportunities to their doors, but also raising challenges in how to tackle the opportunities development brought in terms of changes to local heritage, traditional social values and relations (Heard-Bey, 2004, pp.418-19). At this stage, it would be pertinent to look whether the UAE managed to avoid most of a rentier state’s downsides, with an on-going diversification of its economy. According to the economist Hussein Mahdawy (1970, p.428), rentier states are defined as “countries that receive on a regular basis substantial mounts of external rents.” The debate to whether the UAE is a rentier state based on this definition is not in the scope of this presentation, which rather focuses on whether the oil wealth redistribution through incomes and subsidiaries has produced a rentier society. A rentier society is defined as
a society where “citizens are enabled to have an income without doing any work” (Krause, 2008, p.20). The broken relation between productive work and income presents a risk of maintaining a dependency position, for individuals who are expecting the income without any productive outcome in return, and at national level, with the state being tributary of external rents or workforces.

The traditional social contract, based on a system where the ruler would be available for his subject during majlis sessions was increasingly difficult to maintain, due to demographic pressures (Trident Press Ltd, 2006, p.53). Still, this traditional public sector remained informal and evolved together with an increasingly modernising and highly performing government (WEF, 2014, p.36), redistributing its oil wealth through the delivery of one of the world’s most generous social packages and services (Forstenlechner & Rutledge, 2010, p.41). Mansour (2008, p.76) highlights the importance of the “informal public sector”, stating that there is still strong expectations from the Emirati citizenry for their government to care for them in a traditional patron-client relationship (Mansour, 2008, p.66) These expectations involve free education and health care, subsidized utilities, free land, no-interest loans for building homes, and subsidized wedding costs (Brown, 2007), and providing cheap tax-free expatriate labor under the kafala system (Forstenlechner & Rutledge, 2010, p.39). The resilience of this social contract is evidenced when it comes to the nationals’ employment preferences, with more than two-third of the Emirati workforce employed in the public sector (IMF, 2013, p.8). According to Forstenlechner & Rutledge (2010, p.41), “a job in the public sector is the key component of this social contract.”

The hybrid social contract and the continuation of the “informal” and traditional bonds between the rulers and the ruled population is argued by Mansour (2008, p.76) to contribute to remarkable stability of the traditional fabric of society, political stability and government legitimacy, but Krause (2008, p.20) warns that with “no strict “work ethic,” a kind of “rentier mentality” may be expected to prevail in such a society.” The unfolding of this social contract is interesting to follow up in a socio-economic context where, to reduce rampant national unemployment, the UAE’s citizens are pulled away from the security of the public sector and pushed to enter a competitive, performance-based
working environment in the private sector, led mostly by expatriates. In the same vein, Forstenlechner & Rutledge (2010, p.41) advise to revisit and update the social contract, in order to “mitigate its distorting effects on these labor markets.” Addressing this challenge already in April 2007 in his speech on the launch of the UAE government strategy 2008-2010, the prime minister and ruler of Dubai Sheikh Mohammed bin Rashid Al Maktoum (The National Media Council, 2007) stated: “The government strategy seeks to move from the concept of social welfare to social development.” The statement was reiterated in the UAE government strategy 2011-2013 (UAE Cabinet, 2010a): “Upgrade into a social development system by transitioning from social care to social development, ensuring integrated social service policy-making, and upgrading the quality of social services.” This discourse is key for the study as the citizen’s level of dependency on the state is central to a successful development of entrepreneurial culture (Van Horne et al., 2011, p.17), which is in turn found to be the backbone of the UAE’s main socio-economic visions such as the UAE 2021, Dubai 2015 and Abu Dhabi 2030 (El-Sokari et al., 2013, p.11).

1.2.5 A unique demographic profile

Highly specific demographic traits inherent to the nation are worth to mention, with regards to their direct influence on the local workforce employment challenges. The most ostensible one is the high proportion of expatriates and its ensuing challenges. The UAE is the fifth largest host of migrants worldwide with eight million (UN, 2013, p.5). According to 2010 estimates, the UAE’s total population (8,264,070) presents the highest expatriate percentage in the Gulf region, with 88.5 per cent (7,316,073) of the population composed of non-nationals (NBS, 2014). As expected, the national underrepresentation is also revealed in the workforce, with an estimation of more than four million foreign workers in the UAE (Al Awad, 2010, p.11), but only a total Emirati workforce of 225 000 (Nazzal, 2014).

Unemployment figures display an inversed disproportion, with the 2012 overall unemployment rate of 3.8 per cent (The World Bank, 2014) revealing significant differences once segregated between national and expatriate
workforce. From a conservative estimation at 14 per cent national unemployment in 2009 (Tanmia, 2011, p.3), official figures have been quoted up to “20.8% of Emirati citizens of working age being without work.” (Elite Media, 2013, p.158). Growing unemployment is forecasted as, in the Emirate of Abu Dhabi, about 59 per cent of the Emirati population is under 24 (SCAD, 2013b, p.127) and increasing, as evidenced by Abu Dhabi’s total fertility rate of 3.8 per cent for nationals (SCAD, 2013b, p.156).

While the private sector is the main employer with 63.2 per cent of the total workforce in 2008 (Trident Press Ltd, 2010, p.156), the large majority of Emiratis is employed by local and federal government entities, and the armed forces, with only seven per cent working in the private sector (Tanmia, 2011, p.3). With more than 100 000 Emiratis expected to enter the work market in the next ten years (Tanmia, 2011, p.3), the public sector’s hiring capacity is slowing down, with only 1 500 new Emirati staff hired in 2012, “a clear indication the sector was nearing saturation point” (Issa, 2013). On the other hand, with a dynamic private sector where 30 000 new positions were available in 2013 (Issa, 2013), a natural transfer of the Emirati workforce to the private sector is expected and strongly encouraged by the government to meet the labour market needs (Tanmia, 2013a). However this is not occurring and increasing national unemployment (Tanmia, 2011, p.3; Salem, 2012), seems to be the result of three main causes. Firstly, private sector opportunities are shunned by the local workforce. Among the reasons invoked are a difference of 57 extra workdays per year, up to three time lower wages, and longer working hours (Tanmia, 2011, p.6; Issa, 2013). Secondly, there seems to be a gap between the educational preparation of the young workforce and the private sector requirements regarding knowledge-based specializations (Al Attiyad, 2007, p.14; Al Ameri, 2014a), and in the development of soft skills (Al Ameri, 2014b). Thirdly, female nationals are overrepresented in unemployment statistics and underrepresented in the private labour force participation. This cause is presented in depth in the following paragraph focusing on women.

Disaggregated unemployment data reveals that female unemployment inflates overall unemployment statistics in the Arab region and its sub region, the
GCC, with male (nationals and non-nationals) unemployment at 3.1 per cent, while overall female unemployment at 13.4 per cent (ILO, 2012, p.23). In the GCC, women’s employment statistics are skewed due to the large share of female immigrant labour force. Although the UAE has one of the world’s lowest proportion of women in their immigration statistics (UN, 2013, p.62), with only 27.4 per cent of the immigrant workforce being female (The World Bank, 2011), expatriates make up to 87.4 per cent of the total female workforce in the UAE. GCC women hold a paradoxical position in the domestic society, with top scores on higher education, and low representation in labour force participation (Shehadi et al., 2011, p.2). According to the World Economic Forum 2013 Gender Gap report, the UAE ranked first for female educational attainment (WEF, 2013a, p.366), with 60 per cent of all students in institutions of higher learning being women (UNDP, 2012, p.3). This recent achievement highlights a discrepancy between the educated generation of 30 and younger, and the older less educated generation, as reflected by the UAE university national students’ enrolment figures, displaying a proportion of women of 37.6 per cent in 1977/78, while the percentage rises to 76.8 in 2002/03 (Nelson, 2004, p.8). But such a gain in higher education is not reflected further in current employment statistics. In the UAE, the overall female labour force participation is of 46 per cent (ILO, 2014, p.66), and few official international data sources present disaggregated data to report the employment situation for citizen women only. A 2009 estimation based on the 2005 census reflects a labour force participation rate for Emirati women of 27.5 per cent (Aguirre et al., 2012, p.72) versus 79 per cent in Norway, 52 per cent in Italy and 35 per cent in Qatar (Shehadi et al., 2011, p.3). In the Abu Dhabi emirate, the situation is estimated at an even lower 18.5 per cent (The Government of Abu Dhabi, 2009, p.37). In addition, although an increasing number of Emirati women are entering careers that were until now reserved to men, a discrepancy is found between the type of education offered to women and the expectation of the labour market, especially in the private sector. This tendency is illustrated by the example given by Al Gharbia, where industry-related activities are prevalent, but few jobs are relevant to local women, as virtually no relevant education has been offered to them locally, preparing them for jobs within this sector (Arnold, 2014; COAD, 2013, p.20; Al Sayegh,
Age and region segregation reveals further significant differences: an age segregated unemployment rate reaches 24.2 per cent for national women aged between 25 to 34, and for the younger cohort (20 to 24), unemployment reaches 48.7 per cent (Aguirre et al., 2012, p.72). The percentage is not known for the older cohort. In the Abu Dhabi Emirate, urban unemployment for national women is of 17.8 per cent, but reaching a high 27.8 per cent in rural Al Gharbia, where the female labour force participation rate, national and non-national confounded, is as low as 3.7 per cent, versus 15.8 per cent in the city (COAD, 2013, p.52 & 54).

The main causes behind such a low female participation of women re-join the ones stated for both genders, but are specifically rooted in familial and cultural factors (Gallant & Pounder, 2008). In a society which primarily considers women as family caregivers, the UAE workplaces do not yet provide for part-time or flexible work, the maternity leave is just 45 days, and women often face travel limitations making it difficult to accept a position far from their home (Aguirre et al., 2012). The public sector is considered as a culturally more suitable option, certainly due to the working environment composed of a majority of Emiratis, and the respect of Emiratis norms and culture, compared to the private sector (Dubai Women Establishment, 2012, p.6). A poll researching the Emirati women’s participation in the economy across UAE in 2012 revealed that, despite a spectacular increased participation rate of Emirati women in government positions from 12 per cent in 1995 to 60 per cent in 2012, “Factors such as marital status and number of children are usually considered as a matter to be cautious of when hiring a female employee and also when it comes to promotions.” (Dubai Women Establishment, 2012, p.4). Not only marital status and number of children can be an impediment for hiring, but Jafar (2013b) highlights that already employed women tend to disappear from the workforce once they get married and have children, shortening their working life. At the other end of national women’s working lifespan, the proposed retirement age after 15 years of service (Salama, 2013), leaves the vast majority of women above 40 to be considered as unemployable. Emirati women aged between 40 and 80+ are
making up for 14.5 per cent of the total citizen female population in Al Gharbia region (SCAD, 2013b).

At national level, it is estimated that raising female employment to match those of males could boost the national GDP by 12 per cent (Aguirre et al., 2012, p.5). In order to achieve this target, a massive top-down effort is being implemented in terms of mapping the population’s profile, improve citizen women workforce participation in the private sector and improve women’s access to business opportunities and entrepreneurial activities (COAD, 2013, p.20).

1.2.6 A top-down commitment to development imperatives

From the outside, the oil-rich UAE seems to be a predictable candidate for the “Dutch Disease” syndrome, which in macroeconomic terms can be translated in increased import and decreased export or export generally poor in manufacturing goods and services “that may be particularly good for growth over time” (Soto & Haouas, 2012, p.5).

With oil revenue reinvested into infrastructures such as “a world-class sea port, airport, and communications network as well as commercial, industrial, and residential real estate developments” (COAD, 2013, p.38), Abu Dhabi is managing a successful turn to a diversified economy, inverting the proportion oil/non-oil in the GDP during the last three decades. In the mid-1970s, oil and gas made up to 60 per cent of the national GDP (Soto & Haouas, 2012, p.8), in 2012, oil and gas accounted for 42 per cent of the GDP (Elite Media, 2013, p.50), while the portion of GDP based on oil and gas output shrunk to 25 per cent in 2014 (IndexMundi, 2014). Notwithstanding its decreasing significance in the GDP, the oil sector continues to dominate the UAE’s total exports, meaning that “despite all government efforts, diversification of exports has not been achieved.’ (Soto & Haouas, 2012, p.8).

In parallel to the journey towards economic diversification, another challenge for the UAE government is to negotiate a transition in terms of its social capital, in order to prepare and adapt the workforce to the knowledge-based economy necessary for a successful diversification.
According to a 2013 estimates (IndexMundi, 2014), expatriates account now for more than 85 per cent of the workforce of 4.5 million, with the vast majority originating from India and employed in low-skilled occupations (Soto & Haouas, 2012, p.11). The nature of the transition is comprehensive, as it entails the shift from a majority of low-skilled expatriate workforce used for labour intensive activities, to activities requiring a national, high-skilled workforce.

The central role to be played by the national human capital to achieve sustainable growth has been identified early on and made visible in visions UAE 2021 (UAE Cabinet, 2010b, p.16) and AD 2030 (The Government of Abu Dhabi, 2009, p.8). Beyond gearing national youth towards knowledge-based orientations and motivating the Emirati workforce away from the public sector towards the private sector, encouraging entrepreneurship as an attractive alternative by nationals is crucial to attain such ambitious visions (Fisher, 2013). An article from the National entitled “Obstacles removed in kick-start on enterprises” states that “entrepreneurial culture has been identified as one of the main planks in AD 2030” (Arnold, 2013). Spurring an innovative entrepreneurial mind-set is thought to not only boost employment through the creation of micro, or small and medium enterprises (SMEs) in the private sector and enhance competitiveness (The Government of Abu Dhabi, 2009, p.34), but also to be part of the necessary overhaul of the social contract, bringing a paradigmatic mind-set shift in government expectations from the national population. In other words, the expectation to be allocated well-remunerated public sector job, to utilize expatriate labour without any form of taxation, and to enjoy a range of generous social benefits and subsidies (Forstenlechner & Rutledge, 2010, pp.38-40) should be replaced by the rights to be offered market-adapted education (Forstenlechner & Rutledge, 2010, pp.45-46), and to have opportunities to develop one’s own business (COAD, 2013, p.24). This essential notion is further highlighted by informant 14 (question 6; Appendix B) “The last 2-3 decades under the leadership of Sheikh Zayed, we were given a lot of privileges, and we enjoyed it, but now we should take more active roles, more active than passive, in shaping our society.”
As a response to swelling national unemployment and in order to equip the Emiratis with the skills necessary to venture in the private sector and start their own businesses, several federal or local government entities with their respective agenda were set up during the last two decades. Here follows a short presentation of the five main ones, with an emphasis on the emirate of Abu Dhabi. The first trio is targeting national employment, preferably in the private sector:

- **Tanmia**: the National Human Resource Development and Employment Authority, launched in 1999. Tanmia is mandated to “Achieve full employment of the national human resources, Reduce foreign labour component of the total workforce, Increase supply of qualified and skilled national workforce to meet the labour market needs, and Develop practical competencies and potentials of the National workforce” (Tanmia, 2013b).

- **Abu Dhabi Tawteen Council (ADTC)**, offers employment services to UAE national job seekers in the emirate of Abu Dhabi (Abu Dhabi Government, 2013).

- **Launched by the Ministry of Higher Education and Scientific Research**, the Absher Initiative aims at enhancing “the role of UAE nationals in the labor market, particularly in the private sector” (Ministry of Higher Education and Scientific Research, 2012), mainly through discount and rebate programs.

The mandates of the two next are focusing on the national population’s capacity building and the development of entrepreneurial skills:

- **The Emirates Foundation** whose mission is to “inspire, empower and guide the youth of the UAE to ensure a sustainable future for the nation” (Emirates Foundation for Youth Development, 2013), has a portfolio of six capacity building programs addressing the needs of Social inclusion, Community engagement, Leadership and empowerment.

- **Khalifa Fund for Enterprise Development (KFED)** prepares and leads the working population into a diversified economy by enhancing the
entrepreneurial mind-set at national scale (KFED, 2013a). In line with UAE 2021 and AD 2030, KFED was launched by the Government of Abu Dhabi in June 2007. As a public institution and in order to create a favourable investment environment and strengthen the capacity of entrepreneurs, KFED developed and implemented several adapted services, such as business and financial counselling, tailor made training programmes, funding programmes in microfinance, start-up and expansion loans, a system of support services for entrepreneurs, and social outreach initiatives for minority segments of the Emirati population (KFED, 2013a).

The top-down determination to empower and integrate nationals in the private sector and through an entrepreneurship-oriented environment was crystallized in 2013 and 2014 by a series of events. Prior to the Emiratisation Summit 2013 in January, 2013 was declared as the year of Emiratisation in the UAE. The first Social Enterprise Week, a grassroots initiative, was launched in Dubai from 24th February to the 2nd of March 2014, followed up by The Business4Change Conference, a grassroots project, which took place on the 20th and 21st of March 2013, bringing the social enterprise in the business lights (Pepsico & Al Ahli Holding Group, 2013). In October 2013, KFED organised the first forum for entrepreneurship in Abu Dhabi (KFED, 2013b), which was followed shortly after by the Emirates Foundation’s first Annual Philanthropy Summit (Emirates Foundation for Youth Development, 2013) in November 2013. This summit brought out the topic of social enterprise and realised a difficult challenge in making a first attempt to define the concept in relation with the promotion of entrepreneurship and venture philanthropy in the UAE context. In March 2014, KFED hosted the 10th annual meeting of the International Network for Small and Medium-sized Enterprises (INSME), with the theme “Investing In Innovation: Building a Sustainable Knowledge-based Economy” (INSME, 2012). The second Social Enterprise Week took place in Dubai from 4th to 9th of March, under the title “Business as unusual” (Social Enterprise Week, 2014). In November 2014, the year 2015 was declared “the year of innovation” (The National Staff, 2014).
The government’s long-term response to curb national unemployment through the integration of its human capital into the private sector and to build an entrepreneurial mind-set, are reflected by internationally acknowledged indexes. These indexes are presented in Table 1.1. The United Nations Development Programme (UNDP) ranked the UAE 41 out of 186 countries in 2013 on its Human Development Index (HDI), a composite index measuring three dimensions of human development: a long and healthy life, knowledge and a decent standard of living (UNDP, 2013, p.148). The downgrading of five ranks from 2005 to 2013 might be due to the fact that the 2005 ranking was out of 177 countries. In the last competitiveness report of 1013-2014, the UAE ranked 19 out of 148 countries (WEF, 2013b), against 38 out of 134 countries in 2008-2009 (WEF, 2008), with a vast leap forward in the quality of its educational system. It is interesting to note that despite remarkable advancement in almost every indicator, the UAE retrograded 11 places on the “female participation in labour force” rank in 2013. With regards to corruption, Transparency International, an independent NGO, whose aims is to fight against corruption and promote transparency, ranked the UAE 26 out of 180 countries (Transparency International, 2014b), four places better than in 2009 (Transparency International, 2014a). UAE residents demonstrate the highest level of trust towards their government and institutions, as displayed in the 2014 Edelman Trust Barometer, with the UAE moving up from the 6th place in 2013 to the first place in 2014 (Edelman, 2014). The second World Happiness Report ranked the UAE 14 out of 156 in 2013, with the next GCC country Oman ranking 23rd (Helliwell et al., 2013). The Social Progress Index launched in 2013 by the Social Progress Imperative measures three dimensions of social development, namely Basic Human Needs, Foundations of Well-being, and Opportunity. These dimensions are themselves further divided into four components, each including three to six indicators. Although the UAE positioned itself 37th out of 123 countries, the ranking according to the three dimensions shows great disparities, with a rank in the Opportunity dimension as low as 60, and further disparities in the four components, especially between a relatively high ranking (19th) in Tolerance and Inclusion and a low ranking (118th) in Personal Rights (The Social Progress Imperative, 2014).
Table 1.1: THE UAE’S RANKING ACCORDING TO INTERNATIONAL INDEXES

<table>
<thead>
<tr>
<th>Index</th>
<th>Actual ranking</th>
<th>Previous ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human Development Index</strong></td>
<td>2013 41/186</td>
<td>2005 41/177</td>
</tr>
<tr>
<td><strong>Global competitiveness Index</strong></td>
<td>2013-2014 19/148</td>
<td>2008-2009 31/134</td>
</tr>
<tr>
<td>Quality of the educational system</td>
<td>15/148</td>
<td>38/134</td>
</tr>
<tr>
<td>Female participation in labor force</td>
<td>131/148</td>
<td>120/134</td>
</tr>
<tr>
<td><strong>Corruption Perception Index</strong></td>
<td>2013 26/177</td>
<td>2009 30/177</td>
</tr>
<tr>
<td><strong>Edelman trust barometer</strong></td>
<td>2014 1</td>
<td>2013 6</td>
</tr>
<tr>
<td><strong>World Happiness Index</strong></td>
<td>2012 14/156</td>
<td></td>
</tr>
<tr>
<td><strong>Social Progress Index</strong></td>
<td>2014 37/132</td>
<td>2013 19/50</td>
</tr>
<tr>
<td>Basic Human Needs</td>
<td>25/132</td>
<td>11/50</td>
</tr>
<tr>
<td>Foundations of Well-being</td>
<td>30/132</td>
<td>37/50</td>
</tr>
<tr>
<td>Opportunity</td>
<td>60/132</td>
<td>30/50</td>
</tr>
<tr>
<td>Personal Freedom and Choice</td>
<td>32/132</td>
<td>18/50</td>
</tr>
<tr>
<td>Tolerance and Inclusion</td>
<td>19/132</td>
<td>21/50</td>
</tr>
<tr>
<td>Access to Advanced Education</td>
<td>47/132</td>
<td>28/50</td>
</tr>
<tr>
<td>Personal Rights</td>
<td>118/132</td>
<td>44/50</td>
</tr>
</tbody>
</table>

1.3 PROBLEM STATEMENT AND RESEARCH QUESTION

The problem statement for this research study is at the crux of epistemological and ontological assumptions. On one hand, Sougha, a government-owned establishment for self-employed artisans in the UAE, seems to present attributes inherent to a social enterprise profile, but there is insufficient academic-based knowledge\(^2\) or evidence, for Sougha’s management or KFED to assert Sougha as a social enterprise. On the other hand, existing literature and assessment methods are embedded in the hegemonic reality offered by a western-based paradigm of social enterprise, which needs to be revisited to be of any relevance in the Middle East, or more specifically, in the UAE context. The research question established for this research study is thus as follows: To which extent can Sougha be considered as a social enterprise?

1.4 PURPOSE OF THE STUDY AND RESEARCH OBJECTIVES

This research study aims at providing an insight into Sougha’s potential to become a social enterprise in the UAE context. The purpose of this study is both contextual and evaluative (Savin-Baden & Howell Major, 2013, p.101), as it proposes an assessment of Sougha’s current attributes, in its context, against criteria from existing western-based social enterprise frameworks.

To address the research problem, the study has the following objectives:

- To present an accurate overview of the political, cultural and socio-economic background and the consequent development imperatives in which the study takes place. The overview will establish a base on which the social enterprise concept in the UAE can be re-visited.
- To make a selection of social enterprise assessment criteria, from functionalist frameworks carefully selected from the literature, and to identify Sougha’s present attributes from available existing documentation.

\(^2\) Informant 3 (Appendix B): “The base for that, we believe is to get external analysis, somebody from outside to look at it, it will be even useful to get some inputs to the way are happening, from a different perspective. I believe the right thing to do is to review, to assess our situation, maybe we need to continue the same things, or we need to refine it in different ways, let’s try to turn it into a full cycle.”
and from interviews with key informants. These two sub-objectives are occurring iteratively in the analytical table.

- To assess Sougha’s attributes against the specifically determined social enterprise criteria. The method employed to benchmark Sougha’s attributes against the selected criteria is a gap analysis.

1.5 SCOPE, EXPECTED LIMITATIONS AND OUTCOMES

1.5.1 Scope

This section refers to what the study covers, and does not cover. To investigate all the aspects of social enterprise as a solution to the socio-economic development imperatives in the UAE is a vast and complex enterprise. Therefore, a number of choices were made to demarcate this research study within certain parameters in the involved aspects.

The study follows a functionalist approach in its benchmarking process, using western-based frameworks which flexibility has been tested world-wide. In addition, bearing in mind that such a functionalist approach might display some irrelevance when used in such a novel context, an insight of the social constructionist approach is added, though not in depth, in order to re-visit the concept of social enterprise in the UAE, and to connect the study’s finding with the UAE’s specific context.

The study finds itself at the core of several institutional levels. While the micro level will be briefly discussed, this study does not embark on assessing Sougha’s social impact on the artisans as a social enterprise, but mainly focuses on the mezzo level represented by Sougha’s current situation and its potential as a social enterprise. It also relates contextually to the macro level, describing the relevance of Sougha’s activities to the national strategic visions and highlighting the top-down commitment to integrate the Emirati workforce into the national socio-economic visions.

The geographical demarcation of this study is varying with a literature referring to global, regional and UAE specific documents. Sougha started in the emirate of Abu Dhabi, with the scope of its activities now extended to the seven emirates of the UAE. The study will hence assess Sougha as a national
ranging social enterprise, but the reviewed information and data about the context and social enterprise business models may be emirate-based, federation-based, region-based and western-based. The geographical source will be specified for each reference as much as possible.

As discussed in sub-section 1.2.5, the demographic profile of the UAE is specific and needs some explanation. The study is primarily concerned with the national population, representing barely 20 per cent of the UAE’s total population (NBS, 2014), as it is the population that Sougha and the above-mentioned national strategic documents are targeting, not the residing population.

Regular contacts with Sougha are maintained during the period from January 2013 to December 2014, but the time period during which contextual information was gathered goes further back than 2013 in order to grasp the socio-economic trends of the UAE.

1.5.2 Expected limitations

The frameworks used in this study are tools to create social enterprises. Both frameworks are considered by the student to be complementary and result as a comprehensive business framework adapted for social enterprises, but they are not originally devised to function as assessing tools. A business framework is a “broad overview, outline, or skeleton of interlinked items which supports a particular approach to a specific objective, and serves as a guide that can be modified as required by adding or deleting items” (businessdictionary.com, 2013). It is not in the scope of this study to elaborate a business framework for Sougha. Rather, this study plans to use the frameworks’ elements as assessment criteria, an exercise which is expected to meet some limitations in the data gathering and analysis processes.

In the same vein, the gap analysis is a well-proven assessment tool to highlight differences or gaps between present attributes and ideal attributes, according to the definition stated in sub-section 1.6.8. Taking into consideration the cultural and institutional differences between the current state of an Emirati government-owned social-enterprise-to-be establishment,
and the desired state made of western-based frameworks, the benchmarking process needs to display creativity and flexibility.

1.5.3 Expected outcomes

First of all, the study is expected to provide some knowledge for Sougha’s management to grow Sougha into a social enterprise.

The desired attributes of the benchmark are not determined by Sougha’s management, as it would be in the case of an internal gap analysis conducted by a company for the direction to take; in this case they are externally conditioned. Therefore the likelihood for the gap analysis’s outcomes to lead to a clear “yes” to the question whether Sougha can be considered as a social enterprise is remote, as the realities of Sougha’s present state and the desired outcome are not necessarily convergent. It will rather give a much needed academic insight into Sougha’s present reality based on the available documentation, and suggest steps to take for Sougha to be considered as a social enterprise in its specific context.

There is also a modest ambition for the study to bring about an alternative perspective in the globalisation of the social enterprise concept, with innovative methodologies behind measurement and assessment of social enterprises. The rationale for this ambition is following a cautious inductive reasoning, in the sense that if the government-owned establishment Sougha presents attributes to be perceived as a potential social enterprise attributes, and if the benchmark criteria drawn from social enterprise frameworks present some validity to assess Sougha as a social enterprise, such an assessment could be used as a conceptual frame for other non-profit initiatives in the Gulf region, even though Sougha is not satisfying all benchmarking criteria. In other words, the functionalist benchmarking methods used in this study are hoped to be replicable for the assessment of other non-profit initiatives, public or private, as social enterprises in the UAE and the GCC region.
1.6 DEFINITIONS AND CLARIFICATIONS OF TERMS

1.6.1 Sougha

The word "Sougha", according to the local Emirati dialect, means gifts brought by a traveller to his family and friends upon returning from his journey (abudhabi.ae, 2013). For the purpose of clarity around what is designated by the term “Sougha” in this study, KFED owns two distinct bodies bearing the name of Sougha. The first one is the Sougha Initiative, which is the social outreach organisation launched by KFED in 2009. The second one is Sougha Establishment, a company launched by KFED in 2011. Although there is noticeable confusion in how the term is used in the documentation, in the study, Sougha Establishment is consistently referred to as Sougha, “the trade name of the company” in the dissertation, while the initiative is referred to as the Sougha Initiative. Sougha is the studied body in this dissertation, being assessed as a social enterprise.

1.6.2 Establishment

According to Abu Dhabi Department of Economic Development (DED, 2014), “The establishment is a facility owned by one person only, (sole proprietorship) licensed for practicing an economic activity (commercial, professional, agricultural or occupational). The financial liability of the establishment lies with the owner, who bears all the financial obligations of the establishment. In case that the owner of the establishment in a non-citizen, there must be a UAE citizen who acts as a service agent for the establishment.”

1.6.3 Khalifa Fund for Enterprise Development

Khalifa Fund for Enterprise Development is interchangeably referred to as Khalifa Fund, KF, or KFED in the Appendices. Khalifa Fund for Enterprise Development is consistently referred to under the acronym KFED in the dissertation and in the student’s contribution in the Appendices.
1.6.4 Social enterprise

It seems convenient to have a clear sense of what is meant by social enterprise at this stage of the dissertation. Although the concept is extensively discussed in section 2.2, with a selection of definitions, the most contextually applicable definition is offered here: “A social enterprise is any business venture created for a social purpose—mitigating/reducing a social problem or a market failure—and to generate social value while operating with the financial discipline, innovation and determination of a private sector business” (Alter, 2007, p.12). Social enterprise is interchangeably referred to as social enterprise or SE in the Appendices, but is consistently referred to as “social enterprise” in the dissertation.

1.6.5 Criteria

Criteria are the plural form of the noun “criterion.” Criterion is defined as “A standard by which something can be judged or decided. In a typical context, there is more than one criterion under consideration and thus the plural “criteria” is more commonly encountered” (businessdictionary.com, 2015). In the light of the study, the term “criteria” is used to define the 21 benchmarking elements taken from the frameworks.

1.6.6 Attribute

The term “attribute” needs to be clarified in the context of this study, as it holds many significations, and can be used in many different ways. Attributes, according to Durrheim & Painter (2006, p.140): “are particular features an object may have along various dimensions... When we measure objects, we normally attend to particular attributes of the objects, and measure these.” It is difficult to assess Sougha as a whole, but fragmenting Sougha’s organisation and activities into particular attributes helps for the assessment against criteria, especially if the conceptual meaning of these attributes is reasonably matching the conceptual meaning of the criteria. In this study, the term “attribute” will be used to designate specific aspects of Sougha, in order to be able to assess Sougha. Sougha’s attributes are encompassing its activities,
its structure, its input and output and other inherent elements which could be used in the benchmark.

1.6.7 Benchmark

A business-specific definition of a benchmark stands as follow: “Standard, or a set of standards, used as a point of reference for evaluating performance or level of quality. Benchmarks may be drawn from a firm's own experience, from the experience of other firms in the industry, or from legal requirements such as environmental regulations” (businessdictionary.com, 2013). In this study, the benchmark occurs in the gap analysis, with Sougha’s attributes assessed against criteria drawn from two frameworks.

1.6.8 Gap analysis

A gap analysis is “a technique that businesses use to determine what phases need to be taken in order to move from its current state to its desired, future state. Also called need-gap analysis, needs analysis, and needs assessment. Gap analysis consists of (1) listing of characteristic factors (such as attributes, competencies, performance levels) of the present situation ("what is"), (2) listing factors needed to achieve future objectives ("what should be"), and then (3) highlighting the gaps that exist and need to be filled” (businessdictionary.com, 2013).

In the gap analysis used in this study, the first two listings are inverted. The criteria defining what should be are presented in the first column. Then Sougha’s attributes, representing Sougha’s current position are stated in column 2. Column 3 highlights the gaps found between the first and the second column, in the form of findings. Column 4 presents recommendations.

1.7 DISSERTATION STRUCTURE

The dissertation consists of eight chapters and an Appendices section, and is structured as follows: Chapter 1 introduces the geographical, political, demographic, cultural, and socio-economic contextual background of the UAE and its subsequent developmental imperatives, the study’s problem statement and research question, as well as its purpose and the research objectives.
The chapter covers also the scope, expected limitations and outcomes. Several definitions and clarification of terms are also provided. The chapter ends outlining the dissertation’s structure. Chapter 2 reviews relevant literature related to the concept of social enterprise, and to the study’s contextual background. Chapter 3 revisits the concept of social enterprise by providing a historical perspective in which the concept developed, situating the field of social enterprise, explaining the dual nature of social enterprise, and discussing the suitability of Western-based models to develop and assess social enterprises in the Middle East. Chapter 4 presents Sougha and its current structure and explain its relevance as a potential social enterprise. The methodology encompassing the research design, the study’s iterative process, data collection procedures, data analysis, as well as comments on the reliability and validity of the research and ethical considerations makes the content of chapter 5. Chapter 6 covers the findings of the gap analysis and further recommendations. Chapter 7 concludes the study, addressing the research question, a reflection on the study’s steps, followed by a short discussion on the study’s limitations and choice of framework, as well as suggestions for further research. A bibliography makes the content of chapter 8. Appendices are listed after the bibliography.

1.8 CONCLUSION

This chapter set the scene of the study, introducing the reasons to conduct a study for Sougha, and thereafter grounding the study in the development context of the UAE. The problem statement and research question were explained, as well as the study’s purpose and its main objectives. The scope of the study, its expected limitations and outcomes were presented subsequently, followed by the definition and clarifications of the principal terms. The chapter closed on an outline of the dissertation’s structure.
2 LITERATURE REVIEW

The study is framed within a pragmatic paradigm, exploring an emerging topic. Consequently the literature reviewed for this study is comprehensive, but not content-intensive. By this term, it is meant that in order to get relevant pieces of information, an extensive amount of literature was browsed. The literature review presented below is not all-inclusive. Although it explains the searching methods, the organizations and management of the sources and the challenges encountered, the literature review is employed to support the study background in section 1.2, and the re-visitation of the concept of social enterprise in chapter 3, and to a lesser extent other sections of the study.

This chapter’s structure is articulated in order to present the different areas of existing literature necessary to gain knowledge about the concept of social enterprise, to gain knowledge of the knowledge in which the research study takes place, and to explore the concept of social enterprise within the contextual reality of the GCC region and more specifically the UAE. It reviews the writings from different authors, journalists, organisms and academic researchers, in order to bring a sensible answer to the research question.

The chapter is segmented in three sections. Section 2.1 explains the diverse sources of literature reviewed and the different challenges encountered in the sourcing and referencing. Section 2.2 presents a review of the literature body related to social enterprise, on which the descriptive content of chapter 3 is grounded. Section 2.3 reviews the literature body dedicated to bring light on the contextual situation in which the study takes place, bringing the factual and academic knowledge necessary for the study background in section 1.2.

Elaborating the different sections’ content happened concurrently and interactively, mostly during the contextual research period, but went on during the data collection and analysis and reporting period as well. This reviewing literature method serves well the iterative process used in this study, and goes along with Marshal and Rossman’s statement (in Patton, 2002, p.226) “the literature review may go simultaneously with fieldwork, permitting a creative interplay among the processes of data collection, literature review, and researcher introspection.”
2.1 LITERATURE SOURCES AND REFERENCING

Several types of secondary sources, such as books, book sections, articles from academic journals, reports, articles from periodicals, and websites, were appraised as literature in this study.

The research takes place in Abu Dhabi, where the availability of academic published books is restricted. A limited number of books were borrowed at the Abu Dhabi-based Zayed University library and at the Emirates Center for Strategic Studies and Research (ECSSR). Amazon.com or other main on-line books suppliers were not delivering in the UAE in 2014. Apart from a limited number of reports physically retrieved at different governmental entities in Abu Dhabi, and books bought in France and brought back to the UAE by the student, online search was extensively relied on to find relevant sources.

The literature review is spearheaded by two strategic documents clearly highlighting the role played by national human capital in their socio-economic development imperatives. The UAE Vision 2021 (UAE 2021) is based on the foundations laid out by the UAE Government Strategy 2011-2013, a two years plan followed by all Federal Entities. Both documents were released in 2010 by the UAE Cabinet. The vision is articulated into six national priorities determining the different sectors the government will focus on to achieve this vision (UAE Cabinet, 2010b). The second document is the Abu Dhabi Economic Vision 2030 (AD 2030), published by the government of Abu Dhabi in 2009. This document serves as a roadmap guiding the socio-economic development of the Emirate, according to the federal Policy Agenda 2007-2008’s expectations (The Government of Abu Dhabi, 2009). AD 2030 includes the term “entrepreneurship” in its vision statement and it is also part of its second objective which focuses on enlarging the enterprise base. These visions were referred to throughout the study, as it grounds both the potential of social enterprises to address some of the national development imperatives, and the potential of Sougha to become a social enterprise.

Academic articles, dating back as far as 1991, were browsed and retrieved from different internationally acknowledged journals. These articles were retrieved either directly from the journal online site, or through online open-
access academic website such as academia.edu or researchgate.net. Their review provides an academic background for the specific context of the UAE, or theoretical credentials at the base of the social enterprise concept. A list of these journals is provided below, with their publisher and whether they are peer-reviewed:

- The International Journal of Human Resource Management, Taylor & Francis, peer-reviewed,
- Middle East Policy, Wiley-Blackwell, peer-reviewed,
- International Public Management Review, only electronic, peer-reviewed,
- Education, Business and Society: Contemporary Middle Eastern Issues, Emerald Insight, peer-reviewed,
- Entrepreneurial Practice Review, only electronic, peer-reviewed,
- Foreign Affairs, Council on Foreign Relations, not peer-reviewed,
- The Global Journal, Société des Fondateurs de The Global Journal SA, not peer-reviewed,
- OECD Journal: Economic Studies, OECD, peer-reviewed,
- Government and Opposition, Cambridge University Press, peer-reviewed,
- Green Money e-journal, Green Money
- ACRN Journal of Entrepreneurship Perspectives, ACRN, peer-reviewed,
- Organization Studies, Sage Journals and the European Group for Organizational Studies, peer-reviewed,
- International Small Business Journal, Sage Journals, peer-reviewed,
- Journal of International Business Studies, Palgrave Macmillan, peer-reviewed,
- Harvard Business Review, Harvard Business Publishing, not peer reviewed,
- Social Enterprise Journal, Emerald Insight, peer reviewed,
- UNESCO Observatory Refereed e-Journal, The Graduate School of Education, peer reviewed
- Journal of Business Research, Elsevier, peer reviewed,
• Hunger Notes, World Hunger Education Service (WHES)
• Long Range Planning, Elsevier, peer reviewed.

Reports represent a valuable literature, because in addition to their academic value, they offer reliable estimations and statistics about a topic. Reports from international organizations covering the Middle East were included, although they usually didn’t segregate the national population from the expatriate population in their study.

The UAE’s social and economic landscape is in rapid transformation. The phenomenon of social enterprise is new to the GCC region, and finding up-to-date documentation is vital, but challenging. Having this as a standpoint, non-academic sources such as articles from periodicals and websites were considered relevant, as long as they were related to social entrepreneurship in the UAE or GCC region. This kind of review has its limits, as the content of such articles and websites is not entirely objective, and is designed to present a positive image of the UAE.

Online articles related to entrepreneurship, socio-economic development imperatives and social enterprises were retrieved from periodicals such as Bloomberg, and local daily newspapers such as the Abu Dhabi-based The National, and the Dubai-based Gulf News and Khaleej Times.

The consulted websites were classified in three main groups:

• National official government websites, such as Tanmia, the UAE Cabinet, the National Media Council, Statistical Center Abu Dhabi (SCAD), Abudhabi.ae, MOHESR, Emirates Foundation for Youth Development, KFED, and the National Bureau of Statistics (NBS), provide national statistics and reasonably up-to-date contextual information.

• International official organisations websites, such as UN, UNDP, OECD, ILO, IMF, The World Bank, The World Economic Forum, the European Commission, Transparency International, The Social Progress Imperative, provided online documentations such as reports, conference proceedings and working paper, while also serving as sources for global statistics and measurement indexes.
Other kind of websites were also consulted to provide targeted contextual or factual information, they will be mentioned in the relevant review section.

Varied sources searching methods were used. Books and academic documents' bibliographies were used to rebound on other documents. The Zayed University library and the ECSSR databases were perused. Both browsers Google Chrome and Internet Explorer were searched with key terms, as they often presented a difference in their results. Internet Explorer’s “add to favourite” option was found helpful, and all literature links were registered in different folders for record on the student's personal computer. PDF, Word and PowerPoint files were saved in an electronic documentation centre on the student's computer. A physical space was also reserved for classification of paper-based documents such as books, reports and other types of documents.

The bibliography was elaborated using the Microsoft Word 2010’s “Citations & Bibliography” sources manager, with the style option Harvard Anglia. The student found it challenging to enter appropriate references for the diverse document sources found on internet.

2.2 REVIEW OF LITERATURE RELATED TO SOCIAL ENTERPRISE

The relevance of this section is grounded in the epistemological and ontological assumption that there is insufficient academic-based knowledge to know whether Sougha can be labelled as a social enterprise. This review is used as an academic foundation for the chapter 3, dedicated to revisit the concept of social enterprise.

In order to answer the research question as to which extent Sougha can be considered as a social enterprise, this section is critical as it firstly reviews relevant academic works related to social enterprise, secondly it highlights the scarcity of GCC-based literature, thirdly it reviews literature about the social constructionist theory that is thought to give light on the reality of social enterprise in the Middle East/GCC region. Lastly, frameworks are identified from this review and selected to extract criteria for the benchmarking.
Academic literature around the theme of social enterprise is relatively extensive, and almost always stems either from American or European research. In order to compensate this hegemonic perspective, an effort is made to include literature observing an international and inclusive paradigmatic view of social enterprise, and budding regional literature about entrepreneurship.

In addition to the above-mentioned academic literature, a selection of nine websites or documents from websites was consulted to provide up-to-date or UAE-specific information about social enterprises. These websites are hosted and sponsored by universities or international organisations, or are representing a well-renowned institution. The websites are listed below in their order of appearance in the dissertation:

- socialenterprise.org.uk (Social enterprise FAQs) and (What are social enterprises?) (Social Enterprise UK, n.d.),
- rochdalepioneersmuseum.coop (Wilson et al., n.d.)
- emiratescoop.ae (Emirates Cooperative Society, 2014)
- ec.europa.eu (European Commision, 2013)
- se-alliance.org (Social Enterprise Alliance, 2014)
- caseatduke.org (CASE, n.d.)
- IslamiCity.com (2014)
- consultandcoachforacause.com (C3 - Consult & Coach for a Cause, 2014)
- businessmodelgeneration.com (businessmodelgeneration.com, 2013)

An article from Libo-on (2012), a journalist from the Khaleej Times, provides additional information about cooperatives in the UAE. Four articles from The National provide updated contextual information related to the situation of social enterprise in the UAE. An article from Kannan (2014) highlights the tradition of charity in the UAE. An article from Sahoo (2013b) depicts the role played by Hub Dubai in the local social entrepreneurship landscape. Another article from Sahoo (2013a) is used in the introduction of this study, as she keenly followed Sougha’s evolution and knows the establishment well. A similar article is authored by Gutcher (2013), mentioning the Acumen chapter
in Dubai, and the role it plays in promoting social enterprises in the UAE business ecosystem. Jafar is not a journalist, but the Chief Executive Officer of Crescent Enterprises and the founder of the Pearl initiative, a UAE-based non-profit institution dedicated to improve corporate accountability and transparency in the GCC region. He regularly publishes contributions in The National about socio-economic issues and the need for better governance in SMEs. Two of his contributions are included in the literature review. In his article titled *Gulf region in need of more social entrepreneurs*, Jafar (2013a) takes on a precursor role in proposing what the social enterprise concept should involve in the GCC context.

### 2.2.1 Review of literature related to the social enterprise concept

This review opens with works depicting historical events believed to be at the origin of social enterprise, and then it links the concept with parented concepts such as civil society and social economy. The preponderance of the functionalist approach, favouring a unifying definition of the concept through organisational analysis is underscored at the end of this review. Despite a resolute Western-oriented approach describing social enterprise as a universal concept, *Social Entrepreneurship: what everyone needs to know* is a book written by Bornstein and Davis (2010). It provides interesting historical insights about social enterprise, with a specific ICT-oriented dimension, supplemented by an article from Pilat, Dirk, and van Ark (2002). Interesting complementary elements about social enterprises development were provided reviewing Keohane’s book titled *Social entrepreneurship for the 21st century: Innovation across the nonprofit, private, and public sectors*, which investigates the place occupied by social entrepreneurship across the non-profit, private and public sectors in the American context (Keohane, 2013). *The global political economy* contribution by Linden (2003), frames the global economic events foreshadowing the growing relevance of grassroots movements at the end of the last century. Salamon’s (1994) seminal article titled *The Rise of the Nonprofit Sector* is frequently referred to in sections 3.2 and 3.3, due to the objective and global content of his essay which, through numerous examples,
highlights the global historical, cultural, political reasons behind the phenomenon. Seth and Kumar (2011) provide an Indian perspective in the social enterprise development field, as well as relevant examples weighing against the hegemonic western literature in their article. Although not academic, Oxfam’s press release was included in the review, as it pinpoints the failure of existing eco-political systems to address global social issues (Oxfam, 2014). The academic article authored by Svitych (2013) warns against a global tendency to decrease the power of welfare state. This view is interesting to balance the apparent contradiction of the grassroots movement resulting in social enterprises, and the acknowledged fact that without favourable regulations and political environment, it is difficult for the social enterprise movement to scale up. An article from Caritas International and CIDSE (2014) also discusses the reasons behind the weakening of the states, often occasioned by western-based policy decisions, and describing the impact of these decisions’ devastating effects on third world populations. Although the work of Shils (1991) is quite rigidly based on western values, his definition of civil society is taken as a point of departure in section 3.3, whereas the Centre for Civil Society Report on Activities 2002-05 (Centre for Civil Society, n.d.) broadens the concept and the nature of its relations with other sectors. A report penned by Chaves and Monzón (2012) brings a much needed linkage between the economic role played by social enterprises and the social economy paradigm. The report was drawn up for the European Economic and Social Committee by the International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC). An OECD report written by Buckingham & Teasdale (2013) focusses further on the potential role to be played by the social economy and social entrepreneurship on employment. A pioneer in the field of social enterprise, Dees (1998) provides extensive research specifically in the innovative relations to find place between non-profit organization and the business world. His article titled Enterprising Nonprofits is mentioned several times in section 3.4 dealing with the dual organisational nature of social enterprise, as it illustrates the challenges and opportunities of bringing the non-profit world closer to the business world when funding become scarce. Although his views and frameworks are American-centred, his argumentation is valid for this
study at he is taking the duality from the non-profit side, directing it toward a more business oriented approach, instead of the opposite. The duality of social entrepreneurship is also appraised in Bugg-Levine and Emerson’s (2012) writing. These two authors made an influential contribution, though still strongly oriented towards western models, on the different types of investments available for social enterprise, and coined the now globally accepted term “impact investing” in their article. Jones and Keogh (2006) open the discussion on the universality of a conceptual definition for social enterprise, acknowledging the already complex picture in their UK-based study.

Building on the study written by Morris, Schindehutte and Minet (Morris et al., 2005), which researches on the role of business model in entrepreneurship development, Grassl (2012) carries on with an interesting study addressing the terminological confusion around the concept of social enterprise. According to him, the core quality of social enterprise is difficult to define, due to its flexible and dual nature existing along a continuum. Social enterprises are defined through their organisation, by the type of their purpose and activities, hence by the design of their business model. This functionalist approach taken in Grassl’s article influenced largely the decision to choose a business model as one of the frameworks to benchmark Sougha against. A flexible and seemingly well-accepted definition of business model is proposed in sub-section 3.5.4, but its authorship is not clear from the literature, as Casadesus-Masanell and Ricart (2010, p.6) quote Baden-Fuller, MacMillan, Demil and Lecoq as the authors, while during the same year, Baden-Fuller and Morgan (2010, p.158) quote Casadesus-Masanell and Ricart as the authors for the definition.

2.2.2 Sparse literature about social entrepreneurship in the GCC/UAE

The literature review indicates that there is a knowledge gap about the state of social enterprise in the MENA/GCC region. This paucity is clearly demonstrated by the non-inclusion of the MENA region in the Johns Hopkins Comparative non-profit Sector Project (Salamon et al., 2000), and in Kerlin’s
book *Social enterprise: A global comparison*, with the motive that “during the stage of the book’s development these regions either had no known social enterprise movements or such movements had not achieved a broadly recognizable form” (Kerlin, 2009, p.5). Despite an evident motivation to open to different schools of thoughts across the world, the Middle East is absent from mentioned regions in the comparative perspective in the EMES approach of social enterprise (Defourny & Nyssens, 2012, pp.29-30). Likewise, a study conducted by Galera & Borzaga (2009, p.1) claims to “provide an overview of the evolution of the concept of social enterprise in the international literature”, but the study is an analytic review, built on previous work based on literature from European countries.

An exception to the scarcity of regionally-based literature is the report authored by Abdou, Fahmy, Greenwald, and Nelson, and jointly published by Wolfensohn Center for Development at Brookings, the Dubai School of Government and Silatech: *Social entrepreneurship in the Middle East, towards sustainable development for the next generation* (Abdou et al., 2010), which provides a local perspective on the opportunities and challenges faced by social enterprises in the region. In her UAE-based contribution titled *The Role of Non-State Actors in Promoting Change*, Ottaway (2007) emphasises mutual responsibility of the state and non-state actors to enable change, while Baabood (2008) explains the overarching and reuniting role of the religion in the quest of national identity for the GCC young nations in his book contribution titled *Sport and Identity in the Gulf*. Lastly a book titled *Islamic Entrepreneurship* and authored by Kayed and Hassan’s (2011) is extensively referred to, as it brings a much-needed local cultural and religious angle to revisit entrepreneurship in the GCC region, highlighting the irrelevance of western development framework when implemented without discernment in an Islamic context.

### 2.2.3 Literature review about the social constructionist approach

While the study used a functionalist approach, benchmarking the attributes of a government-owned non-profit establishment against western-based criteria,
a social constructionist perspective is added as a secondary approach, to suggest a re-visitation of the concept of social enterprise in the UAE, and to facilitate a connection of the study’s findings to the highly specific UAE context.

The social constructionist approach is explained in sub-section 3.5.2. The following sub-section is dedicated to the social constructionist literature reviewed.

The social constructionist theoretical approach is largely sustained by Chell’s (2008) book titled *The entrepreneurial personality: a social construction*. Although the book is addressing the entrepreneurial personality in the light of the social constructionism theory, chapter seven dealing with paradigms, methodology and the construction of the entrepreneurial personality has provided a useful insight on the approach. Lindgren and Packendorff (2009) authored an article questioning the mainstream assumptions in entrepreneurship research and examining the positive value of social constructionist perspective as a theoretical field in the development of entrepreneurship research. While the argumentation of their article was directed towards organizational entities, Clegg, Rhodes, and Kornberger (2007) argues that belief systems are commonly developed in a society or organisation, in order to share a common understanding. Another very valuable work is a chapter in “Social Enterprise: Accountability and Evaluation around the World” authored by Grant (2013). In her chapter titled *Social enterprise through a critical appreciative lens*, she insists on the geographical and regional limitations when it comes to the validity of social constructs. Another article from Grant and Dart (n.d.) takes the social constructionist perspective to investigate the value given to the concept of social entrepreneurship in a given context. More precisely, a last article authored by Thomas and Mueller (2000) questions the transferability of western-generated entrepreneurship research to other contexts.

### 2.2.4 From the review: Identified frameworks

Several functional frameworks from different literature works have been reviewed to be used in the benchmarking exercise. Kerlin’s six variables...
(Kerlin, 2009, p.188) were considered as criteria for inclusion in the gap analysis, but were not taken further, as the variables reflect the sum of several social enterprises’ attributes in a given region, to be compared with other regions. The working paper *The EMES approach of social enterprise in a comparative perspective* analyses social enterprises through three sets of indicators for three distinct dimensions (Defourny & Nyssens, 2012). The paper was reviewed for its academic content and for its potential eligibility as a framework. While the dimensions revealed to be thought-provoking during the review, the indicators displayed a largely European-centred in their measurement approach. Benchmarking Sougha in its current situation, using these indicators as criteria, would have been meaningless and not constructive. For this reason, the EMES analytic framework was not taken further in the benchmarking process occurring in the gap analysis.

The most important documents of this review require a paragraph on their own, as they do not fit in the secondary source types described in section 2.1, but form the academic sources from which criteria for the benchmarking are retrieved. Osterwalder and Pigneur’s *Business Model Canvas* (2013) is available online and presents a very flexible framework for businesses of all sizes, and situated around the globe. In the light of this study, and despite the fact that it is a document only sourced on her Australian-based company’s website, it is Burkett’s (n.d.) adaptation of the Business Model Canvas (BMC) for social enterprise design, which is selected as the first framework, as she re-designed the BMC, adding the social impact on to the commercial impact for each of the nine elements of the model.

The second selected framework is the *Social Enterprise Typology* elaborated by Alter (2007). The typology is a comprehensive document which, in addition to offering a classification of the different models of social enterprise, serves as a functional manual for the building of social enterprises’ organisational structures and methodologies. The author claims that the presented social enterprise models are relevant worldwide (Alter, 2007, p.i). The Social Enterprise Typology is available as an electronic document on the site of Virtue Venture (Alter, 2015), a company managed by Kim Alter which provides support to non-profits to design, implement and manage social
enterprises. In order to use pagination in the in-text referencing, a 2007 updated version with page numbers of the typology was retrieved from the website academia.edu to be used in this study. The document is considered as academic, as the typology has been cited more than 500 times in social enterprise literature\(^3\). In fact, most studies included in this review mention the typology in their bibliography.

2.3 A REVIEW OF THE CONTEXTUAL LITERATURE

As stated in the previous section, a thorough knowledge of the UAE’s social, political cultural and economic context and developmental challenges (possibly extended to the GCC region) is necessary to grasp social entrepreneurship, and given its rapid evolution, up-to date documentation is required. This sub-review is comprehensive, as it encompasses a wide array of documentations sources which are covering the region’s unemployment problematic, the UAE’s social development imperatives and its unique demographic profile, and the role of the government.

2.3.1 Unemployment in the MENA/GCC literature

The aftermath of the Arab Spring, in January 2011, was followed with a surge of literature discussing employment challenges in both the MENA and GCC region. Hitherto, the literature remains at the stage of challenge identification, with cautious recommendations proposed, but adapted solutions with regional success stories are yet to be offered. Four reports were included in the review to discuss aspects of these challenges. In the *Arab World competitiveness Report 2011-2012*, published by the WEF and OECD, O’Sullivan, Rey, and Galvez Mendez (WEF and OECD, 2011), are the author of the second section intituled “Opportunities and Challenges in the Mena Region.” This section highlights two significant facts, with one being the outcome of the other. There are high levels of unemployment in the MENA, with youth and women as the exposed groups, and “job creation is the first priority in the MENA region” (WEF and OECD, 2011, pp.43-44). The OECD’s report *Women in Business: Policies to Support Women’s Entrepreneurship Development in the MENA*

\(^3\) According to an email from Kim Alter to the student (Alter, 2014)
Region is primarily focusing on business-related challenges for women, but the executive summary is offering an interesting overview of the entrepreneurial situation in the MENA region (OECD, 2012). ILO’s report *Rethinking economic growth: towards productive and inclusive Arab societies*, is presented as a preparatory study for addressing the prospects for decent employment creation in the Arab States (ILO, 2012, p.9). The report is interesting as it displays the variances in employment challenges among the three sub-regions constituting the MENA region. In particular, a GCC specific paragraph highlighted the usefulness of entrepreneurship programmes. The World Bank’s report *The Environment for Women’s Entrepreneurship in the Middle East and North Africa*, authored by Chamlou, offers an excellent analysis of female entrepreneurs in the Middle East. Unfortunately, as the report is dated from 2007, the content is not up-to-date, and data from the United Arab Emirates is too scarce to be of any use in this research study. However, it is worth to mention that the 2007 overview already highlighted unemployment as a chief challenge, while identifying female entrepreneurship as one of the solutions to a sustainable economic growth (The World Bank, 2007, p.vi).

In addition to these four reports, a UAE-specific academic article written by four professors at the Faculty of Business and Economics, United Arab Emirates University was selected, as it provides an insight on how unemployment is linked with UAE-related issues such as Emiratisation, and national security (Forstenlechner et al., 2012). Two of the professors’ fields of expertise are respectively human resource management in the Middle East for Forstenlechner, and economic diversification and labour force nationalisation for Rutledge. The article used here is *Emiratisation: determining the factors that influence the recruitment decisions of employers in the UAE*, published in The International Journal of Human Resource Management in 2012. Other articles from these two authors are reviewed, as they offer a unique and updated perspective on employment issues in the UAE.
An article from Sean Cronin, The National’s Deputy Business Editor, is providing the Middle East latest relevant statistics pertaining to unemployment (Cronin, 2014).

### 2.3.2 Literature about the UAE and its socio-economic development imperatives

In this sub-section, the reviewed literature covers general factual information featuring the country, the political structure, and the socio-economic development imperatives. The literature is classified by type and will start with the review of six reports, two relevant journal articles, one website followed by the UAE yearbook collection, two UAE-based books and one Middle East-based book. It is continued by a paragraph presenting newspaper articles. Then the sources of geographical maps are discussed.

The necessity of embarking on a national socio-economic conversion through economic diversification, enhanced production and social capacity building and thus collecting data at federal or emirate level is illustrated by the burgeoning publications which follow. Six reports are consulted to provide an accurate insight into the development imperatives of the Federation. The review will start with the information retrieved from two international agencies reports, and continue with four locally produced reports, with most of them being the first of their kind within the country. The brand new *Global Competitiveness Report 2014–2015*, authored by Klaus Schwab and his team, and published by the WEF, offers a comprehensive overview of the competitiveness performance of 144 economies. It displays the ranking of these countries according to more than 100 indicators and 12 competitiveness pillars (WEF, 2014). The report provides a detailed and updated insight on the UAE’s progress, which ranks 19 in 2014, compared to 31 in 2013. The IMF (2013) published a GCC-based report titled *Labor Market Reforms to Boost Employment and Productivity in the GCC*. This is a report rich in up-to-date facts related to economic diversification, identified as being key to enhancing non-oil sector growth and job creation for nationals. Information and statistics about the western region are also retrieved from a recent report prepared by the Competitiveness Office of Abu Dhabi (COAD, 2013), in cooperation with
the Department of Economic Development (DED). The *Abu Dhabi Competitiveness Report* is the first published report addressing the state of competitiveness, evaluating the drivers of competitiveness in the emirate’s three sub-regions. The report proved to be a reference throughout section 1.2., giving insight on the needed shift of workforce to transit from a labour-driven economy to a knowledge-based economy, and entrepreneurship as a decisive factor in the integration of national workforce. It also links female workforce demographics to national competitiveness (COAD, 2013).

The 2010 report *Towards Innovation Policy in Abu Dhabi: Indicators, Benchmarking, and Natural Resource Rich Economies*, prepared by the International Organisation for Knowledge Economy and Enterprise Development (IKED) for the General Secretariat of the Executive Council (GSEC), investigates the status of Abu Dhabi on its economy diversification agenda, with three targets in mind, namely investment in the human capital, innovation and the development of a knowledge-based economy. These three targets are also explicitly identified in AD 2030. The contribution of entrepreneurship in diversifying the economy away from oil is dealt with in the two following locally-produced reports. The fifth Global Entrepreneurship Monitor (GEM) report on *Entrepreneurship in the United Arab Emirates 2011* was published in 2011 by Zayed University. The findings of this report are survey-based, with more than 3000 adults (both expatriates and nationals) interviewed in the country, and aim to “assist in drawing up an Entrepreneurship Policy Framework, which provides the background and supporting information to the national entrepreneurship policy and strategy” (Van Horne et al., 2011, p.14). A subsequent report followed in 2013, *Entrepreneurship: an Emirati Perspective*, which draws on data collected for the 2011 GEM with a focus on the “entrepreneurial activities, aspirations and attitudes” of Emirati entrepreneurs in the UAE (El-Sokari et al., 2013, p.14).

In his journal article published in 2008 in the International Public Management Review, the United Arab Emirates University political science professor Mansour (2008) addresses the relevance of privatisation in the UAE. In *The Impact of Privatization on the United Arab Emirates*, a sub-section of his work is devoted to explain the very particular mix of public sectors in place in the
UAE, namely the federal formal public sector and the informal public sector (Mansour, 2008, p.75). More specifically, he is giving a comprehensive explanation of what the informal public sector is, its origin, and its role for the population and for political stability. Another journal article from Forstenlechner and Rutledge (2010), titled *Unemployment in the Gulf: Time to Update the “Social contract”*, was published in the Middle East Policy journal. The article offers a perspective on the social contract prevalent in the UAE, and the necessity for a top-down induced adjustment of the contract for a better fit with the on-going socio-economic transformations in the UAE. Due to its high relevance, this article is referred to several times throughout section 1.2.

The social contract credo is also running throughout the unequivocal “Tamkeen” speech performed by His Highness Mohammed bin Rashid Al Maktoum, the ruler of Dubai in 2007. An integral version of the speech can be found on The National Media Council’s website, uaeinteract.com (The National Media Council, 2007), which displays general official information about the UAE. Another page of the same website is consulted as a source for the UAE’s political system (The National Media Council, n.d.). Online yearbooks about the UAE were published first by London-based Trident Press Ltd until 2013 and then by Dubai-based Elite Media, in cooperation with the National Media Council. These yearbooks complete the role played by the website uaeinteract.com, and are relied on to provide contextual information throughout section 1.2 (Trident Press Ltd, 2006; 2010; Elite Media, 2013). The information retrieved is mainly about the federal political system.

Two books focusing exclusively on the UAE provide extensive background knowledge. The first one is authored by an assistant professor and coordinator of the Gulf Studies Program at Qatar University. In her book *Women in Civil Society: The State, Islamism, and Networks in the UAE*, Krause (2008) offers a unique perspective of the civil society concept in the UAE, with an added angle of the role women have in social participation. This book is referred to in the research study’s contextual issues pertaining to the political system and the existing relations between the state and its citizenry.
In particular, it brings an alternative light on the so-called absence of civil society between the spaces occupied by the state and the private sphere.

Dr Heard-Bey has lived in Abu Dhabi for over 40 years and worked for 39 years at the Centre for Documentation and Research. Her book *From Trucial States to United Arab Emirates: a society in transition* was first published in 1982 and is considered as one of the country’s documentary literature references. The book covers historical and geographical information, as well as a thorough explanation of the tribal social system influencing virtually all structures of the federation (Heard-Bey, 2004). However, the use of the book is limited to background knowledge, as it does not address the socio-economic development imperative identified since its last publication. Defining a rentier state from a Middle East perspective is a challenge. In a third book titled *Studies in Economic History of the Middle East*, a chapter authored by Mahdavy has become a reference in the pioneering search of a conceptual meaning of a rentier state. With *The Patterns and Problems of Economic Development in Rentier States: The Case of Iran*, Mahdavy (1970) provides a definition that withstood the test of time and which introduces the concept of dependency mentality in Middle East rentier states.

Global and local newspapers are considered as relevant sources of updated data. The *U.A.E.’s Drive for Emirati-Run Economy Is Thwarted by Handouts* is written by Brown, Bloomberg’s first Middle East economy and government reporter. Brown is now based in London, and is still working for Bloomberg as an emerging markets editor. In his unambiguous article, Brown (2007) claims that the Emirati government’s generosity towards its citizens is not outcome-oriented and reinforces a culture of dependency, and thus hampers the productivity of its local workforce. This statement was a very strong one back in 2007, but reflects accurately the identified current main rationale behind the general social development imperatives. An article titled *Wave of development projects to provide jobs in Al Gharbia*, from Arnold, a senior correspondent at The National, reveals to be a good source about development projects in the western region of Abu Dhabi. It also divulges discrepancy between the type of education offered and the available positions within the geographical area of Al Gharbia (Arnold, 2014). Arnold’s articles are
valuable in the sense that they combine in-depth research, usually with interviews, with topic-relevant statistics. Arnold also contributed to the elaboration of the UAE yearbook 2010 (Trident Press Ltd, 2010).

Good maps of the UAE are hard to find. On its website, the Middle East business intelligence (MEED, 2014) provides country-based profiles and business data. The map displayed on the UAE page was preferred to other maps presented in the UAE official yearbooks, as it shows both an overview of where the UAE are situated within the GCC, and of the seven emirates within the UAE. The second map focusing on Abu Dhabi is taken from Explore Abu Dhabi through statistics, a report published in 2013 by the official source of statistical data in Abu Dhabi (SCAD, 2013a, p.3).

### 2.3.3 Demographic literature

As previously stated, disaggregated statistics for Emirati nationals are hard to find and usually outdated or based on estimates, as the last population census was conducted in 2005. In quest of the most updated and context-specific data, the following selected literature body dealing with regional and UAE specific demographics is composed of an eclectic selection of fourteen reports, two websites and one online document from website, one journal article, a book section, and eight newspapers articles.

adds on with data on female higher education. Although it is not précised whether the data is disaggregated, and given the limited number of female expatriates in higher education in the UAE, the number are assumed as relevant to illustrate the situation of Emirati women (UNDP, 2012). The OECD report *Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region* also presents disaggregated data regarding the employed workforce in the public sector (OECD, 2012). Two reports from formerly Booz & Company Inc, *Educated, Ambitious, Essential Women Will Drive the GCC’s Future* (Shehadi et al., 2011) and *Empowering the Third Billion Women and the World of Work in 2012* (Aguirre et al., 2012), provide an interesting comparative standpoint between the labour force participation rate for Emirati women and other country’s female labour force participation. Three locally published reports are also contributing to the unique demographic data of the UAE, the first one is a study published in 2004 by Trident Communications for the federal Tanmia’s Centre for Labour Market Research & Information (CLMRI). The report titled *UAE National Women at Work in the Private Sector: Conditions and Constraints* is authored by Nelson (2004) who highlights the high rate (76.8 per cent) of national female enrolment in higher education as early as in 2003. The second report titled *The Cost of Foreign Labor in the United Arab Emirates*, is authored by Al Awad (2010) who offers a very early and thorough analysis of the impact of foreign labour on the national labour force’s opportunities. The third report is a Social Media Poll Analysis Report conducted by Dubai Women Establishment (2012). The *Emirati Women Perspectives on Work and Political Participation* is referred to several times in this section, as it presents poll results of the reason behind the national women workforce low participation in the private sector. Reports from federal statistic entities, namely the National Bureau of Statistics (NBS) and Statistic Centre - Abu Dhabi (SCAD) were browsed to find disaggregated data for UAE citizens. The *Population Estimates 2006 – 2010* (NBS, 2014), and the *Statistical Yearbook of Abu Dhabi 2013* (SCAD, 2013b) provided this information.

General demographic statistics related to employment in the UAE were found on the World Bank’s (2011) report titled *Migration and Remittances Factbook*
2011 United Arab Emirates and the website (The World Bank, 2014), with the web page Unemployment, total (per cent of total labor force) (modeled ILO estimate). The government entity Tanmia’s website is also browsed for an explanation of its agenda (Tanmia, 2013a), highlighting the national workforce gap between private and public sector. An online document (Tanmia, 2011) titled Addressing Unemployment Issue and Participation of National Human Resources in Labour Market does not present an in-depth analysis, neither does it mention entrepreneurship as one of the solution to curb national unemployment, but it presents a brief overview of the challenges and the causes of such a gap. It also proposes remedial actions targeting policy changes to improve the national workforce participation in the private sector.

A journal article abstract published in Education, Business and Society: Contemporary Middle Eastern Issues and titled The employment of female nationals in the United Arab Emirates (UAE): An analysis of opportunities and barriers, is used to highlight the influence played by familial and cultural norms in national female labour participation (Gallant & Pounder, 2008).

A book section of the ECSSR publication titled Current Transformations and their Potential Role in Realizing Change in the Arab World, is authored by Al Attiyad. In his section Challenges to Development and Progress in the Arab World, Al Attiyad (2007) stresses inconsistencies between the educational focuses and professional opportunities.

Eight newspaper articles from local newspapers are selected, providing an instant insightful perspective on the pressing development issue that is national unemployment. In his article Working hours a challenge for Emiratisation published in Gulf News, Nazzal (2014) provides a disaggregated total of 225 000 for the Emirati-only workforce. Another article from Gulf News, written by its associate editor, provides updated evidence about the national women’s retirement age and how it impacts on their working life (Salama, 2013). Ola Salem (2012) highlights the trend of rising unemployment among nationals in his article title Ministers face questions over Emirati unemployment, published in The National. Still in The National, an article titled Bridging gap between private and government, is written by Issa (2013), who pinpoints discrepancies hindering the transition of the national workforce from
the public to the private sector. Two articles written by another journalist from The National are exploited as literature sources. Both articles, *Companies need to adjust to the shift in Emirati workforce* (Al Ameri, 2014a) and *The UAE must cash in on its greatest asset: its people* (Al Ameri, 2014b) provide a fresh human-based perspective on the development of the nation, and insist on the capacity-building approach in doing so. In-depth data about Al Garbia’s demographics and the inconsistencies between the educational offer and accessible positions for national women are also drawn from Hadeel Al Sayegh’s (2013) article *Closing Al Gharbia’s gender gap*. Closing this paragraph, Jafar’s article in the National titled *Power that women yield in the workplace*, stresses that national women tend to shorten their working life by getting married and raise family (Jafar, 2013b).

### 2.3.4 Macro socio-economic development literature

This sub-section deals with literature pertaining to the top down response to development challenges. It includes documentation about economic diversification, the national workforce integration into a knowledge-based economy linked to the paradigmatic shift of social contract, an overview of the established public entities dedicated to work with these development imperatives, an overview of events linked to these development imperatives and how the federal efforts are reflected in international benchmarking. In order to present the latest available information about these topics, the selection of documentation includes varied sources focusing on the UAE. In addition to sources already mentioned, it consists of a working paper and two articles from a periodical. In addition, fifteen websites are browsed, along with three reports.

Soto, an associate professor in macroeconomic at the Universidad Catolica de Chile and Haouas, an assistant professor of Economics and Finance in Abu Dhabi University, jointly authored a working paper titled *Has the UAE escaped the oil curse* for The Economic Research Forum in 2012. This article is referenced several times in the research, as it provides a thorough insight into the macroeconomic situation of the UAE, with regards to oil dependence,
export diversification, and migrant workforce issues in the building of a knowledge-based economy (Soto & Haouas, 2012).

Two articles from The National translate the urgency of bringing about the entrepreneurship component. The second of Tom Arnold’s articles reviewed for this research, titled *Obstacles removed in kick-start on enterprises*, underscores the significance of entrepreneurship in AD 2030 (Arnold, 2013). In her article *Young Emiratis must become entrepreneurs*, Fisher (2013) is citing Jennifer Blanke, the WEF’s chief economist and the Global Competitiveness and Benchmarking Network head, who emphasised the need to promote entrepreneurship in the UAE.

IndexMundi is an internet-based data platform collecting facts and statistics from multiple sources and presenting complete country profiles. IndexMundi’s webpage *United Arab Emirates Economy Profile 2014* presents updated data that are difficult to find in other official sources (IndexMundi, 2014). Although the use of IndexMundi was refrained, it provided useful statistic about the UAE workforce and macroeconomics. Tanmia’s website and its webpage “Establishment” (Tanmia, 2013b), The Abu Dhabi Government webpage *Abu Dhabi Tawteen Council (ADTC)* (Abu Dhabi Government, 2013), the Ministry of Higher Education and Scientific Research webpage *Absher Initiative* (Ministry of Higher Education and Scientific Research, 2012), the website Emirates Foundation for Youth Development (2013) and its webpage *Vision and Mission*, and lastly the federal KFED (2013a) website, with the webpage *About us*, were put to contribution for an overview of the government entities promoting work in the private sector or through entrepreneurship.

Reports and websites were consulted for international indicators literature, used to benchmark the UAE according to specific international socio-economic criteria offered by official organisations. The Human Development Report (UNDP, 2013) provides a longitudinal trend of the position of the UAE compared to other countries, since its first participation in 2005. The Global Competitiveness Report 2013-2014 (WEF, 2013b) is compared to its version from 2008-2009 (WEF, 2008) to present the progression of the UAE. The new Happiness Index was also consulted in the second edition of the World Happiness Report (Helliwell et al., 2013). Unfortunately the data is only available for 2013. Two webpages of Transparency International's website were compared to point out the progression of the UAE according to the Corruption Perception Index, from the 30th in 2009 (Transparency International, 2014a) to the 26th position in 2013 (Transparency International, 2014b). The Social Progress Imperative’s (2014) Social Progress Index 2013 was launched at the Skoll World Forum on Social Entrepreneurship. The index aims at gauging social progress used alongside other measures such as GDP per capita, as a key measure of the success of a country, and is thought to become a key indicator to understand the performance of countries in the 21st century (Porter et al., 2014). The UAE 2013 data are compared to the 2014 data found in the Social Progress Index 2014. Both reports were downloaded from the Social Progress Imperative’s website.

2.4 CONCLUSION

This chapter dealt with the literature review, attempting to provide an overview of the different kind of existing literature necessary to conduct such a study and answer the research question. It first listed the diverse sources used, as well as the challenges encountered in the referencing exercise. In a second section, a review of the literature related to social enterprise as a concept, highlighting the preponderance of the functionalist approach in western academic spheres and denouncing the scarcity of literature in the Middle East was presented. A literature review of the social constructionist approach followed, providing an insight of a complementary approach allowing for an ontological understanding of the context in which the study takes place. The
last part of this section was dedicated to a review of the works from which both frameworks used in the benchmark were taken. The third and final section included a review of the contextual literature, with a variety of sources addressing unemployment in the MENA/GCC, the UAE’s development imperatives, its specific demographics and other, more general macro socio-economic aspects of the UAE.
3 REVISITING THE CONCEPT OF SOCIAL ENTERPRISE

This chapter is situated between the literature review and the research methodology and finds its cogency in the aforementioned epistemological need for a thorough understanding of the social enterprise concept before delving into the collection and analysis of data. Academically backed with the literature review in section 2.2, and from expert interviews’ excerpts, this chapter examines the concept of social enterprise in five sections: the first section covers the origins of the concept. The second section outlines two main causes behind the escalation of social organisations. The third section portrays the relation between civil society, the state and the private sector, and how it is inscribed in the social economy approach. Section four presents the dual nature of social enterprise. Section five covers the thorny subject of the suitability of western-based frameworks as a benchmarking method in a Middle East context.

3.1 THE ORIGINS OF THE CONCEPT

Social initiative in its primary form can be defined as people consciously gathering to get a better bargain of benefits with a ripple effect on the community around them. These goal-oriented social efforts have in fact existed in virtually all parts of the world, and evidenced as early as from the 7th century China, where “agricultural and mutual aid societies were evident engaging local producers to work together to get the best prices for their produce but also to ensure that the benefits were felt across the community” (Social Enterprise UK, n.d.). In India, traditionally socially oriented societies advocate that “one’s place in the society has a moral perspective, in which one’s duty towards the society plays a significant role” (Seth & Kumar, 2011, p.7). In England, the Charitable Uses Act of 1601 “defined roles for citizens in the redressing of social problems” (Bornstein & Davis, 2010, p.7).

The first successful registered social enterprise is thought to appear with the formation of Rochdale (UK) in 1844, a co-operative initiated by working-class men, who in addition to sell food items at affordable price, offered a membership system that allowed members to share the profit (Wilson et al.,
n.d.). In the midst of a period marked with unemployment and a lowering of purchasing power for the working class, Rochdale was not the first co-operative to be registered, but it was the first one to be successful, and established a set of principles still currently used by most co-operatives around the world. In this light, it is interesting to note that the UAE has a traditional culture of co-operative forms, from the traditional informal jam’iayat, “within which women participate in order to advance their economic position” (Krause, 2008, p.19), to commercial co-operatives, such as the first and oldest Sharjah Cooperative Society (SCS), which was established in 1977 (Libo-on, 2012), one year after the implementation of the Co-operative Society Law No 76 (Emirates Cooperative Society, 2014).

3.2 THE CAUSES BEHIND THE ESCALATION OF SOCIAL ORGANISATIONS

The concept of grassroots initiative answering social needs received increasing attention during the last three decades of the twentieth century. In fact, the appealing surge of social enterprises registrations in both developed and developing countries is highlighted by Salamon (1994), proclaiming that a “global ‘associational revolution’” was in the making. The causes to this phenomenon are many and interrelated, but it is worth to mention two major ones.

The first one is the paradigmatic shift which occurred to the nation-states, in place since their colonialist golden times. The two major oil crises of 1973 and 1979 put 25 years of economic growth at a standstill and were one of the main triggers for industrialized countries’ inflation by raising costs of production and increased national debt in both developed and developing countries (Caritas International and CIDSE, 2014), having devastating effects on their increasing populations (Linden, 2003, p.184). The Soviet Union bloc crumbled in the 1990s, changing global dynamics and tensions with the emergence of economic powers such as the BRICs (Brazil, Russia, India and China) and the “tiger” economies in South East Asia. US and UK advocated neoliberal policies that seemed to benefit only the interest of the developed countries’ financial sectors, boosting the power of their multinational
corporations (MNCs), and imposing Structural Adjustment Programmes (SAPs) onto debt ridden developing economies (Linden, 2003, pp.187-201), but the neoliberal ideology failed to deal with growing social inequality and rampant poverty worldwide (Oxfam, 2014). As a result to these combined effects, many “welfare” nation-states found themselves increasingly unable to deliver the social net they used to during previous decades since the thirties (Svitych, 2013), while developing countries’ governments were forced to abandon any social support or subsidiaries they might have otherwise offered to their population (Caritas International and CIDSE, 2014).

The second cause for such an amplification of the social enterprise movement during the last quarter of the twentieth century is the simultaneous and combined dramatic expansion of literacy and communications worldwide (Salamon, 1994). The apparition of faster, more mobile, individualized and affordable information and communication technologies (ICTs) reformed relations in the social and business spheres, as well as being positively correlated with increased productivity (Pilat et al., 2002). The coinciding increase in education and literacy, in the emancipation of civil societies, and their mobility, is highlighted by Bornstein & Davis (2010, p.10).

The decreasing ability of public administrations to cater for basic social provision for their population and increasingly informed and uninhibited societies prompted the surge of social enterprises as an answer to cater for most pressing social needs (Bornstein & Davis, 2010, p.12).

3.3 CIVIL SOCIETY, THE STATE AND THE PRIVATE SECTOR: AN INCREASINGLY TRANSACTIONAL RELATION.

The bottom-up essence of social enterprises, and the key role played by individuals or civil societies, appears from the previous section 3.2. The literature used in this section and the previous one is mostly western-based to explain a global phenomenon which is the rise of civil society organisations as situated between the private sector and the state.

At this stage, a clarification of the term civil society, also referred to as the third sector, is needed, to get a full picture of the social enterprise concept,
and to understand the underlying reason behind the decision makers’ growing interest worldwide for the tremendous potential behind social enterprises. Sociologist Edward Shils (1991, p.3) defines civil society as

“the idea of a part of society which has a life of its own, which is distinctly different from the state, and which is largely in autonomy from it. Civil society lies beyond the boundaries of the family and clan and beyond the locality; it lies short of the state.”

While this definition highlights civil society as operating independently from the state, the English Centre for Civil Society (n.d.) acknowledges that “in practice, the boundaries between state, civil society, family and market are often complex, blurred and negotiated.” Taking further this observation, to believe that social transformation comes solely from grassroots movement to fill in for government shortfalls, void of any public or private support would be inconsiderate, as shown by the complex relations the civil society has with both the private and public spheres, upstream and downstream of their activities. This point is highlighted by Ottaway (2007, p.253), stating that

“notwithstanding their enormous importance, civil society actors have never been, and will never be, the only or even the major agents of transformation in any country. Even in the most democratic, free-enterprise-oriented countries, it is the government that provides the framework within which most activities unfold... Unless the institutional and regulatory framework is altered, there can be no real transformation in a country.”

Flanked by state authority and an increasingly powerful private sector while making connections with both sides, social activities morph into a myriad of small, bottom-up oriented associations, foundations and organizations, which primary goals are not to make profit, but to make an impact on social and environmental development through the delivery of services and goods to individuals, communities and societies. The list of such provisions is endless, from basic needs offers in education and health (Keohane, 2013, pp.20-21), cooperatives, women’s groups, craft and housing associations and mutual aid groups (Salamon, 1994), to the delivery of cheap ICTs or energy such as the provision of electricity through mini power plants in India (Seth & Kumar, 2011, p.12). The substantial expansion of grassroots social services
heightened during the three decades before the millennium shift, throughout the world, regardless of a nation’s level of development and political regime (Salamon, 1994).

This expansion is now regarded as a paradigm of its own, called the social economy, which according to Chaves & Monzón (2012),

“has positioned itself in European society as a pole of social utility between the capitalist sector and the public sector. It is certainly composed of a great plurality of actors. Old and new social needs all constitute the sphere of action of the SE. These needs can be met by the persons affected through a business operating on the market, where almost all the cooperatives and mutual societies obtain the majority of their resources, or by associations and foundations, almost all of which supply non-market services to individuals, households or families and usually obtain most of their resources from donations, membership fees, subsidies, etc.”

The social economy is increasingly regarded as a solution to unemployment and is estimated to provide “paid employment to over 14.5 million people, or about 6.5% of the working population of the EU-27” (Chaves & Monzón, 2012, p.30). Additionally, social economy organisations (SEOs) have lately received sustained policy attention due to their role “in work integration for vulnerable groups” (Buckingham & Teasdale, 2013, p.13).

Worldwide, new policies and laws were created from the early 1990s and onward by governments, to allow legal legitimacy and room for these new social economies and public-private partnerships to thrive. For example the government of the United Kingdom created the Social Enterprise Unit within the Department of Trade and Industry in 2002 and designed an adapted legal form of company called the Community Interest Company in 2004 (Alter, 2007, p.8). The role of the state shifted from social provider monopolist to facilitator, both upstream and downstream. Indeed, while the state is delegating the responsibility for providing social services, it often remains the main funder of non-profit initiatives, either directly or through the account of an NGO. According to Salamon (1994), the government has become “a major source of financial support for America’s non-profit sector, outdistancing private philanthropy by almost two to one.” By the same token, the European
Commission extended the 2008-2013 General Block Exemption Regulation for SMEs, which now “contains a provision allowing the Member States to grant aid to small social enterprises without the obligation to notify it to the Commission” (European Commission, 2013).

### 3.4 THE DUAL ORGANISATIONAL NATURE OF SOCIAL ENTERPRISE

From a functionalist perspective, a social enterprise is, as its terminology suggests, of a dualistic nature. The concept lies along a continuum, at the junction between non-profit social aspirations described and the for-profit sector (Alter, 2007, p.14). Literature about bilateral relations between non-profits activities and the for-profit sector bloomed during the last decade, reflecting an intensifying mutual interest. In times of economic hardship, the non-profit sector felt the pressure to secure its sustainability through diversifying its income away from solely charity-based funding. Non-profit managers realised that, in their perpetual chase for sources of funding, the corporate world offered huge potential philanthropic capital, provided that the beneficiary’s activities gave evidence that it added value to their image (Dees, 1998, p.55), for instance through an alignment to their business strategy or through their Corporate Social Responsibility (CSR). Furthermore, NGOs and NMCs alike became selective on the governance of their recipients, especially in terms of their liability (accountability), their transparency and their effectiveness and efficiency. Rather than distributing grants to recipients, NMCs are increasingly on the lookout for investment objects which are eligible according to specific criteria, and are expecting the object of their investment to produce financial or social returns, or both (Keohane, 2013, p.87). This relatively new trend was coined as “impact investing” by Bugg-Levine & Emerson (2012) who argued that “Impact investing recognizes investments can pursue financial returns while also intentionally addressing social and environmental challenges” and it forced non-profits initiatives to transform their social-oriented structures into a more business-based model, adding a commercial perspective on to their social mission. While Dees (1998, p.57) warns against the dangers for a non-profit to embrace the commercial route at
the cost of their social purpose, the concept of blended value as the product of impact investing is presented by Bugg-Levine & Emerson (2012) as a natural process to move from a “either/or” to a “both/and” perception of values created.

The concept of social enterprise is nestled in the equilibrium between the purely financial ambitions of a commercial enterprise and the purely philanthropic aspirations of non-profits and moves along the nuances of a continuum described in Figure 3.1.

![Figure 3.1: THE SOCIAL ENTERPRISE SPECTRUM](Sources: Dees, 1998, p.60).

Different schools of thought are taking each one end of the continuum as the base for their standpoint. The American-based “Social Enterprise School”, spearheaded by Jerr Boschee and Jim McClurg, is focusing on the generation of revenues to serve a social mission, and take a positivist approach in situating social enterprise at the nexus between the private, public, and non-profit sectors, labelling the space occupied by social enterprise as “the missing middle” (Social Enterprise Alliance, 2014), as shown by Figure 3.2 overleaf.
According to the proponents of the Social Enterprise School, social enterprise is “Any earned-income business or strategy undertaken by a non-profit distributing organisation to generate revenue in support of its charitable mission. ‘Earned income’ consists of payments received in direct exchange for a product, service or a privilege” (Social Enterprise Alliance, 2014). The “Social Innovation School” which believed that social needs or problems can be addressed through innovative and systemic changes (CASE, n.d.), later developed into the “Enterprising Social Innovation School”, led by Gregory Dees and Beth Battle Anderson, the co-founders of the Centre of the Advancement for Social Entrepreneurship (CASE). The later differs from the Social Enterprise School in the sense that it “challenges the artificial barriers between business and the non-profit sector” (CASE, n.d.). Virtue Ventures’s definition, which has been applied in many countries, adhere to this viewpoint:

“A social enterprise is any business venture created for a social purpose—mitigating/reducing a social problem or a market failure—and to generate social value while operating with the financial discipline, innovation and determination of a private sector business” (Alter, 2007, p.12).

Going into further investigation of the relatively new concept of social enterprise in the GCC and more specifically the UAE context, an open and general definition given by the Social Enterprise UK (SEUK) could be
conveniently used as baseline. According to the Social Enterprise UK’s definition, a social enterprise is a “business that trades for a social and/or environmental purpose. It will have a clear sense of its ‘social mission’: which means it will know what difference it is trying to make, who it aims to help, and how it plans to do it” (Social Enterprise UK, n.d.).

3.5 THE SUITABILITY OF WESTERN-BASED FRAMEWORKS AS A BENCHMARKING METHOD IN A MIDDLE EAST CONTEXT

3.5.1 Differing conceptual meanings: the functionalist approach necessary, but not sufficient

The functionalist approach has been the theoretical backbone for social enterprise research, asserting the concept as “a distinct and novel organisation form” (Grant & Dart, 2014, p.94) and focussing on the common features of social enterprises as a distinct type of organisation. This approach ruled as the most pertinent, although the social enterprise concept as a simple set of attributes increasingly involves different meanings in western settings (Jones & Keogh, 2006), and the difference becomes only more obvious if other perspectives than the western one are taken in account. The difficulty in coining a universal definition of social enterprise is highlighted by Grassl (2012, p.38), stating that “the case becomes even more complex if China or developing countries are added to the mix.”

The concept of social enterprise as defined and developed in western spheres is not necessarily well fitted with the cultural profile and the specific requirements for socio-economic development of non-western nations. There is a consensus in the western literature that entrepreneurship thrives when connoted with values such as “individualism, rationality, risk-taking, wealth generation, self-interest, autonomy, achievement and self-reliance and long-term orientation…” (Kayed & Hassan, 2011, p.16), but entrepreneurship promoting methodologies based on these values tends to increasingly lose its relevance the farther from the western world they are applied (Thomas & Mueller, 2000). In their thesis about Islamic entrepreneurship, the realisation that western developed countries urge developing countries to alter their culture in the name of modernity made Kayed and Hassan (2011, p.17) to
question: “Is there an alternative for countries that do not see in cultural transformation an option?” Informant 10 (Question 6; Appendix B) answers this question by stating “Social enterprise definition is universal I think; but would need to be adapted to cultural and social context it is applied in, just like entrepreneurship.”

Furthermore, Thomas and Mueller (2000) highlight the scarcity of academic research about entrepreneurship in countries situated outside North-America or Western Europe. This void of research and inconsistency of the existing research for the Mena context, is demonstrated in the literature review and emphasized by Abdou et al. (2010) in their report on Social Entrepreneurship in the Middle East, where the need of a clear definition of social entrepreneurship in the Middle East was put as their first recommendation.

The conceptual situation of social enterprise in the GCC region can be considered as a clean slate, with the opportunity to re-define the concept’s meaning within the socio-economic, politic, religious and cultural context of the region. This point is illustrated by informant 8 (question 6; Appendix B) who states “social enterprise in the ME is still a little bit of a non-story, a few reports are popping up, some like you are studying this space, in two-three years from now, we will know more, but we do not have a lot of data yet.”

3.5.2 Social constructionism theory

The need for looking beyond a functionalist approach when investigating social enterprise is well documented (Chell, 2007; Grant & Dart, n.d.; Sepulveda, 2014).

The functionalist approach and social constructionism are not conflicting. Rather, in the quest of a method to broaden the concept of social enterprise, social constructionism can be seen as a complementary approach, dealing with the social construction of reality in a given context. According to Chell (2008, p.79), the predominant influence from socioeconomic and political environment on the conceptual meaning of social entrepreneurship can be explained through the social constructionism theory.

Further describing the role that social constructionism plays in the public and social spheres, Chell (2008) states that
“social constructionism highlights the role of public knowledge, of observable behaviours and the possibility of multiple perspectives on behaviour. Thus, lives are regulated by the external specification of roles and their associated activity, and rules of behaviour. Such institutionalisation of the ways things are done gives a further sense of objectivity... People develop routines for dealing with events and expectations that are situation-specific. Behaviour tends to take on patterns – ways of doing, ways of thinking about reality (framing events) and ways of being (the style and way of approaching events). We come to understand situations, problem solving and handling issues through such processes of shared construction. This construction is ‘holistic’ in the sense that it assumes that agents are viewed in context.”

In their research about social constructionist approach and its impact on entrepreneurship, Lindgren and Packendorff (2009, p.28) denounce the oversimplification of research methodologies occurring in social science, and in particular in entrepreneurship research, in order to make sense of the phenomenon. The social constructionism theory provides the ideal platform from which to consider the limitations of often functionalist, western-based research about social enterprise when applied in other contexts, as it advocates an inquiry towards the mechanisms forming the societal reality within which the social enterprise concept is developed. According to Lindgren and Packendorff (2009, p.28),

“Social constructionism is thus about pluralism in entrepreneurship research; it acknowledges different meanings about entrepreneurship, provides knowledge about interaction processes and describes complexity. For us, this means questioning prevalent definitions, methodologies and operationalisations of entrepreneurs and entrepreneurship in order to re-construct entrepreneurship theory and arriving at new research questions.”

From this perspective, existing criteria defining and enabling a social enterprise are constructs belonging to western belief systems. According to Clegg et al. (2007, p.499), “these belief systems are shared assumptions that are socially constructed: they do not exist objectively in reality but are culturally, socially and cognitively developed assumptions about reality.” Besides, these assumptions serve a socio-political agenda which differs
according to geographical and ideological considerations (Grant, 2013, p.213), and are surprisingly based on a functionalist paradigm, suggesting that “society is regulated largely by achieving consensus, social order and maintenance of the status quo” (Chell, 2007, p.14). Interestingly, as opposed to the functionalist standard, Chell (2007, p.14) states further that “radical humanism and radical structuralism assume that society and social structures are shaped through structural conflict, contested political positions, emancipation and modes of dominations.”

Having the social constructionist perspective in mind, it appears clearly that the regional difference in the conceptual meaning of social enterprise resides less in the definitional challenges than in the values or belief systems underlying the enabling of social entrepreneurship. In a similar vein, Grant & Dart (n.d.) suggest to look at “how and why organisations choose to identify themselves as social enterprises”, to understand the motives behind the development of social enterprises in different contexts. Consequently, if a definition of social enterprise and the conditions of a facilitating environment for social enterprise to flourish are to be pertinent in the GCC region, they have to be re-visited and related to constructs grounded in the cultural psyche of the region.

In the light of such a re-evaluation, the application of Hofstede’s predominant analytical framework based on culture and applied on the UAE, provided an insight on how the UAE fares within four dimensions. The findings are provided in Table 3.1 below. Unsurprisingly, as in the case of the study conducted in Saudi Arabia (Kayed & Hassan, 2011, p.52), the results concluded that the UAE culture is not conducive to entrepreneurship (Hofstede, s.a.).

Table 3.1: HOFSTEDE’S CULTURAL DIMENSIONS APPLIED TO THE UNITED ARAB EMIRATES

<table>
<thead>
<tr>
<th>Power Distance Index (PDI)</th>
<th>Individualism versus Collectivism (IDV)</th>
<th>Masculinity versus Femininity (MAS)</th>
<th>Uncertainty Avoidance Index (UAI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>90/100</td>
<td>25/100</td>
<td>50/100</td>
<td>80/100</td>
</tr>
<tr>
<td>The United Arab</td>
<td>The United Arab Emirates,</td>
<td>The United Arab</td>
<td>The United Arab Emirates</td>
</tr>
</tbody>
</table>
According to recent studies departing from Hofstede’s work, and as an attempt to counter the power of established frameworks they felt were not appropriate to evaluate entrepreneurship in Saudi Arabia, Kayed and Hassan (2011, p.53) call for a re-definition of the relations between culture and entrepreneurship. But the concept of culture itself is constructed according to local belief systems. In the GCC region, the Islamic religion is a chief element of culture and a fundamental regulator of society for countries, still in search of their national identity (Baabood, 2008). As an example, charity is one of the five pillars of Islam and an essential ingredient of the traditional culture. Zakat compels every Muslim to reverse 2.5 per cent of his or her wealth to the
needier (Islamicity.com, 2014). The act of giving is also strongly embedded at the macro level. For instance, the UAE has given Dh2.6 billion to the world’s refugees in the past five years, with Pakistanis, Syrians and Yemenis its biggest beneficiaries (Kannan, 2014). Additionally, Kayed and Hassan (2011, p.48) insist on the fact that

“the Islamic dimension imposes certain stipulations on the ‘opportunity’, the ‘process’ and the end goal of the entrepreneurial process; opportunity has to have a moral and ethical basis, and the means by which opportunities are pursued and resources are mobilised must conform to the halal (emphasized in the text) concept, which Islam sanctions as lawful and permissible. Moreover, the ultimate goal of the entrepreneurial activity, as is the case for all human activities, must be intended to pleasing The Almighty Allah.”

The links between Islam and entrepreneurship need to be understood in this study and elements of Islam integrated in the process of re-visiting the social enterprise concept in the UAE. The importance of Islam in culture, and therefore in entrepreneurship is easier to comprehend from this statement, and is key to re-defining the concept of social enterprise in the GCC region.

3.5.3 The situation of social enterprise in the UAE

According to interviews with social enterprise experts (informant 5, question 8; informant 14, question 4; informant 16, question 12; Appendix B), the few existing social enterprises in the UAE are either government-supported charities trying to transition towards including an income-based strategy, or non-profit organisations legally operating under a commercial license, thus having strong links with the revenue-generating field.

There is a dynamic proliferation of small socially-oriented enterprises, with the trend raising increasing interest from young entrepreneurs. In Dubai, several incubating foyers of social entrepreneurship are thriving. The grassroots, volunteer-based C3 started at the end of 2012 and is assisting social entrepreneurs in their establishment phase (C3 - Consult & Coach for a Cause, 2014). C3 plans to monitor and research the social enterprise ecosystem in the UAE and neighbouring countries. The Hub in Dubai functions as an incubator for both start-ups and nascent social enterprises,
and a platform where “one can meet potential investors and entrepreneurs from around the globe” (Sahoo, 2013b). In December 2013, the academic literature about the social enterprise concept in the UAE is beginning to mention the added benefit of social value in economic development and business investment (Jafar, 2013a; Gutcher, 2013). This growing interest is consistent to the clearly stated point 1.1 in UAE 2021: confident and socially responsible Emiratis (UAE Cabinet, 2010b), and the social and human resources development being one of the four key priority areas in AD 2030 (The Government of Abu Dhabi, 2009).

Despite an encouraging debut in the UAE, social enterprises are meeting three stumbling blocks, which are the acceptation of their dual value, their Arabic-translated terminology, and their legal registration and licensing status. To resolve these obstacles and build a conducive environment for social enterprise in the UAE, a social constructivist perspective must be kept in mind, allowing for solutions integrating regional cultural constructs (Grant, 2013, p.214).

Firstly, charity as the act of giving is a fundamental value in the UAE culture (see sub-section 3.5.2). The experience of transforming charity to a social impact (often implying a capacity building process), and combining it with business practice, raises incredulity at best, and suspicion at worst, at both micro and macro levels. This is illustrated by informant 9 (question 9; Appendix B) who states “one is the concept that charity work and business work are two very separate things. And so a lack of understanding of how they can be combined.”, and by informant 17 (question 5; Appendix B) who states

“This Today, in the Gulf, social enterprise model is more at its infancy stage. It is a new concept to create a social enterprise model. Social activities have been existing here for a long time, part of the leadership since the beginning for example, Dubai Cares. It is an interesting model of Social impact, again initiated by the leadership. It is not new to the culture, but it is charity. But setting it up to a SE model, this is a much newer concept in this part of the world.”

The same idea is underscored by informant 5 (question 5; Appendix B)
“because of Islam and our traditional culture, charity is very prevalent in our society, giving on, a kind of giving back to the community, that is not anything new. But that is all we know. And if there is something that when you do, you make a profit out of it, what does that mean? You know, the two other are mutually exclusive terms for us. Charity is one facet, and business is another, to combine the two is a concept that we still not have grasped.”

Informant 11 (question 9; Appendix B) insists particularly on the necessity to educate the environment of social entrepreneurs into the concept of social enterprise:

“There is a lack of awareness, not so much on the entrepreneurship level, a lot of entrepreneurs are increasing their social enterprise awareness, it is the investors, the supporters, the policy makers, those are the people that are not aware. Perhaps if the industry really started, people would find cultural connection, we would accelerate this awareness, but because people were importing terminology and examples from the outside, that pushed out the radiance for this market. The external models to draw and explained what SE is, we have a lot of locals and we made it difficult for 40-50 year-old to understand what a social enterprise is.”

In order to articulate the concept of social enterprise in a way that is not only acceptable, but appealing to the UAE socio-economic environment, a connection to cultural and religious values, in addition to the national visions is necessary. This is highlighted by informant 11 (question 5; Appendix B)

“I think the main challenge is not being able to connect it clearly to traditional Islamic models or not just Islamic, there is a lot of other religions that have a sort of model that is sustainable, that allows communities to take care of themselves, and not have to rely on governments or purely the private sector.”

Indeed, Islam encourages a business approach following an ethical approach and having a social impact, so social enterprises might present themselves as the long needed solution, only their agenda is understood and communicated in respect of the local values.

Secondly, the term social enterprise does not have an equivalent in the Arabic language. According to informant 8 (question 12; Appendix B),
“If you translate social in Arabic, it is equal to charity. It is a bit of a challenge, because you need to translate the term in your own culture and language, to fully understand it and embrace it, you might disagree at the end, but at least you see what it is. SE makes a lot of sense in Italian, in French, in English… If there is no translation in Arabic, we need to find a way to get some way there.”

This statement is further endorsed by informant 5 (question 9; Appendix B) who states:

“There is no universal definition because people do not understand what it is. There is not one in English, and there is not one in Arabic, and there is not even a word for social enterprise in Arabic, that is number one, so actually semantically, it doesn’t exist.”

Thirdly, social enterprises are not recognised as a legal entity of its own, thus it is not legally endorsed in the licensing system (informant 14, question 4, informant 11, question 5; Appendix B). According to informant 14 (question 4; Appendix B),

“Whenever you embark on such important social agenda, you need to have a legal framework, because the people who you reach out to, need to understand how this is benefiting them, but in a regulatory form and manner.”

A legal status would confer the legitimacy social enterprises deserve in their contribution to the development imperatives of the UAE.

### 3.5.4 Two frameworks selected from the literature review

In order to obtain criteria against which to assess Sougha’s attributes, a careful search for social enterprise frameworks was conducted in the literature review, bearing in mind the above-mentioned limitations presented by the western-based conceptual view of social enterprise.

Selecting frameworks from western academic literature and using them as a benchmark to assess a Middle Eastern government initiative may seem maladapted. As a reminder, the phenomenon of social enterprise is nascent in the UAE, and the benchmarking exercise in this study is the first assessment of its kind to the student and to the informants’ knowledge, to be conducted in the UAE. This means that the methodology behind the benchmarking exercise
was explorative. For these reasons, the decision was taken to still select frameworks from western-based literature and follow a functionalist approach during the methodology. But special care was taken in the selection, to look for evidence of their proven applicability in other contexts than in the developed world. In addition, the selection of the framework itself, and its pertaining set of criteria, is part of a reflexive and iterative loop, integrating information from the contextual overview given in the study background, from the specific nature of Sougha’s present attributes and in particular from the observations made in sections 3.5.2 and 3.5.3.

3.5.4.1 The Business Model Canvas (BMC) framework – adapted by Ingrid Burkett in her booklet “Using the Business Model Canvas for social enterprise design”

While the concept of social enterprise has been defined earlier, the definition of a business model (BM) is necessary at this stage, to clarify what is meant by “social enterprise business model” in this study. The notion covers a variety of meanings in the business field, but a flexible definition is proposed as “the logic of the firm, the way it operates and how it creates value for its stakeholders” (Baden-Fuller, MacMillan, Demil & Lecocq, 2008 cited in Casadesus-Masanell & Ricart 2010, p.6). Such a definition gives a necessary albeit not sufficient direction to gather information to assess Sougha as a social enterprise. The logic of Sougha also includes its social mission, the way it operates as a government-run non-profit social enterprise, and how it creates value for the artisans, the customers and its owner. This central information needs to be processed and understood for assessing Sougha as a social enterprise, against a benchmark model. The rationale behind the decision to use a business model as a starting point is supported by Morris, Schindehutte & Allen (2005, p.726) stating that “the business model holds promise as a unifying unit of analysis that can facilitate theory development in entrepreneurship.” In the light of the study, a social enterprise business model is a model putting forward business solutions and systems to solve social problems through income generating activities, the last one being synonymous to entrepreneurship. Sougha is already described as a social entrepreneurship program, and poised as a candidate to become a social
enterprise. The decision of choosing a social enterprise business model as a benchmark to assess Sougha’s potential as a social enterprise is motivated by the belief that it will reveal to which extent Sougha can be considered as a social enterprise. This decision is supported by Grassl (2012, p.38) who states: “the essence of entrepreneurship lies in the design of effective business models of social enterprises.”

Osterwalder & Pigneur’s Business Model Canvas (BMC) (businessmodelgeneration.com, 2013), presents a very simple, yet powerful way to design a business model which can be adapted to virtually any business. It is displayed as a canvas where nine elements are interrelated. The BMC has been further adapted by Burkett to be suitable for the application to social enterprises business model design. Burkett’s contribution to the BMC is the superposition of a social perspective for each of the nine elements, adding social impact-related guiding questions and providing concrete examples for both perspective and thus re-designing the model into a Social Enterprise Business Model (SEBM).

The reason for using this particular model stems from its propensity to be articulated for the needs of different type of business, “having been tested and enhanced through the input of many practitioners” (Burkett, n.d., p.6). This characteristic is particularly necessary to highlight the hybrid nature of social enterprises in business model design. A traditional view would show the commercial activities and relationships of the different elements, but in the case of a social enterprise, the social impact dimension for each element must be highlighted in order to visualize it and integrate it within the business activities.

The nine elements and their dual definition according to Burkett (n.d.) are presented in Table 3.2 below:

| Value Proposition | When we use the BMC in commercial businesses we often start with the customers - because ultimately they are at the heart of the business. Of course this is the case for social enterprises as well, however, most social enterprises begin with a quest to generate some kind of ‘social value’ |

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Table 3.2: 9 CRITERIA FROM BURKETT’S ADAPTATION OF THE BUSINESS MODEL CANVAS
alongside or indeed through a commercial value proposition. Social value is defined as the social outcomes and benefits that are generated through the enterprise - it’s what makes the enterprise a ‘social enterprise’!

**Customer relationships**
Customers may be attracted to our value proposition just from a purely business perspective, and we should aim to retain their custom on this basis. However, some may ‘fall in love’ with us as social enterprises once they learn of the ‘added value’ our social impact brings to the exchange.

**Customer segments**
Given that social enterprises are in the business of trading for the purpose of generating social impact, they can have at least two different (though potentially overlapping) categories of customers - the customers who are wanting to purchase their goods and services (i.e. the commercial customers) and the ‘customers’ who are wanting to support the social impact that they generate and/or potentially benefit from this impact (i.e. the impact customers). Understanding these two key customer segments (which could potentially be segmented down further within these categories) is critical to understanding a social enterprise business model.

**Key Partnerships**
Partnerships refer to the network of suppliers, allies, supporters, co-creators and champions that are needed to ensure that a social enterprise can deliver on both impact and commercial objectives.

**Key Resources**
Key resources are the assets, tangible and intangible, that make your business model work - and in the case of social enterprise, this refers to the resources that drive your commercial model AND the resources that drive your impacts.

**Key Activities**
The key activities of your social enterprise encompass the things you must do to deliver value to your customers - so, to ensure both commercial and social value. Key activities across the commerce and impact of social enterprise may be:

- complementary - that is, the business activities are complemented by and/or complement the impact activities.
- opposing - there may be activities where it is difficult to balance commerce and impact value delivery.

**Channels**
Working out how to reach and communicate with customers and help them
to evaluate a value proposition is a key part of opening business opportunities in social enterprises. For social enterprises it may not only be about helping customers to evaluate business value propositions – some customers may also need to understand our impact value proposition.

### Revenue streams

Revenue streams are what enable social enterprises both to run the business and generate the impact - but they can also be the source of much debate and tension. The contention comes predominantly from different interpretations of the mix of revenue that flows into social enterprises.

### Cost structures

The cost structure needs to take account of both the commercial operating and production costs AND the costs involved in delivering an impact. For most social enterprises this means understanding the costs involved in keeping the ‘business’ going, and unpacking what extra costs are needed to actually deliver on the impact of the enterprise.

(Source: Burkett n.d. and businessmodelgeneration.com)

#### 3.5.4.2 Kim Alter’s Social Enterprise Typology

With case studies and examples from countries situated outside the European and American circumscriptions (Alter, 2007), and with sections that can be used in a modular fashion, the typology’s elements are thought to have a broad enough approach and the necessary flexibility to be used as criteria in this study research. The typology’s different sections provide data to be used for the second criteria set in the gap analysis.

The criteria with their respective definition and the section from where they were retrieved in the typology are presented in Table 3.3 below:

**Table 3.3: 13 CRITERIA FROM KIM ALTER’S SOCIAL ENTERPRISE TYPOLOGY**

<table>
<thead>
<tr>
<th>1 Nature of hybridity</th>
<th>By hybridity is meant the status of organizations situated between business and traditional non-profit.</th>
<th>Section 2: Social enterprise in context</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The degree of hybridity varies on a continuum going from traditional non-profit (purely philanthropic), to traditional for-profit (commercial)</td>
<td></td>
</tr>
<tr>
<td>Section</td>
<td>Dual value creation</td>
<td>Mission orientation</td>
</tr>
<tr>
<td>---------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>2</td>
<td>As a hybrid, the social enterprise is driven by two strong forces. First, the nature of the desired social change often benefits from an innovative, entrepreneurial, or enterprise-based solution. Second, the sustainability of the organization and its services requires diversification of its funding stream, often including the creation of earned income.</td>
<td>The enterprise is central to the organization's social mission. These social enterprises are created for the express purpose of advancing the mission using a self-financing model. The orientation can be mission-centric, mission-related, or unrelated to mission.</td>
</tr>
<tr>
<td>3</td>
<td>Section 2: Social enterprise in context</td>
<td>Section 3: Classification</td>
</tr>
<tr>
<td>4</td>
<td>Social enterprises can be classified based on the level of integration between social programs and business activities. There are three levels of integration, the first one is Embedded Social Enterprises, where social programs and business activities are one and the same. The second level is Integrated Social Enterprises, where Social programs overlap with business activities. The third level is External Social Enterprises, where Social programs are distinct from business activities.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A social enterprise may be structured as a department, program or profit center within a nonprofit and lack legal definition from its parent organization. It may also be a subsidiary of its nonprofit parent, registered either as a for-profit or nonprofit. Many organizations use a mix of different structures simultaneously.

A social enterprise may be incorporated either as a for-profit or a nonprofit. It is however important to recognize that social enterprises are not defined by their legal status; legal status may be arbitrary.

A social enterprise’s structure or model is not a definitive determinate of its legal status.

Three different types of social enterprise ownership structures exist: private, public and collective.

Ownership can be either a driver for a social enterprise’s legal structure or a determinate of it.

From a programmatic perspective, social enterprise addresses one of the most pressing issues non-profit organizations face—how to achieve ongoing sustainable impact.

Social enterprise is a means to achieve sustainability through earned income; however, it is important to note that financial objectives differ among organizations. Unlike the microfinance field, the financial objective of a social enterprise is not by default viability (generating sufficient income to cover all costs). Social enterprises don’t need to be profitable to be worthwhile.
### 11
**Capacity building strategy**

Social enterprise applies contemporary private sector and organizational development tools, constructs, and practices to strengthen nonprofit organizations in the following areas: operational, financial, and marketing management; human resource, leadership, and governance; outcomes measurement and accountability; and decision-making, strategic planning, and communication.

### 12
**Cultural strategy**

Introducing social enterprise rocks organizational culture on several levels, all of which must be addressed in and throughout the transformation process. Overriding issues are resistance, fear of change, and fear of losing sight of the mission. Many nonprofit leaders are uncomfortable integrating business into their practices; most, however, understand the need for money, which is a good motivational starting point.

(Source: Alter, 2007)

### 3.6 CONCLUSION

This chapter presented a specific exploration of the social enterprise concept, providing an historical overview of the concept, as well as the socio-economic events believed to be at the origin of the enhanced interest for the concept. The transactional relation between the public and private sector and civil society was thereafter described, followed by an explanation of the dual organisation nature of the concept, which take is full importance in the benchmarking process. The chapter’s last section offered a comprehensive justification for the selection of the western-based frameworks as a functionalist benchmarking method in a Middle East context, warning about the limitations of solely using a functionalist approach, and adding on a social constructionist lens for a better understanding of what the concept means in the reality of the UAE in 2014.
4 SOUGHA

This chapter covers a presentation of Sougha, the establishment owned by KFED, which is assessed as a social enterprise in this study. In order to give a full picture of Sougha's current situation, the Sougha Initiative will also be discussed in this chapter. Sougha Establishment is consistently referred to as Sougha in the dissertation, while the Sougha Initiative is referred to as the Sougha Initiative.

This presentation is supported by mostly unpublished sources such as internal documents and excerpts from interviews. A few works from the previously mentioned literature is also used.

4.1 THE SOUGHA INITIATIVE AND SOUGHA

4.1.1 A presentation of the Sougha Initiative

The Sougha Initiative is one of KFED’s four social outreach initiatives. It was established in 2009 with the original aim of reviving the Emirati heritage “via micro-entrepreneurial development of women as home-based weavers in the Western region of Abu-Dhabi” (Ben Gacem, 2010, p.1). Gradually, it became clear that beyond the original purpose of safeguarding traditional handicraft techniques, the initiative lifted the status of artisans in the rural part of the Abu Dhabi Emirate, offering acceptable self-employment opportunities. The initiative’s range of action extended later to the Emirates of Ajman, Fujairah and Ras Al Khaimah. As a non-profit owned by a public entity, one of the first legal and financial challenges for the Sougha Initiative was to be legally registered as a commercial company to be authorized to sell the artisans’ products on the market (Al Midfa & Ben Gacem, 2011). KFED registered a commercial licence with the legal form of an establishment, under the trade name of “SOUGHA”, in Abu Dhabi on the 25th of February 2011 (DED, 2011). This means that KFED is the sole owner of Sougha. The Sougha Initiative is still operative, focusing “on the training and development part” (Sougha, 2014, p.6)
4.1.2 A presentation of Sougha

Sougha is registered as a commercial establishment, aiming at “preserving the Emirati heritage by creating economic opportunities for Emirati artisan men and women all over the UAE” (Sougha, 2012a). In other words, the Sougha Initiative head-hunts local artisans from opportunity-deprived areas; improving their technical and entrepreneurial skills through KFED’s support services and other training sources, encouraging them to produce items inspired by traditional craft techniques and patterns (Sougha, 2012b), but it is Sougha’s responsibility to connect them with the market, by selling their production on their behalf.

Hence, Sougha’s commercial orientation, albeit purely socially motivated, was reflected in detail as the main purpose in Sougha’s official message, leaving the heritage preservation motivation as a second priority:

“Sougha is a social enterprise initiative and launched by Khalifa Fund for Enterprise Development, aimed at creating opportunities for unemployable or difficult to employ Emiratis with entrepreneurial potential. In addition, it seeks to preserve the Emirati heritage through headhunting skilled local crafts men and women all over the UAE, and then improve their technical and entrepreneurial skills to enable them to seize market opportunities” (Sougha, 2012b).

4.1.3 Blurred boundaries between Sougha and the Sougha Initiative

Due to their almost superposing respective activities, there is a conceptual and terminological confusion between the Sougha Initiative and Sougha, both internally, as indicated in the strategy and other documents, and externally by the way stakeholders speak of Sougha in the interviews.

4.2 THE ARTISANS

From the seven artisans of the pilot study in 2009, KFED’s annual report in 2013 states that around 500 artisans are active on the supply side for Sougha (KFED, 2013c). This figure is not reflected by the graph displayed in the 2013 annual report, which reveals the number of artisans trained (the total can be
estimated at around 303) and artisans beneficiaries (the total can be estimated at around 142). Most beneficiaries have been primarily trained and are therefore counted twice. A more recent source (McQueen, 2014) states that Sougha “has grown to 400 artisans, half of them now producing their own work, half in training, and spread to Dibba, Khorfakkan, Fujairah, Ras Al Khaimah and Ajman.” An artisan earning analysis internal report from September 2013, refers to 216 artisans earning a salary (Sougha, 2013).

The artisans are typically Emirati women from rural areas, who retained the skills of a traditional craft, or who were trained to acquire a skill, or both. The Sougha Initiative and Sougha are “targeting women above the age of 40, married, have not necessarily completed their formal education cycle, haven’t had a job ever in their life” (informant 14, question 12; Appendix B). The target group can be defined as non-employable or vulnerable, as it would be difficult for them to find a job, given their age and low level of education (informant 14, question 12; Appendix B), their position in opportunity-deprived areas and cultural barriers preventing women for travel (informant 4, question 10; Appendix B).

From the Sougha Initiative’s perspective, the artisans are seen as beneficiaries, while from Sougha’s perspective, they are considered as suppliers. In 2012, KFED proposed an amendment to the existing home-based business license (Mubdia’h), in order to adapt it to the practical and economic reality of the artisans (KFED, 2012).

4.3 SOUGHA, KFED AND THE ALIGNMENT OF THEIR MISSIONS WITH NATIONAL VISIONS

Sougha’s mission is “to give a platform to Emirati artisan to become self-entrepreneur with the core objective of improving their financial status and preservation of Emirati Culture” (Sougha, 2014, p.2). Sougha represents a specific segment of KFED’s portfolio, and is perfectly aligned with both UAE 2021 and AD 2030 visions, actively contributing to the provision of employment to vulnerable groups, living in rural areas, with a ripple effect on their families and communities, while reviving the traditional craft heritage in an innovative way.
KFED does not present a mission in its profile, but the chairman’s message is very clear in depicting the active role played by KFED to contribute to the national vision in stimulating “the country’s competitive economy and transform the Emirate of Abu Dhabi into a major investment and economic hub in the region” (KFED, 2014), and to contribute to AD 2030 in

“creating a state of sustainable development in the Emirate of Abu Dhabi and making it a global paradigm across multiple sectors. To achieve its objective, Khalifa Fund invests in the people of the UAE by promoting their natural abilities and talents, encouraging their creativity, and enabling them to actively contribute to the growth of their nation” (KFED, 2014).

The Chief Executive Officer’s message adds on the role played by KFED in achieving “many of the goals established for it in 2007, both in terms of creating an environment for the business sector, small and medium enterprises, or in terms of spreading the culture of entrepreneurship in the country” (KFED, 2014).

While KFED’s contribution to the national visions is clearly stated, Sougha’s social impact potential and original goal of cultural preservation take on their full significance when aligned to national socio-economic visions described in UAE 2021 and AD 2030.

The UAE 2021 national vision summary is the following: “In a strong and safe union, knowledgeable and innovative Emiratis will confidently build a competitive and resilient economy. They will thrive as a cohesive society bonded to its identity, and enjoy the highest standards of living within a nurturing and sustainable environment” (UAE Cabinet, 2010b).

The Economic Vision 2030 for Abu Dhabi is the following: “Abu Dhabi as a sustainable, diversified, high-value added economy that encourages enterprises and entrepreneurship and well integrated in the global economy leading to better opportunities for all.” The vision is further expanded in two priorities:

- Policy priority one: Abu Dhabi will build a sustainable economy
- Policy priority two: Abu Dhabi will ensure that social and regional development is balanced to bring the benefits of economic growth and
wellbeing to the entire population of the Emirate. (The Government of Abu Dhabi, 2009)

In its next stage, Sougha could fully contribute to these overarching perspectives by playing a role in the domains of:

- **Economic diversification and employment**
  - UAE 2021 point 3.2 “sustainable and diversified economy”, and point 3.3 “Knowledge based and highly productive economy.”
  - AD 2030 Objective 7 “Stimulate faster economic growth in the region”
- **Social inclusion and capacity building**
  - UAE 2021 point 1.1 “Confident and socially responsible Emiratis”, point 1.2 “Cohesive and prosperous families”, point 1.3 “strong and active communities”, point 3.1 “Harness the full potential of National Human capital”
  - AD 2030 Objective 5 “Maximise the participation of national women in the workforce”
- **Heritage preservation**
  - UAE 2021 point 1.4 “Vibrant culture”
  - AD 2030 Pillar 8 “Maintaining Abu Dhabi’s values, culture and heritage”

### 4.4 SOUGHHA’S RELEVANCE AS A POTENTIAL SOCIAL ENTERPRISE

Sougha was for the first time defined as a social entrepreneurship program in the *Global Entrepreneurship Monitor UAE 2011 report* (Van Horne et al., 2011), although the criteria for defining the initiative as such are not explained in the report. Sougha is now presented as a social enterprise on its webpage (Sougha, 2012b). A public establishment, meaning that it is fully government-owned and funded, Sougha stands out from other government outreach initiatives as it does not offer governmental salaries or subsidies, the artisans get their revenue solely from the sales of their product. The initiative has been mentioned as a capacity building success (KFED, 2011) for several reasons.
To name three, the productive potential of the beneficiaries is highly respected, starting with how the members are labelled. Sougha’s target group could easily be labeled as ‘eyayez’ a term used for ‘old women’, which comes from the word ‘ajez’ or ‘inability to do’. In Sougha the term is hardly used, instead the target group is called ‘artisans’, which encompasses a ‘skilled person’ and a person with ‘creative talents’. Secondly Sougha does not teach or impose any price tagging or product quality restrictions; the initiative rather coaches the artisans who learn through a reflective process how to adjust the price and quality of their product to the market demand. The third reason is a strong underlying motive from Sougha’s early days and a reinforcing result of the first two reasons: in the learning process, the artisans’ self-perception developed from government welfare recipients to preserve heritage, to innovative self-employed micro-entrepreneurs (Ben Gacem, 2010, p.5). The building of self-worth is by far the most valuable outcome of the initiative, yet the most intangible one.

As stated earlier, the concept of social enterprise in the UAE stirs an increasing interest as it could be instrumental in the national development imperatives, but the idea is nascent, and needs to be developed within its own cultural contextual boundaries. Given Sougha’s (and the Sougha Initiative’s) growing relevance to the above mentioned strategic visions in terms of employment, social inclusion, social capacity-building and economic diversification, the management of KFED and Sougha consider the establishment’s potential to become a social enterprise.

To fulfil such a role for Sougha is an exciting adventure, provided that Sougha displays a certain number of structural and organisational elements that are inherent to social enterprises. At Sougha’s level, there is no documented precedence for what Sougha has achieved in terms of social outcomes, evidences of Sougha’s social success are mostly based on subjective and primary data, not scientific research, and Sougha’s current internal structure is the one of a non-profit, bracing itself to the challenge of being more business oriented.
5 METHODOLOGY

5.1 INTRODUCTION

This chapter outlines in details the research procedures employed to answer the research question of this study, which inquires to which extent Sougha can be considered as a social enterprise. This question originates from a problem statement made from epistemological and ontological assumptions that there is not enough knowledge to consider Sougha as a social enterprise. This lack of knowledge is due to Sougha, which seems to be motivated to be considered as a social enterprise, but need to gain insight about the concept and analyse its own situation. In addition, there is a lack of available assessment techniques adapted for this specific benchmarking task, in this specific context, as existing assessment frameworks are constructed with western values, not necessarily in accordance with the Middle East reality on social enterprises. The study aims at providing an insight into Sougha’s potential to become a social enterprise in the UAE context, with the support of three research objectives stated in section 1.4.

This chapter presents the systematic process observed to answer the research question and achieve the aim of the study. Firstly it elaborates on the importance of the research’s theoretical ground in the research design. Secondly, although the first research objective is not included in the research methodology, the iterative procedure displayed in the methodology is including the three objectives and explained. Sections dealing with the detailed procedures behind data collection and analysis follow, ensued by a section on reliability and validity specifically highlighting the importance of data triangulation in qualitative research. Ethical considerations are discussed in the last section.

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4 Due to its descriptive nature, the first objective is dealt with separately in section 1.2, early in the study’s structure, in order to give a contextual background to the study and put forward the development imperatives in which the study takes place.
5.2 THE RESEARCH DESIGN

Grounded on the epistemological and ontological assumptions identified in the problem statement, supported by the scarcity of literature, and in order to fulfil the contextual and evaluative purpose of this study, the research poses itself as pragmatic and exploratory.

A pragmatic approach is defined by Savin-Baden & Howell Major (2013, p.171) as “an approach that draws upon the most sensible and practical methods available in order to answer a given research question.” The lack of knowledge on this topic, and the contextual specificity of this study support the use of an exploratory approach and are rendered into the collection of methods in qualitatively-oriented research design. This approach is supported by Patton (2002, p.193) who states “A related state-of-the-art consideration is exploratory research. In new fields of study where little work has been done, few definitive hypotheses exist and little is known about the nature of the phenomenon, qualitative inquiry is a reasonable beginning point for research.”

According to these perspectives, the study used methods which seemed suitable to the kind of research undertaken, offering a reasonable level of reliability and validity. For example, the data collection and data analysis were overlapping in time, with loops to the study’s context and the benchmarking process. This reflexive method with its iterative process (described in section 5.3), is advocated by Patton (2002, p.436) stating that “in the course of fieldwork, ideas about directions for analysis will occur. Patterns take shape. Possible themes spring to mind.” Another example was the adoption of several qualitative methods within the data collection. Two existing social enterprise frameworks were carefully selected from the literature review (see section 2.2) and their elements exploited as assessment criteria for the benchmarking exercise. In order to identify Sougha’s attributes and their current status, a mix of data sources was drawn from documents and interviews. The qualitative method for data analysis itself occurred in the form of a comprehensive analytic table presented in Appendix C. The analysis

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5 Due to the large size of the document; Appendix C is available in PDF format on the CD attached at the back of the dissertation.
was then refined in the shape of a gap analysis presented in Appendix A\(^6\), which was endorsed as a benchmark framework.

### 5.3 AN ITERATIVE PROCESS

Using an iterative method was found time consuming, and sometimes overwhelming in the amount of manipulated data, but it was experienced by the student to allow for a deeper understanding of the data, as it followed a functionalist approach with an added social constructionist component. Consequently the iterative method is believed to enhance the quality of the analysis According to Srivastava & Hopwood (2009, p.77), “The role of iteration, not as a repetitive mechanical task but as a deeply reflexive process, is key to sparking insight and developing meaning. Reflexive iteration is at the heart of visiting and revisiting the data and connecting them with emerging insights, progressively leading to refined focus and understandings.”

As stated earlier, although the first objective to present a contextual overview was not part of the research methodology, it was included in the iterative process as phase 1. Phase 2 was at the core of the iterative process. From the literature review, two frameworks were selected, resulting in two sets of criteria for the benchmark. This selection happened slightly ahead of the identification of Sougha’s attributes from interviews and documents, as the criteria supported the interviews design. Subsequently, the results of Sougha’s documentation analysis and the interviews revealed data to be matched as attributes to the criteria. In addition, data collection overlapped largely with the analysis occurring in phase 3, when the criteria and attributes were merged in an analytic table, together with relevant quotes and refined several times in loops. For example, selected criteria both supported the design of interviews and influenced the kind of information to search in Sougha’s interviews and available documentation, through the use of key words. In turn, extracts from interviews and documents provided justification to the description or low-level interpretation of the benchmarked attributes. Phase 4 dealt with the refinement of the analytic table, in the form of a gap

\(^6\) Appendix A is presented at the end of this study.
analysis. The gap analysis was included in the iterative process because incoherence between findings could be revealed at this stage, and further data search in the documents and interviews was needed to correct it. These cyclical and feedback-driven processes in phase 2 flowed back to phase 1 if additional contextual information was needed for the analysis, and forward to phase 4 for checking the overall benchmark coherence with the gap analysis. The iterative process was illustrated in Figure 5.1 below.
5.4 DATA COLLECTION PROCEDURES

To serve the contextual and evaluative purpose of the study, a clear distinction must be drawn between the criteria which were borrowed from two frameworks selected from the literature (see sub-section 2.2.4), and
Sougha’s attributes, which resulted from the data collection procedures explained below.

Both primary and secondary sources were represented respectively by interviews and documents, and although Patton (2002, p.248) recommends the use of “interviewing, observation, and document analysis” in data triangulation, interviewing and document analysis were estimated as sufficient to address the research question.

5.4.1 Interviews as data source

Savin-Baden & Howell Major (2013, p.371) state that “interviews are a targeted form of data collection that can yield information to directly answer the research question and also be used to probe and follow up.” Interviews as a method of data collection contributed with in-depth first-hand data in firstly gaining knowledge about Sougha’s elements and activities and how they fit as attributes against the criteria. Secondly, it also offered a snapshot about the reality of social enterprises in the GCC region, and more specifically in the UAE, in 2014.

5.4.1.1 Sampling design and procedure

A downside of interviews suggested by Yin (2009 cited in Savin-Baden & Howell Major, 2013, p. 371) is that “participants may provide information they think the researcher wants to hear or casts themselves in a good light, rather than provide accurate information.” To palliate this shortcoming and improve the cross-data validity of the interviews’ results, the sampling method was purposive, with the sample divided into three distinct interest groups:

- Sougha team and management
- Experts with a knowledge about social enterprise in the region, and who might have a relationship with Sougha as a stakeholder
- Stakeholders

This division had also another intention: in interviewing informants from three different backgrounds, informants would eventually give their opinion whether they consider Sougha as a social enterprise. It was thus hoped that this method would back-up the dual epistemological and ontological quest of
getting enough evidence whether Sougha is eligible as a social enterprise, and to understand the reality of social enterprises in the Middle East/GCC region and more specifically in the UAE.

A personalized email was sent to a list of potential key informants, with a request for interview. Because of a limitation of time and resource, the research sample was thought to be limited to 12-14 respondents, keeping in mind that not all of them would respond, but a limited snowball effect was also expected, with informants referring the student to other stakeholders during the interview period. 17 informants responded, and were interviewed during the period between January and May 2014. The 17 informants’ details were listed, with a follow-up check procedure until they responded to the interview, and the date of the interview. The informants’ list was provided in Appendix D\(^7\). An identification number was attributed to each of the informants, and replaced their name as reference in the study, in order to respect the confidentiality of their statement.

Three interview guides were devised, with questions inspired by Alter’s social enterprise typology and Burkett’s social enterprise adaptation of the Business Model Canvas\(^8\). The content included common questions administered to all informants, and different questions respective to each interview guide, according to the informant’s background and relation with Sougha. The interviews were conducted in a one-to-one session with each informant, in their working environment, through Skype or by phone if a physical meeting arrangement was not possible. The questions were open-ended and organized from general questions to specific ones. A minority of informants asked to have the questions sent prior to the interview. Informant 3 preferred the interview to be conducted in an unstructured way. Informant 15 asked for the questions prior to the interview and sent her answers by email. The interview protocol did not exceed one hour. An overview of the questions and the repartition of informants between the three groups are provided in Table 5.1 below.

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\(^7\) Appendix D is available in PDF format on the CD attached at the back of the dissertation. Only for the eyes of the reviewers.

\(^8\) Criteria for the benchmarking exercise will be selected from these two frameworks.
<table>
<thead>
<tr>
<th>Question nr.</th>
<th>Interview guide 1</th>
<th>Interview guide 2</th>
<th>Interview guide 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sougha team and management (3 informants)</td>
<td>Experts with a knowledge about social enterprise in the region, and who might have a relationship with Sougha as stakeholders (13 informants, 8 experts and 4 experts/stakeholders)</td>
<td>Stakeholders (2 informants)</td>
</tr>
<tr>
<td>2</td>
<td>What makes the success of Sougha compared to other similar initiatives?</td>
<td>According to your experience, when looking at a SE profile, what are the attributes for an SE to be successful?</td>
<td>What is your understanding of a SE?</td>
</tr>
<tr>
<td>3</td>
<td>What are Sougha’s main activities?</td>
<td>Once the start-up stage achieved, what are the necessary ingredients for an SE to scale-up successfully?</td>
<td>According to your professional experience in the Middle East, and more specifically the UAE, do you think a local model of social enterprise would differ from the Western model?</td>
</tr>
<tr>
<td>4</td>
<td>Can you name 5 of Sougha’s stakeholders?</td>
<td>Do you see differences in the approaches SE entrepreneurs take to present their projects, compared to other SME entrepreneurs?</td>
<td>What pitfalls are specific to the Middle East/gulf countries' SEs?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A social enterprise normally shares 3 common characteristics Enterprise orientation, Social aims, Social ownership. But Sougha is</td>
<td>Are you aware of Sougha's social mission?</td>
</tr>
</tbody>
</table>
government owned, is not autonomous, its governance and ownership is not based on participation by stakeholders group. According to you, can a SE be government owned, and still be a SE?

<p>| 5 | Can you name 5 of Sougha’s customers? | Are there specific attributes/characteristics you see in SEs of the ME, in comparison to other parts of the world? In other words, do you think a local business model of SE would differ from a Western model? In which ways? | Do you think it is an advantage or a disadvantage to be a supplier for a government owned social enterprise? And can you give examples? |
| 6 | Can you name Sougha’s distribution channels? | Do you think there is a universal definition for SEs worldwide or does such a definition need to be context specific? | A social enterprise normally shares 3 common characteristics: Enterprise orientation, Social aims, Social ownership. But Sougha is government owned, is not autonomous, its governance and ownership is not based on participation by stakeholder groups. According to you, can a SE be government owned, and still be a SE? |
| 7 | What are Sougha’s methods to generate income? | Do you see differences in the ME countries when it comes to the stage for SE scaling -up, compared to other world regions? If yes, what do you | In Sougha’s blended value, which one of the three following components do you think is the strongest in |</p>
<table>
<thead>
<tr>
<th>Page</th>
<th>Question</th>
<th>Extra Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Of Sougha’s revenue, how much (the proportion) is coming from trade, how much is coming from grants/subsidies?</td>
<td>Still having the SE characteristics in mind, do you see any major differences from country to country within the ME, from Egypt to the UAE for example, in how the SE are modelled, structured and functioning?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Can you explain what your business relationship with Sougha is? (trainer, supplier, grossist…)</td>
</tr>
<tr>
<td>9</td>
<td>What is Sougha’s strategy to diversify its income?</td>
<td>What pitfalls are specific to the ME’s SE?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do you think Sougha is fully aware of your reputation of excellence?</td>
</tr>
<tr>
<td>10</td>
<td>Does Sougha have a financial system that differentiates between the business and social impact expenses and revenues?</td>
<td>What do you think is the role SE can play in the ME context?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do you think Sougha is taking advantage/leveraging from your experience with R&amp;D and especially product development to incorporate this experience in their own business model?</td>
</tr>
<tr>
<td>11</td>
<td>What Sougha does to attract and retain customers? (Only for stakeholders)</td>
<td>What is your understanding of a Social Enterprise?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Would you be keen on developing further your business relation with Sougha? (increased sales, conducting workshop, CSR, branding, more than being a supplier)</td>
</tr>
<tr>
<td>12</td>
<td>Sougha seems more mission-motivated than profit-motivated. What are the steps (Only for stakeholders)</td>
<td>According to you, what makes Sougha a SE?</td>
</tr>
<tr>
<td>13</td>
<td>Do you think Sougha is having a cost-saving strategy? How?</td>
<td>(Only for stakeholders) In Sougha's blended value, which one of the three following components do you think is the strongest in Sougha's present activities? Social? Economic? cultural preservation?</td>
</tr>
<tr>
<td>14</td>
<td>How does Sougha maximize its resources?</td>
<td>(Only for stakeholders) Can you (roughly) explain what KF’s business relationship with Sougha is?</td>
</tr>
<tr>
<td>15</td>
<td>What difficulties encounters Sougha? At operational levels, at programmatic level?</td>
<td>(Only for stakeholders) How is Sougha taking advantage/leveraging from KF’s pool of experience/competence? Can you give examples?</td>
</tr>
<tr>
<td>16</td>
<td>What role do you think initiatives such as Sougha can play in the ME development context?</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Can you (roughly) explain what is Sougha’s relationship with KF?</td>
<td></td>
</tr>
</tbody>
</table>
5.4.1.2 Interviews processing

The interviews were recorded, labelled with the informant’s number, and stored electronically on the student’s computer. The recordings were included in Appendix E. Each interview was transcribed verbatim, with the exception of verbal tics, as non-verbal clues were not considered as bringing additional clue to the content’s meaning. A general Word document with all interviews’ transcriptions was created and used for data retrieval purpose. The transcriptions of all interviews were included in Appendix B.

Data was retrieved with the help of key words. The keywords were the terms used in the ideal characteristics’ description in column 2 of the analytic table, or their synonyms. The key word search in the interviews had two purposes. The first one was to identify attributes in interview guides, describing Sougha’s current position, possibly with a low-level of interpretation, in column 3 of the analytic table. The second purpose was to select quotes from relevant interviews and include them as justifications in column 4. The interview’s reference (identification number-question number) was given in column 5. Quotes relating to contextual social enterprise-related statements from experts and stakeholders about the situation of SE in the ME/GCC/UAE, were included as justification in column 6, but only in the part dedicated to the typology, with the interview’s reference (identification number-question number) given in column 7.

5.4.2 Documents as data source

Data collection from documents presents inherent advantages, reinforcing the study’s objectiveness, hence its legitimacy: “The behaviour that documents capture occurs in a natural setting, generally prior to the research project and generally without the intention of serving as data, so it tends to have a strong face validity” (Savin-Baden & Howell Major, 2013, p.410).

By Sougha’s document-based data was understood the information retrieved from documents and needed to comprehend Sougha’s organisation and

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9 Appendix E is available in electronic format on the CD attached at the back of the dissertation.
10 Appendix B is available in PDF format on the CD attached at the back of the dissertation.
activities such as its social impact, its sales details, its branding and marketing strategy, its market segments, its customers and selling places, its registered and potential members, its finance, and its manpower. This information also offered an appreciation of the issues faced by Sougha. The type of documents encompassed reports, flyers and external presentations, consulting agency reports, internal and external proposals, official applications, articles and marketing tools. Documents from KFED and external actors such as UNESCO, DED, Planet Finance, Balthazar Capital, the RAND Corporation and Sustainable Square were also included.

The documentation was challenging to process for several reasons. Some documents were stamped as internal and confidential. Data was retrieved from mostly unpublished documents, with the exception of *The Weaver’s Exploration in Abu Dhabi’s Western Region* (DOC8), UNESCO nomination file no. 00517 (DOC11), the article *A traveller’s gift: Etihad Airways takes the UAE’s wealth and tradition to the sky* (DOC13), DED’s Commercial License (DOC19), KFED’s annual report 2013 (DOC20), and the article *Khalifa Fund supports Sougha’s participation in Emirate Palm and Dates Festival in Abu Dhabi* (DOC23) published on KFED’s website. These documents were normally referenced according to the Harvard Anglia guidelines. In addition, some documents were only accessible in printed version (DOC1 Sougha Est. Strategy 2014, DOC9 Sougha presentation card big, DOC12 A Social enterprise owned by Khalifa Fund for Enterprise Development, DOC13 A traveller’s gift: Etihad Airways takes the UAE’s wealth and tradition to the sky, and DOC22 Sougha presentation card small), which made the information retrieval through keywords difficult. The Harvard Anglia guidelines for unpublished works (informal or in-house publications) were used for referencing the documents. To facilitate classification and the retrieval of data, all electronic documents were printed out and labelled with a <DOCnumber> preceding the title. This <DOCnumber> was also included in the referencing of unpublished work in order to bring consistency between the reference in-text and the bibliography. The following list provides a full overview of available documentation for data collection. The DOC number in brackets means that the document is published and normally referenced:
• DOC1 Sougha Est. Strategy 2014
• DOC2 Sougha Est. Strategy 2014 (draft)
• DOC3 Sougha flyer 2012
• DOC4 Sougha 2012 in numbers
• DOC5 Supporting Entrepreneurs through the Capacity Building of Khalifa Fund, UAE
• DOC6 Social Return on Investment Analysis of First Seven Artisans of Sougha
• DOC7 Khalifa Fund Microfinance Research Project
• (DOC8) The Weaver's Exploration in Abu Dhabi's Western Region
• DOC9 Sougha presentation card big
• DOC10 Home Base business license Proposal
• (DOC11) UNESCO nomination file no. 00517
• DOC12 A Social enterprise owned by Khalifa Fund for Enterprise Development
• (DOC13) A traveller's gift: Etihad Airways takes the UAE's wealth and tradition to the sky
• DOC14 Sougha Business Plan Proposal
• DOC15 Sougha… re-thinking Government initiatives
• DOC16 Sougha in numbers 2013
• DOC17 Sougha Copy of REPORT
• DOC18 Improving Self-Employment Opportunities and Wellbeing for Economically Vulnerable Population Groups in the UAE through Social Inclusion and Entrepreneurship Development Programs
• (DOC19) Commercial License
• (DOC20) Annual Report 2013
• DOC21 Global airlines embrace their cultures
• DOC22 Sougha presentation card small
• (DOC23) Khalifa Fund supports Sougha's participation in Emirate Palm and Dates Festival in Abu Dhabi

In addition, other online newspapers’ articles and Sougha and KFED websites were consulted and appear in the bibliography. Some above-mentioned
documents were extensively used for data extraction, such as DOC1 Sougha Est. strategy 2014 and (DOC20) Annual Report 2013, while others were not cited at all, due to outdated data or their confidential restrictions.

Data was retrieved from documents with the help of keywords. The keywords were the terms used in the ideal characteristics’ description in column 2 of the analytic table, or their synonyms.

The key word search in the interviews had two purposes. The first one was to identify attributes in documents, describing Sougha’s current position, possibly with a low-level of interpretation, in column 3 of the analytic table. The second purpose was to select quotes from documents and include them as justifications in column 4. The document’s page where the justification stands was provided in column 5 if applicable.

5.5 DATA ANALYSIS

In this section, in order to serve the purpose of the study, the decision was made to clearly separate the analytic table in phase 3 from the gap analysis in phase 4. This decision was driven by the belief that they fulfilled distinctive roles. The analytic table functioned as a complex supporting instrument where information was retrieved from documents and interviews, according to the criteria, to be examined for analysis purpose and connected to form Sougha’s attributes. The language was non-academic, with the use of shortened terms, the quotes were in form of raw data, extracted directly from transcriptions and not corrected. The extensive use of quotations in the analytical table conferred credential to the gap analysis.

In the words of Patton (2002): “Purpose guide analysis”. In order to put it in the light of the study’s contextual and evaluative purpose, the analytic table gathered the necessary elements to assess Sougha’s potential to become a social enterprise in the UAE context, while the gap analysis proposed a formal benchmark of Sougha’s current attributes, against criteria from carefully selected western-based social enterprise frameworks.
5.5.1 Data analysed in a table

The analytic table provided in Appendix C was composed of two sections. One section was dedicated to the nine criteria from Burkett’s social enterprise adaptation of the Business Model Canvas (n.d.), and the second section was dedicated to the 12 criteria from Alter’s social enterprise typology (2007). The qualitative process of merging criteria and attributes along with a description of their relations and quotes occurred in the analytic table.

- In the first column, the nine criteria from Burkett’s social enterprise adaptation of the Business Model Canvas (n.d.) and the 12 criteria from Alter’s social enterprise typology (2007), totalling to 21 criteria, were plainly stated.
- In the second column, for each criterion, its stated ideal characteristics were brought forward.

Between the second and the third column, a basic and descriptive coding system was employed to find in the verbatim transcriptions and documents, data which can be identified as attributes. The system was simple. A list of representative keywords (or their synonyms) was picked in the vocabulary of the stated characteristics. Then a keywords electronic search was performed in the Word document containing the interviews’ verbatim transcriptions, and in documents susceptible to contain the type of information required. After several rounds of keyword-based search, the student got increasingly acquainted with the data, until she could rapidly navigate between the documents and the interviews to retrieve exactly the information she was looking for. This process goes along with the data “immersion” recommended by Savin-Baden & Howell Major (2013, p.420).

- In the third column, data from the content of interviews and documents, identified as relevant were brought forward as attributes to represent Sougha’s current position to be matched against the criterion. These attributes were described, possibly with a low-level of interpretation.
- In the fourth column, quotes from relevant interviews and documents were included as justifications. Quotes can consist of one sentence, a
few words, or a full paragraph. Irrelevant information between two interesting ideas was removed and replaced par suspension points.

- In the fifth column, the interview’s reference (identification number-question number) and/or the document page was provided, if applicable.

- In the sixth column (only for criteria from Alter’s social enterprise typology), quotes relating contextual social enterprise-related statements from experts and stakeholders about the situation of SE in the ME/GCC/UAE, were included as justifications. Quotes could consist of one sentence, a few words, or a full paragraph. Irrelevant information between two interesting ideas was removed and replaced par suspension points.

- In the seventh column (only for criteria from Alter’s social enterprise typology), the interview’s reference was provided.

5.6 RELIABILITY AND VALIDITY

It was difficult to assess the reliability of the study, as Sougha’s attributes are expected to evolve with time. An interesting exercise would be to repeat the gap analysis in two years’ time, with Sougha’s updated documentation, against the same criteria, and appreciate the progress in the results.

The research’s validity was maximized by the variety of sources and methods from where data was collected. The use of different methods and data sources is called triangulation. According to Patton (2002, p.248), “Studies that use only one method are more vulnerable to errors linked to that particular method… than studies that use multiple methods in which different types of data provide cross-data validity check.” For example, to counter the student’s subjectivity when interpreting Sougha’s documents to identify Sougha’s current position and attributes, interviews with KFED and Sougha key informants also provided data on Sougha’s current structures and activities.

Most documents are also created to present a certain point of view from the author(s), or reflect ethnocentric views, so they may be used in a biased
fashion to reinforce one aspect of the research. As Savin-Baden & Howell Major (2013, p.410) put it: “Visual documents also tend to be created for a specific purpose (such as promoting a person or an organisation), so in some way documents can be ‘staged’; thus, they tend to reveal what the cultural group wants other to know about it.” First-hand data retrieved from the interviews were thought to bring a balance to the perspective offered by Sougha’s documentation, as the different informants have different views on both Sougha and the social enterprise current situation in the Middle East, and more specifically in the UAE.

5.7 ETHICAL CONSIDERATIONS

The ethical considerations of this study were dealt with according to the three types of ethics likely to be encountered by a researcher (Du Plessis, 2013, p.5).

The procedural ethics mostly concerned the interviews: the participants were all above eighteen years old and were interviewed in the frame of their professional roles, at Sougha, KFED, and other entities. Participants were contacted in advance by email for an appointment request, and were informed about the nature of the interview. As participants were not physically in the country or not willing to sign an informed consent (including participants’ rights) for the student to be allowed to quote them, an identification number was attributed to each of the 17 informants, and replaced their name as reference in the study, in order to respect the confidentiality of their statement.

This research study is situated in the UAE, with a government-funded initiative as its object of study. The ethically related perspectives of this particular situation are called situational ethics. The situational ethics are safeguarded by a service agreement\textsuperscript{11} made between Sougha and the student (referred to as researcher in the text), including the “research document topic”, “the researcher deliverables”, the “maximum research duration”, the “budget”, the commitment required from the study object (“Sougha deliverables”) and the issue of confidentiality.

\textsuperscript{11} The service agreement between Sougha and the student was sent with the master dissertation’s proposal as Appendix 2, and is thus not appended again in the dissertation.
In order for the student to conduct the research study in the best conditions and for relational ethics to be clarified, guidelines for collaboration were agreed upon between the student and Sougha, as well as between the student and KFED\textsuperscript{12}. In addition, the student signed a code of conduct with her supervisor, which established their expected mutual role in the research study\textsuperscript{13}.

The authors of the frameworks, Alter and Burkett have been contacted by email, and were provided with a detailed explanation of how their document would be used in the study and gap analysis. They both gave the permission for their work to be quoted extensively. It is allowed to use Osterwalder and Pigneur’s work freely, as long as the work is credited with their website businessmodelgeneration.com.

5.8 CONCLUSION

In this chapter, a succession of research procedures was presented, in the endeavour to answer the research question and achieve the study’s aim. A detailed explanation was provided for each of the procedures, in their respective section. The research design highlighted the pragmatic and exploratory approach undertaken. A whole section was dedicated to the research process occurring in an iterative manner. Data collection and data analysis were thoroughly described, and linked to the iterative process. Given the particular contextual and evaluative structure of the study, parts of the research were performed and explained in other chapters than under the methodology, but were clarified under the methodology. This was the case for the two frameworks providing the criteria, which were selected from the literature in sub-section 3.5.4 and for the gap analysis in chapter 0. The reliability and validity of the study was discussed in depth. The ethical considerations’ section covered in details several ethical aspects of the study.

\textsuperscript{12} The non-disclosure agreement between KFED and the student was sent with the master dissertation’s proposal as Appendix 4, and is thus not appended again in the dissertation.

\textsuperscript{13} The code of conduct supervision agreement between the supervisor and the student was sent with the master dissertation’s proposal as Appendix 5, and is thus not appended again in the dissertation.
6 GAP ANALYSIS

This chapter presents a gap analysis which can be consulted in Appendix A. The main criterion-segregated findings from the gap analysis are presented in section 6.1. An abridgement of the findings follows in section 6.2, providing an answer to the research question. A summary of the recommendations elaborated in the gap analysis is available in section 6.3.

Inscribed into a specific context, which is the current UAE social, economic and political context, directly linked to socio-economic development imperatives, the purpose of the gap analysis can be defined as both a summative and a formative evaluation, as through the findings, it mainly attempts “to determine program effectiveness” (Patton, 2002, p.213), but in doing so, through the recommendations it also provide the means “to improve a program” (Patton, 2002, p.213).

In order to clarify the role of the gap analysis in this study’s research methodology, it was important to differentiate the function of the gap analysis occurring in phase 4 from the analytic table in phase 3. The gap analysis used the relations already established between criteria and attributes, made in the analytic table, as knowledge in order to highlight the gaps between Sougha’s attributes, against the ideal criteria of a social enterprise. In other words, the gap analysis focussed on the benchmarking exercise, deriving the findings from it to answer the research question, also providing recommendations.

The gap analysis was divided in two parts corresponding to the selected frameworks; it was to be read from left to right, and presented 4 columns. Column 1 contains the criteria taken from Burkett’s adaptation of the BMC and Alter’s typology. Column 2 contains Sougha’s attributes, representing Sougha’s current position, as interpreted by the student, according to the documents and the 17 interviews’ analysis in the analytic table. This column content serves as the background for the findings. Column 3 contains detailed findings. Column 4 contains detailed recommendations.
6.1 FINDINGS

The findings are the refined, interpreted results from column 3 of the gap analysis, not from the documents and the interviews analysis effectuated in the analytic table. The findings are criterion-segregated and are presented in two parts, the first part deals with the findings based on the nine criteria of Burkett’s Social Enterprise Business Model, and the second part deals with the findings based on the twelve criteria of Alter’s Social Enterprise Typology.

6.1.1 Findings from the Social Enterprise Business Model

Criterion 1: VALUE PROPOSITION

Sougha’s current commercial value proposition (CVP) is based on some of the products’ characteristics, and general assumptions of the customer segments’ needs. The capacity building process and the dual impact makes Sougha’s impact value proposition (IVP) a powerful one. Sougha’s IVP has a strong appeal to its impact customers, but more knowledge is needed to know if they are ready to pay for the impact value proposition. Additionally, Sougha’s IVP is a good vehicle to reach potential partners and stakeholders, as it presents a relevant fit for their SCR activities. Economic empowerment is Sougha’s main impact. The second impact, which is the cultural preservation, is also reflected in both CVP and IVP.

Criterion 2: CUSTOMER SEGMENTS

Sougha’s customer segments are established in three categories, but there is a lack of knowledge about whether they are commercial or impact customers, or both. According to the interviews, the retail segment is found too resource-demanding, but reducing the activities in this segment stands in contradiction with Sougha’s strategy, which acknowledges the need to keep and develop the retail segment, as a crucial instrument for Sougha’s further positioning on the high-end market, both domestically and internationally.

Despite being identified as a customer segment in Sougha’s documentation, the exhibition segment is found to be of limited commercial significance, but allows Sougha to be exposed towards corporate customers. Exhibitors have demonstrated an interest for Sougha’s impact, and offer the potential of
becoming impact partners and even customers. In addition, exhibitions are platforms where artisans can be present and meet the customers, thus reinforcing one or both of Sougha’s impact value propositions.

Corporate customers represent Sougha’s main segment. They are also potential partners for Sougha, as Sougha could fit in their CSR. Corporate customers seems to be interested in both the commercial and the impact value of Sougha’s proposition, but more detailed knowledge about this customer segment is needed in order to know how much the impact value weighs in the purchasing decision of the corporate customers. Quality control aspects, and meeting the deadlines, are essential to increase business with this customer segment.

**Criterion 3: CHANNELS**

Sougha’s use of channel to raise awareness about its proposition is found to be of variable efficiency. The reason can be a lack of internal resource or a lack of internal clarity about Sougha’s value propositions. The exhibition channel is described as a good conveyor of raising awareness for Sougha to its corporate segment, but it is not clear how Sougha raises awareness to its retails or corporate segment. Information on Sougha’s webpage and social media are outdated, conveying a mixed-up message about Sougha and the Sougha Initiative’s activities. Sougha’s information card, handed out with the product, is a good channel to raise awareness about Sougha, which is presented as an establishment, with “un-measurable” changes. Evidences on which customers can evaluate Sougha’s commercial and impact propositions are thin and anecdotic. Currently there is no channel highlighting Sougha as a high-end brand. Impact motivation is not necessarily part of each purchase, and some customers might buy Sougha’s products purely on commercial motivations.

**Criterion 4: CUSTOMER RELATIONSHIPS**

A commitment for customer satisfaction is evidenced, with a rather personalized and swift service. However there is a lack of updated and specific information regarding the type of relationships between Sougha and its customers in the different segments, and whether Sougha distinguishes its
relations between commercial and impact customers. The Customer Feedback System as well as the Customer Relationship Maintenance Procedure stated in the strategy should be prioritized, given the high relevance it has for Sougha’s further development as a potential social enterprise. Limited customer relationship might be linked to a lack of resources, but also to a lack of duty segregation between Sougha and the Sougha Initiative.

**Criterion 5: REVENUE STREAMS**

The revenue streams are not explained in details in Sougha strategy, and are not part of a financial plan. Sougha needs to diversify its revenue streams from being wholly funded by its owner. As an establishment, revenue streams can only be diversified through commercial revenue from customers or investors.

**Criterion 6: KEY RESOURCES**

Sougha’s commercial and impact physical resources are outstanding, in contrast with other resources. KFED being the owner of Sougha, all physical resources used by Sougha belong de facto to KFED.

There is a strain on Sougha’s human and intellectual resource, which seems to not be aware whether they are working for the Sougha Initiative or Sougha. Recruitment challenges, segregation of duties, as well as a flattened delegation of authority matrix were identified as a necessity to improve the manpower challenge faced by Sougha.

The artisans are Sougha’s greatest resource as suppliers; they are also the guardians of the intellectual resources in the form of traditional techniques used in Sougha’s products. For example the Sadu technique has been safeguarded through UNESCO. The average age of the artisans is lowering, but the sustainability of the know-how transmission is uncertain.

Sougha’s branding is crucial in order for Sougha to access high-end markets. This is identified as Sougha’s best resource and opportunity to gain a commercial revenue stream through mark-up addition on the products, at least for some product lines.
Criterion 7: KEY ACTIVITIES

If Sougha is considered as a business embedded in the Sougha Initiative mission, its commercial key activities exist in order to reach the impact purpose of the social program. However, Sougha is encountering increasing difficulties in managing its huge activity portfolio, being compelled to prioritize its social impact activities at the cost of its business development. A lack of adequate resource is highlighted by Sougha as the cause for these challenges, but a look at the key activities suggests that the cause for Sougha’s challenges lies beyond the lack of resources. The Sougha Initiative started as a social program by KFED in 2009. Sougha was registered as an establishment in January 2011. Sougha has existed for four year, but inherited the social program structure and mind-set from the Sougha Initiative, and is still managed as a social program. The confusion between both entities, often seen as one, results in the responsibility for all key activities being incumbent to Sougha. The strategy attempts to segregate these activities, but only under Sougha. The Sougha Initiative is not mentioned. Sougha’s Sales and Marketing activities have a vague and limited agenda in the strategy. The Sales and Marketing Department had until now complementary commercial and impact activities, but the decision to add a mark-up on the products, in order for Sougha to get a revenue stream must be carefully considered. On one side, it will provide for Sougha the much needed commercial income to cover some of its costs, and then become a sustainable platform for further support to the artisans. On the other side, it might threaten the capacity building process taking place when the artisan decide the market price of her product, which is an indirect impact in Sougha’s social value creation. In addition, if the price increases, there is a risk of sales decrease, negatively influencing the impact. The agenda does not mention the high-end branding of Sougha. Another key activity mentioned in the interviews is marketing-based and impact loaded. It consists of telling the story of the artisans through the products. The feeling that the product is directly sold by the artisan is appealing to impact customers. This activity does not appear in the strategy.
Maintaining a close contact with artisans is identified as a key activity. However this contact is mostly top-down, and includes limited level of participation from artisans in the decision making process involved in production, marketing and sales. This might lead to an opposition of interest between Sougha’s commercial and impact activities on the medium term, resulting in possible mission drift, for example with capacity building activities disappearing in the action of adding mark-ups. More knowledge about the motivations for the artisans to be part of Sougha is needed.

Another key activity now situated across Sougha and the Sougha Initiative’s span of activities.

A last key activity for Sougha, albeit non-commercial, is to achieve some level of cultural preservation. There is no official monitoring and tracking system assessing the success of this activity.

**Criterion 8: KEY PARTNERSHIPS**

Sougha’s acknowledgment of the worthy role partnerships can have in developing and sustaining its level of activities is not reflected in its strategy. The different partnerships structures and values are not actively demonstrated and recorded by Sougha, which does not differentiate commercial from impact partnerships. Limited resources might prevent Sougha to explore the opportunities potential partners could offer or that existing partners could propose in addition to what they are already offering to Sougha. Existing partners do not make the distinction between Sougha and the Sougha Initiative.

Being Sougha’s main sponsor and sole owner, KFED’s attitude and motivation regarding Sougha, and also the Sougha Initiative are key to defining their existence, and their further development. KFED is focusing on the impact results of Sougha, with no pressure to drive Sougha into a business-like structure. This relationship is adequate for the Sougha Initiative, allowing the social program to focus on it social mission, but not for Sougha. As an entrepreneurship promoter, KFED is aware of the necessity for a social enterprise to adopt and display a business structure and mind-set in its
approach to solve the social problem, with a documented structure displaying governance in its financial, organizational, and legal structures.

The public entity Abu Dhabi Tourism and Culture Authority (ADTCA) has a vested interest in Sougha scaling/maximizing the cultural preservation impact, but it is not clear whether ADTCA is ensuring or measuring Sougha’s delivery of cultural preservation impact. In addition to being a partner, ADTCA also provides Sougha with commercial opportunities, as ADTCA is also one of Sougha’s main corporate customers, and provides exhibition opportunities, thus reducing the risks and uncertainties for Sougha. The Abu Dhabi-based airline company Etihad is also a major partner for Sougha, playing the role of a retail distributor, a corporate customer, and a training provider. KFED also connected Sougha with the Japanese Organization for Small & Medium Enterprises and Regional Innovation (SMRJ), which provided training in enhancing the skills of Sougha artisans. Sougha has also recently been connected with the Chalhoub Group, with shows an interest to integrate Sougha as part of its Corporate Social Responsibility (CSR).

The artisans’ dual role make the fundament of Sougha’s existence, and are thus seen as partners. Still, artisans have very limited participation in the decision making processes of Sougha. The motivations behind this partnership are at the core of Sougha’s raison d’ être, and are both commercial and impact oriented. Through the partnership, both the artisans and Sougha reduce the risk of business failure and the artisans acquire new competences in craft skills, accountancy, and other business skills. There is an impact motivation, as the more artisans are members of Sougha, the more craft items will be produced, and the more the social and cultural heritage impact will be maximized. This would in turn optimize the depth and scope of Sougha’s commercial activities. The motivations for commercial partnership were strong when the Al Khaznah tannery was established for 9 years ago, but they are now limited, as the revenue from leather sold to Sougha artisans are amounting to only two per cent of the total sales. For Al Khaznah, the impact motivation is to do something for the local community. For Sougha the commercial and impact motivation is first and foremost the acquisition of particular resources and activities from Al Khaznah.
Criterion 9: COST STRUCTURES

Although Sougha’s economic value creation is existing, it benefits Sougha’s social impact, but does not provide revenue stream to cover Sougha’s costs. As a potential social enterprise, Sougha is attempting to scale its commercial value creation in order to gain sustainability in delivering its social impact, despite a strong social value creation background inspired by its parent organization. Sougha’s cost structure is not detailed, nor presented in a financial plan in Sougha’s strategy. With Sougha organizationally mixed with the Sougha Initiative, catering for the social impact has a heavy cost for Sougha, which in addition has to face the extra costs of structuring itself as a commercial company, albeit non-profit. Sougha as a social enterprise requires special skills in accountancy, to be able to distinguish commercial from impact accountancy. Sougha’s accountancy function is currently outsourced to KFED, and it is not known whether these skills are available within KFED’s accountancy department.

6.1.2 Findings from the Social Enterprise Typology

Criterion 1: NATURE OF HYBRIDITY

Ideally a social enterprise is put together with a balance between goodwill and self-interest motivations, simultaneously built-up and developed. Sougha is currently more goodwill than self-interest motivated. The reason for this unbalance can stem firstly from its outgrowth from a government-owned social program, the Sougha Initiative, a KFED initiated social program with a double purpose of economic development and heritage preservation. Secondly, Sougha is owned and financed by KFED, a government entity, also goodwill motivated. Despite its origins, Sougha’s self-interest motive exists, as Sougha needs and wants to brand itself as a platform for Emirati artisans.

Traditionally, government entities are more inclined to develop social activities (goodwill), rather than encouraging self-interest motives. But KFED holds a dual economic and social agenda aligned with AD 2030 and UAE 2021. The economic dimension is the contribution to the national economy with the development of a strong national SME fabric. This dimension is fulfilled along
with the social dimension, through the support to entrepreneurs, and the
development of their soft skills and business acumen.

With ill-defined boundaries between Sougha and the Sougha Initiative,
Sougha inherited an organizational structure which is strongly influenced by a
governmental social initiative mind-set prioritizing mission-driven methods and
is struggling to reorganize its own business model, according to market-driven
methods.

Criterion 2: DUAL VALUE CREATION

As an embedded establishment in a social program, Sougha’s management
sees the benefit to scale its commercial value creation in order to sustain and
develop the social value creation. But Sougha does not yet earn a commercial
income for itself, nor does it have a stated plan with targets to achieve at least
partial economic sustainability. Evidences of Sougha’s motivation to increase
its commercial value creation are scattered throughout the strategy and are
not stated in a dedicated sub-part dealing with a financial plan to create a
commercial earned income.

Criterion 3: MISSION ORIENTATION

From data collected in the documents and interviews, it appears that there is
a definitional and conceptual confusion of the organizational relationship
between the non-profit organization (the Sougha Initiative) and the non-profit
enterprise (Sougha) and their respective development. This lack of clarity
makes it difficult to classify Sougha’s mission orientation as a social
enterprise. In the gap analysis, the Sougha Initiative is assumed as to be the
parent organization for Sougha, with both situated under the umbrella of
KFED, for a number of reasons. Firstly, this assumption would allow Sougha
to be classified according to its mission orientation in relation to its parent
organization, which is a social program aiming at social inclusion through
offering economic empowerment to Emirati artisans and safeguarding
traditional handicraft techniques. Secondly, the acceptance of this relation
would make it easier to identify and state a vision and mission for both
entities. Thirdly, it would bring a solution to the limitations that Sougha might

encounter in its search for attracting impact funders, as it is registered as an establishment.

The reasoning from the assumption in order to classify Sougha’s mission orientation as a social enterprise is the following: If the Sougha initiative is considered as the non-profit, parent organization, and if Sougha is considered as the non-profit enterprise undertaken by the Sougha initiative to commercialize the artisans’ products, and if Sougha’s hybrid mission contains a mix of business and impact elements oriented towards the Sougha initiative’s mission, then Sougha displays a mission-centric orientation in relation with its parent organization.

**Criterion 4: BUSINESS/ PROGRAM LEVEL OF INTEGRATION**

In order to classify Sougha according to its level of integration, the Sougha Initiative is assumed as to be the parent organization for Sougha, with both situated under the umbrella of KFED. If the Sougha initiative is considered as the non-profit parent organization providing the social program for artisans, and if Sougha is considered to undertake the commercially-related activities, reinforcing the social mission of the Sougha initiative, then Sougha’s activities are embedded within the Sougha Initiative.

**Criterion 5: OPERATIONAL MODELS**

Sougha’s provides services to its target population, the artisans, to help them access markets. Sougha takes the artisans’ products on consignment and sells them on different markets, on their behalf. It must be noted that a proportion of the value added to the artisans’ products also comes from the Sougha initiative (the social program), in the form of training and development.

Sougha’s services, such as product development, marketing and sales, and Business Development Services (BDS), add value to the artisans’ products. For Sougha, the quality control aspects and a good knowledge of the marketing demands are essential. The beneficiaries are considered as Sougha’s suppliers. Most of Sougha’s suppliers are not licensed. Sougha’s markets are not defined as high margin markets and Sougha has currently not succeeded to add mark-ups on its pricing strategy. Financial self-sufficiency,
even partial, is not achieved, hampering further Sougha’s development of the operational model. The assumption on the nature of the relationships between Sougha and the Sougha Initiative is not confirmed by Sougha’s management, so it is difficult to assess the extent to which Sougha follows the model.

**Criterion 6: ORGANIZATIONAL STRUCTURE**

The overall organizational structure encompasses KFED, Sougha and the Sougha Initiative. KFED is considered as the parent organization for both the Sougha Initiative and Sougha. In the light of this criterion, it is interesting to look at different alternatives assuming the organizational relation between Sougha and the Sougha Initiative.

The first alternative is to consider the Sougha Initiative as Sougha’s parent organization. Sougha as an establishment is structured as an internal department within its parent organization, the Sougha Initiative and indirectly the KFED. This perspective follows the content of DOC1 Sougha Est. Strategy 2014 (Sougha, 2014) and would support a vision and mission for Sougha embedded in the Sougha Initiative’s vision and mission, which in turn would be embedded in KFED’s vision and mission.

A second alternative presents Sougha structured under KFED as its parent organization, on the same level as the Sougha Initiative which becomes a complementary social program. This view follows the content of DOC20 Annual Report 2013 (KFED, 2013) and proposes a reduced role of the Sougha Initiative, with the social program kept only for its legal status allowing philanthropic funding.

A third alternative presented in DOC14 Sougha Business Plan Proposal (Al Midfa & Ben Gacem, 2011, p.5&7) proposed a very lean commercial structure for Sougha, while most of the social program is kept under the Sougha Initiative. This proposition could be kept in mind, as the cost for the establishment could be minimized, leaving most of the operational costs to be covered by funding to the Sougha Initiative. Such relationship and structure would require a good communication between the Sougha Initiative and Sougha.
Criterion 7: LEGAL STRUCTURE

The UAE has a tradition of managing social projects as charities, and most charities are government run. It is difficult to register a non-profit in the Emirate of Abu Dhabi without being connected somehow to the government. The concept of social enterprise is new and ground-breaking in the UAE, with no legal status or regulatory acknowledgment yet. According to its legal status as an establishment, Sougha is expected to earn an income, but currently, Sougha’s source of income is injected by KFED, Sougha’s sole owner and funder. This situation would not be seen as sustainable for a social enterprise in most countries but in addition to the fact that the UAE has no taxation regulation; the innovative way Sougha operates could pave the way for sustainability and innovation in government-initiated social relief.

KFED acknowledges the novelty of the social enterprise concept in the UAE context, which must first be recognized as a catalyst for national social and economic development before being integrated in the legal and regulatory environment. Therefore KFED capitalizes Sougha’s incubation as a long-term social investment, showcasing a potential example of social enterprise in the UAE context, in line with the national socio-economic visions.

The lack of clarity in the legal and regulatory environment presents a challenge for Sougha to attract funding. As a commercial establishment, Sougha is entitled to attract capital from commercial investors and revenues, but might meet challenges from a legal perspective to be able to attract philanthropic funding. The lack of clarity in the legal and regulatory environment also presents a challenge for KFED and Sougha to display transparency and accountability in Sougha’s activities and governance. Being in such an experimental position with no legal framework nor accountability pressures, the danger for KFED and Sougha lays in the complacency found in the comfortable position of achieving social value creation, and being wholly funded without clearly defined time constraints and financial and social targets to be achieved.
**Criterion 8: OWNERSHIP STRUCTURE**

During the incubation period, the triangular relationship between KFED, the Sougha Initiative and Sougha, can be a winning combination, allowing for a maximum flexibility in terms of activities optimization, and funding and investment opportunities. It is not clear whether these opportunities are clear for KFED as the owner of both Sougha and the Sougha Initiative.

**Criterion 9: PROGRAM STRATEGY**

The conceptual and terminological confusion between Sougha and the Sougha Initiative is reflected in their programmatic structure. Sougha and the Sougha Initiative are not seen as separate entities complementing each other, but as one entity will ill-defined boundaries and roles. Having inherited the social program structure and mind-set from the Sougha Initiative, Sougha’s prime purpose is still social-driven, not financial. This amalgam of the two entities hinders Sougha to stand out as a business structure, including business methods and focusing on its commercial purpose which serves the social program’s impact.

Currently, Sougha and the Sougha Initiative are serving simultaneously two sectors. The first sector is economic development, and the second sector is cultural preservation. Furthermore, their overall activities are circumscribed within three program areas which are Micro-enterprise Development, Economic Opportunities, and Access in Under-served Markets. These sectors and program areas are highly relevant to KFED’s agenda, as highlighted in KFED’s annual report and within the RAND report. They are also mentioned in the UAE 2021 vision, and AD 2030 vision. It is interesting to note that while the cultural preservation sector is highlighted in the KFED’s annual report, and in Sougha’s strategy; indicators to measure the cultural preservation impact are absent from the Sougha Strategy KPIs, and from the SROI study (Sustainable Square, 2013). Targets to achieve impact in this sector are absent from the strategy.

**Criterion 10: FINANCIAL STRATEGY**

Sougha displays a stated need and motivation for achieving partial self-sufficiency, income diversification through a commercial revenue stream, and
cost savings and resource maximization. These needs are scattered throughout the strategy and not gathered in a financial plan appearing under a financial section. Sougha’s financial objectives are not achieved because they are not stated.

In an immature funding market where funders and investors are not ready to trespass the circumscribed dichotomous areas of commercial and social value creation, KFED offers Sougha a long term incubation period free from financial constraint. KFED owns both Sougha and the Sougha Initiative, and fund them without encouraging them to use their respective legal status to finance them with the most adequate type of funding. Sougha does not leverage from KFED’s reputation, credit history and competence to gain access to other type of funding. While the financial support from KFED is well documented, it is not clear if KFED capitalizes Sougha or the Sougha Initiative, or both. Furthermore, the way it capitalizes Sougha’s dual value creation is not clear either.

A recurrent problem for Sougha seems to be limited resources both in financial and human terms. This challenge could indicate that while KFED continues to provide indistinctively to Sougha and the Sougha Initiative for the social value creation to happen, it does not capitalize the necessary investment for Sougha to grow into a full business in order to deliver the social value creation in a sustainable way. From the documentation and interviews, it appears that the management’s intention to structure Sougha following commercial practices is reasonably clear, but it is less clear whether this structure is implemented, and this intention is communicated and shared with the Sougha staff.

**Criterion 11: CAPACITY BUILDING STRATEGY**

Serving the purpose of AD 2030 and UAE 2021, the seldom hybrid quality of being socially-oriented and business-oriented is at the core of KFED’s raison d’être. As Sougha’s owner, KFED does not transfer this dual orientation to Sougha, and this might hinder Sougha in displaying a high business responsiveness and adaptability in order to react to the market’s external opportunities and threats; KFED’s dual experience would be valuable as a
partner. The confusion between Sougha and the Sougha Initiative is resulting in a lack of time and resources hampering Sougha to further leverage KFED’s core competencies and assets in order to apply business practices to its own structure and to its commercialization process. This limited leveraging in turn hinders Sougha to develop its commercial structure, setting Sougha in a vicious circle. Targets for achieving both financial and social objective are lacking from Sougha’s strategy, but a need for monitoring and tracking systems is stated and planned on the long term. Sougha’s social impact assessment and evaluation methods are either anecdotic or performed on a limited target group. The results from the first external impact assessment for KFED’s overall activities will include the impact of Sougha/The Sougha initiative’s activities and will be published in 2015.

**Criterion 12: CULTURAL STRATEGY**

Sougha’s innovative mind-set comes from the experimental nature of its social impact activities used at micro level with the artisans. Now Sougha needs to use its innovative mind-set at meso-level to scale its business structure, but for Sougha to be a risk-taker and make market-oriented decisions is perceived as a challenge. The fact that Sougha is government-owned and interwoven with the Sougha Initiative to be a public representation among the artisans might be a hinder to a risk-taking mind-set. While considered to be under incubation, Sougha is not any longer at a trial stage and artisans are already relying on Sougha as an institution. Another explanation for this lack of risk-taking and market-oriented decision-making, seems to be due to limited resources and lack of business practices skills.

**6.2 CONCLUSION OF THE FINDINGS**

In a legal and regulatory environment not conducive for social enterprise, to be long-term incubated and fully funded without any financial conditions by its owner places Sougha in a double-edge sword situation. While offering the comfortable benefit of having the means to uphold the social mission without worrying about the involved impact costs, KFED’s funding without financial constrains might confine Sougha within the borders of a social program, not
building up the necessary business mind-set and skills to scale as a social enterprise.

This does not serve the interest of Sougha, nor does it serve the interest of its parent organization. As the owner and a key partner with a dual value creation experience, KFED’s attitude and motivation regarding Sougha is decisive in their further development. The relation between Sougha and its incubator, as well as the incubation phase is not well enough defined.

The lack of financial strategy is the main hindering block between Sougha and the social enterprise status. Sougha’s current economic value creation is entirely reversed into the overall social impact value creation and does not cover Sougha’s impact costs. Hence Sougha does not fulfil the lowest level of self-finance in a social enterprise. While the lack of commercial revenue streams is affecting Sougha’s sustainability, the main threat to eligibility as a social enterprise is the lack of a financial plan, with clear objectives in Sougha’s strategy.

Both Sougha and the Sougha Initiative are seen as one, already bearing a common institutional responsibility towards the artisans. Sougha is suffering from this confusion, as it drains Sougha’s limited resources which should be used for its business development. In order to scale as a social enterprise, Sougha needs to keep its strong inherited social mission, while building up its own structure, following a commercial mind-set. This might present a challenge, as the non-profit mind-set inherited from the Sougha Initiative retains Sougha to use market-driven methods to serve its self-interest motivation.

Sougha’s dual value proposition is strong and attractive, but might need to be refined and updated according to customers’ feedback and an adapted vision and mission. A lack of resources prevents Sougha to optimize existing channels and explore new ones, as well as to maintain and develop customer relationships. Sougha’s key activities portfolio is too large and ill-defined as it covers both Sougha and the Sougha Initiative activities, preventing Sougha to focus on its commercial activities. Sougha has a good partnership portfolio
with the potential to be further optimized. Artisans are not considered as partners and their level of participation in Sougha is low.

Sougha’s mission centeredness to the Sougha initiative’s mission is a very good starting point for developing into a social enterprise, as it places Sougha’s commercial activities directly contributing to the impact of the social program. But Sougha is not a mission-centred social enterprise, due to its lack of financing model displaying an intention to at least partly self-financing. In the same vein, Sougha is fully integrated in the Sougha Initiative’s program, which is seen as a very promising attribute to be a successful social enterprise, reinforcing the social impact, but Sougha cannot qualify as an embedded social enterprise as it does not achieve partial self-financing, and not even demonstrates some self-financing intentions displayed in a financial plan. Sougha is in the process of shaping its structure following the market intermediary model, but this process is implemented with limitations, as it does not sell the products in high margin markets at a mark-up.

To identify and select the right organizational structure encompassing KFED, Sougha and the Sougha Initiative is crucial for Sougha to scale as a social enterprise. Sougha as a business embedded in the Sougha Initiative’s program is found to be aligned with the KFED’s agenda and the UAE 2021 and AD 2030 visions.

### 6.3 RECOMMENDATIONS

**Sougha’s commercial value proposition** (CVP) and **impact value proposition** (IVP) should be communicated adequately and clearly to customers and potential partners. The **customer feedback system** should be prioritized in Sougha’s strategy from a long term to a short term action, to free resources in order to gain knowledge about the customers segment and the nature of their interest in Sougha would help to adjust and reinforce the CVP and IVP. Such knowledge would also guide the **customer relationship maintenance procedure** identified in Sougha’s strategy as an immediate action. A **customer overview** is needed, resulting on a customer ranking system according to their relation to Sougha, on the commercial side and on
the impact side. Following-up customers would increase customer loyalty, indicating how much Sougha value them as customers.

A careful analysis of the **retail distributors** is necessary to perform, emphasizing on their distribution expertise, to support Sougha’s commercial and social impact, and on which type of market they do operate. This analysis could entail a cost-to-benefit analysis in order for Sougha to know to which extent the retail distributor is lucrative and/or brand-enhancing. From a design perspective, the **exhibition segment** should be considered as a specific category of partners playing a role in marketing activities, and not as a customer segment anymore. The role exhibitors have for Sougha’s commercial and impact purpose needs to be followed up. Acknowledging impact-interested **corporate customers** could help Sougha to redesign its revenue streams, charging more for impact customers in order to cover at least impact costs.

Sougha needs to free **resources** to get a better knowledge of its current and potential channels, in order to adjust its current production to the market demand in term of quantity and quality, and to scale its commercial and thus social impact. In the assessment process of the different purchasing **channels**, Sougha should keep in mind its goal of getting revenue streams.

Sougha’s current **key activities** portfolio needs to be redesigned according to the respective roles and responsibilities assigned to Sougha and the Sougha Initiative, in order to **rationalize and maximize the resources** and avoid duplication of activity. The artisans’ database should be further developed, introducing a system of levels defining the artisan by the numbers of years spent with Sougha, the size of her annual salary, and her particular skill. **The intellectual resources** necessary to implement Sougha’s strategy future plans, to develop a performance/impact measurement system, or to develop Sougha’s branding could be outsourced and/or financed by partners. All traditional techniques used in Sougha’s products should be safeguarded through international institutions such as UNESCO. **Sougha’s Sales and Marketing department** should be the business core around which all other activities should revolve. Its **activities portfolio** should include the high-end branding of both Sougha and some high quality products. One way to
overcome the **mission drift** threat in Sougha’s contact with the artisans is to inform them about the necessity for Sougha to earn money in order to become sustainable as their commercial platform. While keeping in mind the social profile of its suppliers, **Sougha should adopt a more business-oriented relationship with them as suppliers**, leaving the social impact-oriented contact to the Sougha Initiative. In general, communication with artisans should be differentiated between Sougha and the Sougha Initiative, with different agenda, and different “discourses” to the artisans. In addition, signalling evidences of a **participatory approach** would reinforce Sougha’s impact communication to impact customers and partners. An **artisan’s feedback system** would indicate whether the expectations they have from Sougha are uniquely economically motivated or if the capacity building part is also playing a role in their motivation. A decision need to be taken from Sougha’s management whether the **training department** should be situated under Sougha or the Sougha Initiative. The **cultural preservation** impact should be stated more clearly as an activity, and not just in the mission and vision.

Prior to searching for suitable partners, Sougha need to first clearly outline its **resources and activities** for assessing the type of **partnership** needed. Knowledge of potential partners’ motivation could be obtained through interviews or meeting. Knowing what type of motivations, commercial or impact, lays behind the partnership would direct Sougha to pick the right partners to help for the right activity. The motivations can be commercial or impact oriented, or both. These two conditions are essential as a base for the establishment of a long-term partnership. Sougha needs also to acknowledge the role played by partnerships, and their value in its model. A better communication with existing partners would enhance the delivery of both value propositions, and improve the resources Sougha relies on.

Being initiated and funded by KFED, a government–owned entity should not be a hinder if Sougha is still considered in its **incubation phase**. On the contrary, Sougha is firstly able to leverage from KFED’s resources to reach out to customers segments downstream, and to artisans scattered in a very large and scarcely populated geographical area upstream. Secondly, as an
entrepreneurship promoter, KFED has the means to support Sougha in its transformation from a social program to becoming a non-profit business, playing the role of an angel investor. It is in KFED’s agenda and interest to encourage Sougha’s shift from goodwill-oriented to a more “self-interest approach”, as it will sustain Sougha’s social purpose (and therefore the Sougha Initiative) on the long term. In this endeavour, KFED should shift its funder role to a role of incubator and angel investor. In other words, **KFED should clearly communicate its expectations to Sougha when it comes to the incubation’s not only social, but also financial outcomes.** KFED should progressively advocate and allow Sougha and the Sougha initiative to experiment in using their respective legal status to diversify their funding source. Sougha should leverage from KFED’s reputation, credit history and competence to gain access to other type of funding. KFED’s accountancy expertise could be a support in elaborating Sougha’s first financial plan for example with the use of standard business performance and financial measures. **Sougha’s self-interest motive** should be stated more clearly in its strategy and integrate market-driven methods in its business model to get commercial revenues and increase its brand image, consequently scaling-up its social mission. Furthermore, on the capacity building side, KFED seems to encourage Sougha to strengthen its social impact, but what Sougha needs from its parent organization is to leverage from its dual assets, namely its business experience and its social development and capacity building orientation, in order to strengthen its commercial structure. On the short term, KFED should provide Sougha with the means to react quickly to market feedback and changes. Over time and as part of the self-sustainability plan, KFED should encourage a more independent decision making process, for example through a strong business oriented leadership, and an increasing participation of artisans.

**The organizational and programmatic structure of Sougha and the Sougha Initiative must be clarified**, with clearly segregated purposes, activities and tasks. Sougha’s mission is embedded in the Sougha Initiative’s mission, meaning that Sougha’s mission is necessary, but not sufficient to the Sougha Initiative’s mission. The vision and mission of both Sougha and the
Sougha initiative must be revised in order to be congruent in their mission orientation. In order to be considered as a social enterprise embedded in the Sougha Initiative’s social programs, and to fully qualify as a market intermediary model social enterprise, Sougha must demonstrate intention to achieve a predefined level of financial self-sufficiency. Sougha’s operational model should be clearly stated in the strategy in its own section, including its current limitations linked to its financial plan, and possible solutions.

**Sougha’s commercial results should be tracked and measured according to indicators and stated clearly in Sougha annual report.** Clear two-year targets in the form of indicators should be stated in Sougha strategy. In order to strive towards financial self-sufficiency, other types of models could be explored and combined with the market intermediary model, for examples adding a fee-for-services model or low-income client as market model, or a cooperative model. As an embedded enterprise, Sougha’s KPIs should be limited to measure the commercial performance of its activities, as its commercial performance directly serves the social impact purpose. This would result in two positive outcomes: firstly it would help Sougha to focus on what it needs to do to develop commercial revenues, and secondly, it would spare time and resources for Sougha, leaving the measurement of social impact to the Sougha Initiative. Cultural preservation is not part of KFED’s agenda, but offers the opportunity for Sougha to strengthen partnerships with other entities dedicated to cultural preservation such as Abu Dhabi Tourism and Culture Authority.

**The alignment of the program areas** served by Sougha’s activities within the frame of the Sougha Initiative, KFED’s agenda and the national visions, should be highlighted in Sougha’s strategic documentation. Sougha and the Sougha Initiative should clearly communicate the nature of their relationship and respective activities to stakeholders. Sougha should profile itself as a non-profit establishment with a hybrid structure, hence a social enterprise, being connected to the Sougha initiative’s social program, and communicating the message that generating economic value is a tool for generating social value in a sustainable way.
Regarding the legal and regulatory environment where Sougha operates, KFED as a policy change-maker needs to present social enterprise as a change-bringing concept at macro level. The fact that social enterprises are addressing a social problem and making a revenue to achieve their own sustainability, and thus remove a strain on government social funding on the long term, should be clearly communicated and promoted to higher decision making circles. Along with other actors in the UAE, KFED has the mandate to advocate the implementation of a legal and regulatory framework for social enterprises. In the same vein, KFED should continue its advocating role for an adapted trade license to be issued, which would prevent the artisans to be included in the informal market. Sougha, as a government owned company should have only licensed suppliers. Therefore, all artisans should have a trade license in order to be regulated, and not be part of the informal market.

At meso level, KFED and Sougha should bring their experimental relationship above the lack of regulations and making an example by establishing a clear set of social and economic targets which would allow Sougha to attract the right capital and display transparency and accountability in order to achieve sustainability within a clear timeframe. Given the regulatory, tax-free environment, and despite a lack of clear legal framework for social enterprises, the capital from KFED should be clearly earmarked when allocated to Sougha or to the Sougha Initiative. Capital allocated to Sougha should gradually take the form of equity investments, and opening the possibility of equity investment to partners, in order for Sougha to grow in a sustainable way. The Sougha Initiative as a social program under KFED could continue to receive philanthropic funds.

Although it is not expected from Sougha to be fully self-sustainable financially, the lack of stated financial strategy is the main hinder for Sougha to become a social enterprise. A central condition to be considered as a social enterprise is for Sougha to include a financial component in its organizational structure, demonstrating a commitment to achieve some level of self-financing, but also striving towards cost savings and resource maximization. More detailed knowledge about all activities and resources is needed for Sougha in order to efficiently establish its overall cost structure. A first step
towards sustainability and to fulfil the lowest level of self-finance required for social enterprises would be to identify and segregate the impact cost from the commercial ones for Sougha, then these differentiated costs should be quantified and integrated into a financial plan. Regarding its revenue streams, Sougha should persevere in its endeavour to have an income. Clearly separated commercial (customers or investors) and impact (from KFED) revenue streams should also be included into the financial plan, with a projected amount for each income, and how it would be reinvested in the operational expenses, and/or business growth and development. Other revenue streams could be considered, mixing other business models with Sougha’s current one. This financial plan should be included in Sougha’s business model and strategy with targets on the medium term and on the long term. The process of elaborating this financial plan is also one of the obligatory steps for Sougha to integrate a more business-oriented structure. Furthermore, such a financial plan would help Sougha to gain credibility as a social enterprise when approaching its stakeholders, such as investors and partners, evidencing Sougha’s financial transparency and accountability.

**Sougha should have an adapted methodology to track and measure first its commercial impact**, as it is directly linked to Sougha’s social value creation. The social impact could be tracked and measured as part of the Sougha Initiative’s social program.

Sougha developed a very good and innovative model to solve social issues. To scale its model into a social enterprise model, Sougha needs to define its cultural strategy which should include the adoption of a business culture while keeping in mind the social value creation of its parent organization. A new and creative commercial approach is needed in order for Sougha to generate a space for its innovative model in the Emirati economic landscape, at macro level. KFED’s support is necessary in this endeavour. This process of change needs to take into account the institutional role played by Sougha for the artisan, and Sougha’s limited resources, which prevent the establishment to implement the necessary restructuration to grow into a commercial entity, thus becoming a social enterprise.
7 CONCLUSION

This study was conducted with the aim to assess Sougha as a social enterprise, using a functionalist approach in the form of a gap analysis. The research question and study objectives were addressed in the previous chapters. This chapter summarizes the outcomes of the study in the following sections. Section 7.1 addresses the research question, as to whether Sougha is to a certain extent a social enterprise. Section 7.2 includes a reflection on the main steps of this study. Section 7.3 deals with the limitations of the study. The relevance of the frameworks for the selection of benchmarking criteria is shortly discussed in section 7.4. Section 7.5 engages with some suggestions for further research.

7.1 IS SOUGHA TO A CERTAIN EXTENT A SOCIAL ENTERPRISE?

From the findings, and given the alignment of Sougha’s activities towards the UAE’s development imperatives, it appears that Sougha has a real potential to become a social enterprise.

Sougha is based on an innovative concept, using commercial methods to effectively address a social need. With Sougha considered as being embedded in the Sougha Initiative’s program and mission, these commercial and social impacts are mutually reinforcing each other. This is an ideal situation for a social enterprise, as the more commercially successful Sougha is, the more social impact it achieves. In the context where Sougha operates, being incubated by a public institution allows for a much-needed strong advocacy and a solid social impact without worrying too much about the impact costs involved. Being registered as an establishment in a regulatory, tax-free environment should encourage Sougha to adopt a commercial structure and market-based methods.

However, elements recurrent in the findings prevent Sougha to be considered as a social enterprise. These elements are interconnected.

The first one is the lack of resources preventing Sougha to scale its commercial structure and market-driven methods in order to get commercial revenues, and thus achieve sustainability.
The second element is the lack of a financial plan in Sougha’s strategy, with clearly stated goals to achieve partial self-financing, with identified and stated revenues and costs, within a time frame.

The third element is the nature of the triangular relationship between Sougha, KFED, and the Sougha Initiative. The relation between Sougha and the Sougha Initiative is very unclear and prone to confusion. In the current state, resources are shared and used for social impact activities, preventing Sougha to use them for building its commercial structure. Their relation needs to be clarified and developed into a social enterprise/parent social organisation relationship. KFED is Sougha’s owner, funder, main partner, and incubator. It also founded the Sougha Initiative. While KFED is keen on developing the social impact for artisans and make it sustainable, it does not impose structural, financial or time-based expectations on the incubation agreement on Sougha, nor does it support actively the scaling-up of Sougha’s commercial activity, which would imply that Sougha is nearing the end of its incubation period, and taking the path to becoming a social enterprise. KFED’s attitude and motivation regarding Sougha is decisive for Sougha’s near future.

Given this, the extent to which Sougha can become a social enterprise depends from the motivations of its incubator to transform the philanthropic nature of the support given to Sougha to a more business-oriented support. It also depends on the organisational structure to be put in place between Sougha and the Sougha Initiative. Lastly, it depends on Sougha’s capacity to include a financial plan in its strategy, showing a determination to achieve at least partial self-sufficiency in a given time frame.

7.2 REFLECTION ON THE STUDY’S STEPS

Looking back on the many steps involved in this study, the literature review gave the necessary epistemological background of the context in which the study took place and of the social enterprise concept, also providing the frameworks from which benchmarking criteria were selected. The action of revisiting the concept of social enterprise following a social constructionism theory provided an ontological perspective in order to understand the
advantages and limitations of a public-owned establishment, when assessed as a social enterprise in the UAE. The chapter presenting Sougha highlighted the confusion between Sougha and the Sougha Initiative, which revealed to be the source of many predicaments encountered by Sougha in the analysis and benchmarking stages. The research methodology was relatively easy to implement, but time-consuming, with a huge amount of qualitative information to process. Both the analytical table and the gap analysis were deemed as indispensable, with the analytical table to deal with the process of analysing and transforming the data in attributes to be benchmarked against the criteria, and the gap analysis producing the findings and recommendations.

7.3 LIMITATIONS OF THE STUDY

A lack of feedback from Sougha hampered the quality of the data collected. Documentation provided by Sougha was found to be outdated and lacking reliable quantitative data. Emails from the student asking for more detailed statistics and data were left unanswered from September 2014.

Some challenges were encountered in the process of synthesizing the findings from the gap analysis, as column 3 focused on the gap existing between the criteria of a social enterprise and the characteristics of Sougha, while the findings of the study focused on the extent to which Sougha was eligible as a social enterprise. A solution to overcome this challenge was to allow the findings from some criterion to be used in other criterion, or even merged as it was the case for “Cost structures”, “Revenue streams” and “Financial strategy” in the conclusion of the findings.

7.4 THE CHOICE OF THE FRAMEWORKS TO SELECT CRITERIA

Both frameworks used in this study are functional tools to create social enterprises; they are not originally devised as assessment or benchmarking tools. The two frameworks were found to function as valid assessment tools for the purpose of this study. They could certainly be use separately for a simpler analysis, but their compounded findings are believed to deliver a more complementary and in-depth assessment.
7.5 SUGGESTIONS FOR FURTHER RESEARCH

Although the present research is based on only one object, benchmarked according to a functionalist approach, it would be interesting to develop the social constructionist theory sketched out in this study and use the study's findings, to map the different models of social enterprises in the UAE or in the Gulf region. Ultimately, the different models could be linked to the six variables used by Kerlin (Kerlin, 2009, p.187), and included in her comparison. An interesting development from a European perspective would be on the medium term to include examples from the Gulf region in the EMES comparative perspective, using their analytic framework, as the region is poised to witness dynamic and alternative forms of social enterprise.
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LIST OF APPENDICES:

Appendix A: Gap Analysis
Appendix A: Gap Analysis

Instructions to read the gap analysis:

1. The gap analysis is divided in two parts corresponding to the two selected frameworks, as illustrated besides:
2. The gap analysis is to be read from left to right, and presents 4 columns:
   - Column 1: Contains the criteria taken from two frameworks: Kim Alter’s typology and Ingrid Burkett’s adaptation of the Business Model Canvas.
   - Column 2: Contains Sougha’s attributes, representing Sougha’s current position, as interpreted by the student, according to the documents and the 17 interviews’ analysis in the analytic table. This column content serves as the background for the findings.
   - Column 3: Contains detailed findings.
   - Column 4: Contains detailed recommendations.
3. For the purpose of clarity, it is Sougha Establishment as the object of this gap analysis, which is assessed as a social enterprise. Sougha Establishment is consistently referred to as Sougha in the dissertation and in the gap analysis. The Sougha initiative is referred to as the Sougha initiative. Khalifa Fund for Enterprise Development is consistently referred to as KFED in the gap analysis.
4. This gap analysis highlights the existing gaps between the aspects a social enterprise should display and Sougha’s current status. It can be used as both an analysis of the present situation, and as a roadmap to follow for further decisions.
5. Columns 3 and 4 are hinged on the contextual frame in which the study takes place, and the development imperatives of the UAE.
6. The findings and recommendations are designed according to the considerations mentioned in section 3.5 of the dissertation.
<table>
<thead>
<tr>
<th>CRITERIA: SEBM ELEMENTS (Burkett, s.a.; businessmodelgeneration.com, 2013)</th>
<th>SOUGHA’S ATTRIBUTES REPRESENTING SOUGHA’S CURRENT POSITION.</th>
<th>FINDINGS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 VALUE PROPOSITION</strong></td>
<td><strong>Commercial Value Proposition (CVP):</strong> Highly authentic handmade products fusing the essence of Emirati Culture with modern, practical applications.</td>
<td><strong>In order to assert these assumptions, Sougha needs customer feedbacks.</strong></td>
<td><strong>Sougha should spend more effort in refining its CVP according to its customer segments, through customer feedback.</strong></td>
</tr>
<tr>
<td>A social enterprise offers a commercial value proposition (CVP) and an impact value proposition (IVP).</td>
<td></td>
<td></td>
<td><strong>This part should be communicated clearly to potential partners and sponsors.</strong></td>
</tr>
<tr>
<td></td>
<td>It is thought from Sougha that customers are looking for good artisanal products which are handmade and reflecting the UAE culture. The unique quality is thought to be the value they are coming back for.</td>
<td></td>
<td><strong>The CVP could be differentiated for at least the retail and corporate customer segments. But it might also be differentiated for some product lines that are targeting a new customer segment.</strong></td>
</tr>
<tr>
<td></td>
<td>For customers, authentic artisanal products from the UAE are difficult to find, of varying quality and not adapted to modern applications. Sougha is the only company who presents different product lines with different products, 100% handmade in the UAE, utilizing traditional crafts to produce high quality, market adapted artifacts.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>While Sougha’s services and products offered to each customer segment are not necessarily the same, for now, the CVP is not differentiated.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Sougha is ahead of the competition when it comes to its CVP.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Characteristic</td>
<td>Description</td>
<td>Integration into CVP</td>
<td>Challenges and Solutions</td>
</tr>
<tr>
<td>---------------</td>
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<td>--------------------------</td>
</tr>
<tr>
<td>Newness</td>
<td>This kind of products marrying traditional techniques and patterns to modern life applications was non-existent on the national market, and filled a need of locally made crafts on the market.</td>
<td>The CVP is directly linked to customer feedback system, and to Market research strategy, online presence strategy.</td>
<td>The challenge remains for Sougha to keep ahead of competition.</td>
</tr>
<tr>
<td>Performance</td>
<td>The products have high quality standards for some market segments (hand-picked for retail and exhibition) and increasing quality standards for other markets segment (large orders from companies)</td>
<td>This is a very strong advantage for Sougha</td>
<td>Strengthening the quality for corporate orders, through quality control procedure in the supply chain (before the artisans hand in their product) is necessary.</td>
</tr>
<tr>
<td>Customization</td>
<td>The products are 100% handmade, which means that they can be adapted to the customer’s order requirements.</td>
<td>This part is not reflected in the CVP.</td>
<td>The customization element could be integrated in the CVP if the CVP was differentiated for each customer segments.</td>
</tr>
<tr>
<td>Design</td>
<td>There is a design research and innovation effort behind Sougha’s product lines.</td>
<td>This part is not reflected in the CVP.</td>
<td>The design element could be integrated in the CVP.</td>
</tr>
<tr>
<td>Brand/Status</td>
<td>Sougha is already well-known to represent high quality Emirati craft products, but acknowledges the need for a further effort to brand Sougha in order to enter high-end</td>
<td>The branding as a 100% made emirati craft product is reflected in the CVP, but not yet as a high-end value.</td>
<td>The CVP needs to be further refined in order to include a high-end value.</td>
</tr>
<tr>
<td>Markets.</td>
<td>Risk Reduction:</td>
<td>If the CVP are going to be differentiated, the CVP oriented to retail should reflect the high quality of Sougha’s products.</td>
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<td>---</td>
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</tr>
<tr>
<td>• <strong>Risk Reduction:</strong> By buying a product from Sougha, the risk of getting a badly-made artisanal product is minimized.</td>
<td>Sougha has become synonymous with quality, especially in the retail segment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convenience/Usability: The products use traditional designs or techniques but adapted to modern applications.</td>
<td>This aspect is very well reflected in sougha’s CVP, and seems to appeal to customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Impact value proposition (IVP):</strong></td>
<td>A customer feedback system would confirm if this aspect is appealing to the customers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• <strong>Empowering our artisans through self-employment.</strong></td>
<td>In order to assert these assumptions on the dual impact, Sougha needs customer feedbacks. The IVP is directly linked to customer feedback system.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• <strong>Preserving Emirati Heritage.</strong></td>
<td>Sougha should spend more effort in defining its IVP according to its customers segments. In order to do that, Sougha needs customer feedbacks.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is believed from Sougha that customers are coming back because they know they are making an economic difference for Emirati artisans, and they are interested in the cultural value of the object, for example as a gift.</td>
<td>In order to assert these assumptions on the dual impact, Sougha needs customer feedbacks. The IVP is directly linked to customer feedback system.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sougha explains the IVP during exhibitions for example, to company and individuals. Sougha believes that some customers have more interest than other in the IVP, for example customers coming through their CSR.</td>
<td>Sougha’s IVP is backed up by a belief that Sougha has changed the life of hundreds of women in opportunity deprived areas, bringing economic empowerment to them. Although the belief is based on qualitative case studies and outdated data, the social impact realized by Sougha is perceived by its stakeholders and its customers as very strong. Such a belief is readily endorsed by companies, which are receptive to Sougha’s IVP as it fit their CSR. It is not clear if they are ready to pay for the impact value.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The IVP could be reinforced through the acquisition and communication of updated data on the Social impact (monitoring and tracking system). It could be further reinforced through the participation of artisans in some of Sougha’s standard operating procedures.</td>
<td>The IVP could be reinforced through the acquisition and communication of updated data on the Social impact (monitoring and tracking system). It could be further reinforced through the participation of artisans in some of Sougha’s standard operating procedures.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In addition, customers coming through their CSR should be ready to pay more, rather than getting discount.</td>
<td>In addition, customers coming through their CSR should be ready to pay more, rather than getting discount.</td>
<td></td>
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</tr>
</tbody>
</table>
The IVP has not been measured yet, or accounted for, but Sougha plans on the long term to develop a customer feedback system, which would provide feedbacks on the CVP.

<table>
<thead>
<tr>
<th>Proposition</th>
<th>The IVP is directly linked to customer feedback system.</th>
<th>Such a feedback could be differentiated according to segments.</th>
</tr>
</thead>
</table>

- **Newness:**
  New and unique capacity building business acumen, directly linking the artisans’ skills and production quality to their sales results. Also new due to its duality: economic empowerment and cultural preservation.

- **Performance:**
  Good CSR object, because Sougha has the potential to offer a high SROI.

  - Sougha’s IVP is backed up by a belief that Sougha has changed the life of hundreds of women in opportunity deprived areas, bringing economic empowerment to them. Although the belief is based on qualitative case studies and outdated data, the social impact realized by Sougha is perceived by its stakeholders and its customers as very strong. Such a belief is readily endorsed by companies, which are receptive to Sougha’s IVP as it fit their CSR.
  - The IVP could be reinforced through the acquisition and communication of updated data on the Social impact (monitoring and tracking system). It could be further reinforced through the participation of artisans in some of Sougha’s standard operating procedures.

- **Customization:**
  The products are 100% handmade, with mostly local environmentally friendly raw materials.

  - This part is not reflected in the IVP.
  - The cultural preservation should come second as impact, but should still be stated clearly, especially to customers particularly interested in this impact.

- **Design:**
  The product designs are revitalizing Emirati traditional patterns, and are thus directly linked to a dynamic revival of Emirati culture.

  - This part is more reflected in the CVP than in the IVP.
  - The cultural preservation should come second as impact, but should still be stated clearly, especially to customers particularly interested in this impact.
<table>
<thead>
<tr>
<th><strong>Brand/Status:</strong> Sougha’s as a brand is a reference to represent Emirati Culture, but it might not be as clear that it is a brand representing economic empowerment.</th>
<th>The economic empowerment is Sougha’s main impact. In addition, in a high-end retail segment, the importance of the dual IVP might need to be re-evaluated then.</th>
<th>Sougha’s impact as economic empowerment might not appear as glamorous as the cultural preservation. It is key for Sougha to profile its social impact as being aligned with the national development imperatives.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Price:</strong> The purchased price is directly reversed to the artisans, which means that the customer has the feeling of trading directly with the artisans</td>
<td>Despite its legal status of establishment, Sougha is known as a non-profit, a platform directly reversing all its earnings to its beneficiaries. Now Sougha needs to profile itself as a social enterprise, letting the customers understand that Sougha need to get a commercial revenue, for example in the form of a mark-up, in order to scale up sustainably and support a larger number of artisans.</td>
<td>Sougha’s IVP should change slightly in order to incorporate the business component of its activities and communicate it clearly to customers interested in Sougha’s IVP.</td>
</tr>
<tr>
<td>For Sougha, because Sougha is a social business of businesses, both value propositions are integrated, reinforcing and complementing each other: the IVP is achieved when the CVP is achieved.</td>
<td>This aspect is very well reflected in Sougha’s CVP, and seems to appeal to customers</td>
<td>This reinforcing message should continue.</td>
</tr>
</tbody>
</table>

2 **CUSTOMER SEGMENTS**

For each of these segments, distinguishing between Commercial and Impact customer segments is crucial for the design of a social enterprise business model.

The customers are defined as the buyers of the handicraft items produced by the artisans.

Souqha operates with an established and diverse customer base positioned across three market segments. It is believed that customers coming to Sougha through their CSR are more impact oriented.

Souqha’s customer segments are established, but there is a lack of knowledge about whether they are commercial or impact customers, or both.

For Sougha, the scale up will come once the issue of resources is sorted out. Then there is a need to assess the market before scaling up. to best adapt Sougha’s products to the market OR find another market for Sougha products. More knowledge is needed about the
<table>
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<tr>
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<th>customers segment, in order to see if a segment is more impact oriented than other, and if within the segment, some customers are more impact oriented than other.</th>
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</thead>
</table>
| | **Retail customers**  
The retailers are now diverse high-end cafes, boutiques, hotels, the Sougha booth in the New Souq in Abou Dhabi and Etihad. The Chalhoub Group, which owns Tanagra, a retail chains of 15 boutiques in the GCC, became a partner of Sougha in 2014. These “distributors” are not taking any commission to sell Sougha’s products.  
The retail market was representing only 16% of the sales in 2012.  
**Seeing the full range of possibilities:**  
A partnership with Tanagra as a distributor is hoped to bring some of the most exclusive Sougha products onto the high-end retail segment. This is one of the many strings following Sougha’s strategy which advocates for a stronger branding of Sougha. According to Sougha, the retail segment “offers market space for low or slow producing artisans, or to test market acceptance of the product”  
Etihad is a very special customer, as it can be categorized as retail distributor (through their online portal and in their flight) and a corporate customer (first class amenity kits).  
There is an obvious confusion in Sougha’s documentation between the retail customers and the retail distributors.  
There is not enough knowledge about the retails customers/distributors as a segment to define whether there are commercial or impact customers  
16% is not negligible as sales share, but it takes too much of Sougha’s resources to uphold the segment the way it is.  
If Sougha is to choose higher-end retail distributors (such as Chalhoub /Tanagra) supporting its branding process, the CVP might take over, which is fine as the sales are directly linked to the social impact purpose. But it might directly negate the capacity-building process of letting the artisans deciding the price for their own products.  
The conceptual and terminological difference between the retail customers and the retail distributors need to be clarified in the official documentation.  
Sougha need to choose retail distributors as partner which would consider supporting Sougha impact through their distribution channels.  
The retail customer segment should be studied in the light of their distribution channel capacity.  
This strategy seems appropriate to build Sougha’s brand and gain higher paying customers, but might “dry-up” the impact load of Sougha’s brand, which is extremely important. The impact will still be reached, as the sales are directly linked to the impact, but the impact “image” might suffer. |
It is not known whether Etihad, as a retail distributor, buys the products for resale, or if the products are kept in consignment.

- **Assumptions or reality?**
The perception of the impact by the different retail customers has not been yet researched and analyzed by Sougha.

- **Design innovation:**
Sougha is realizing that creating value for its current retail customer segment is requiring a high level of resources, especially on the logistic side logistics (due to the special situation its suppliers/beneficiaries are in), and is now planning to reduce the activities in this segment.

Sougha aims at being more selective in its retail strategy, in choosing more carefully the retail location and partnering with big retailers group, which have a high purchasing power clientele. A detailed retail strategy with cost-to-benefit analysis is identified as one of the immediate actions to do in Sougha’s strategy.

Retail customers are considered to be interested in both the commercial and the impact value of Sougha’s proposition, but more detailed knowledge about this customer segment is needed in order to know how much the impact value weighs in the decision making process of the retail customers.

Sougha is in a conundrum situation where its retail customer segment is found too resource-demanding, while being a necessary for further development.

Reducing the activities in this segment stands in contradiction with Sougha’s strategy, which acknowledges the need to keep and develop the retail customers, as a crucial segment for eventually exposing Sougha as a high-end brand, both on domestic market and international market. This approach would allow Sougha to earn revenue through the addition of a mark-up on the artisan-based price, hence improving its commercial and impact current situation.

A customer feedback is needed in order to know to which extend the retail segment is:
- Interested in the commercial Value
- Interested in the Impact Value
- In which impact value they are interested in (culture preservation, social integration, capacity building, eco diversification)

A careful analysis of the retail customer segment is necessary to perform, putting some emphasis on their distribution expertise and on which type of market they do operate.

This analysis could entail a cost-to-benefit analysis is needed for the retail segment, in order for Sougha to know to which extent the retail segment is:
- Lucrative
- Brand enhancing

If the new retail strategy involves higher paying customers, a calculation of the impact costs in the new retail segment could be made, together with a calculation of how these costs could be covered. Such a strategy should involve the retailers (retailing Sougha’s product
- **Exhibition**
  Although the exhibition market was originally seen as a sales market for Sougha, the exhibitions’ sales revenues are modest (11% in 2012) and represent a niche market, where customers are usually pass-by individuals buying one or two items. For now, the exhibitions, together with the stand within the Sougha main office and the Sougha booth are the only sales place where the product is sold directly to the customers, usually individuals.

  - **Seeing the full range of possibilities:**
    However, exhibitions are key for Sougha to reach potential corporate customers. It is during exhibition that contacts with new potential corporate customers are being made.

    The exhibitors are also potential partners and are usually offering the booth space as an in-kind service.

    Exhibitors could also become both customers and partners in supporting Sougha in its Service Delivery Priorities to “create awareness about cultural heritage” and to “increase funding and sponsorship opportunities”.

  - **Assumptions or reality?**

- It is unclear from the present strategy whether Sougha wishes to not sale items at exhibitions anymore and concentrate on exposing Sougha to main corporate clients, or selecting only high-selling exhibitions.

- Sougha’s intentions to continue to sell in the exhibition or not must be clarified. The exhibition segment could now be more considered as a marketing tool in order to expose Sougha, than a market segment.

  The Sougha main office stand could be a venue for selling non-sellable products after 6 months, on a 50% discount, resolving the problem of stocking them, instead of returning them to the artisans.

- The role exhibitors have for Sougha’s commercial and impact purpose need to be followed up. Exhibitors need to be seen as a specific category of partners, and might compose some of the corporate customer segment as well.

  The role exhibition could play in order to gradually expose willing artisans to the market should be explored.
The perception of the impact by the different exhibitors or exhibition customers is not yet researched and analyzed by Sougha.

- **Design innovation:**
  Sougha current design places the exhibition as customers. But the exhibition sales are limited and the exhibitors seems to be impact interested.

As Sougha has several impact values, it would be interesting to have more knowledge about what kind of impact the exhibitor or exhibition customer is interested in.

From a design perspective, exhibition should maybe considered as part of the marketing activities and not as a customer segment anymore.

The kind of impact the exhibitor or exhibition customer is interested in (culture preservation, social integration, capacity building, eco diversification) must be clearly identified, for example through customer feedback.

The usefulness of keeping exhibition as a selling market needs to be evaluated, in addition of including exhibitors in the marketing design, using their impact interests in Sougha.

### Corporate Customers

In 2012, 73% of the sales were realized through the corporate customer segment. The corporate segment describes customers ordering substantial quantities of the same item, government entities are integrated in this segment.

- **Seeing the full range of possibilities:**
  The corporate clients list from 2012 shows that main corporate customers are public or semi-private entities. Corporate customers are first and foremost commercial customers who are buying rather big quantities of craft items, usually for corporate gifts purpose. But these entities are usually sensitive to KFED and Sougha’s mission, aligned with Abu Dhabi’s economic vision 2030, and might be attracted to the different impact values offered by Sougha. Evidences of such an interest in displayed in the interviews.

- **Assumptions or reality?**

The commercial potential of this segment is reflected in Sougha’s present strategy. It is not exactly perceived as a mass market, as the sales are still limited in accordance to the artisans production limitations, but it is the segment offering opportunities for larger production.

Corporate customers are poised to become funders or partners for Sougha, as Sougha could fit in their CSR. But these kind of relationship need to be chosen with care, across the public and private sphere.

A customer feedback is needed in order to better know this segment and its interest related to Sougha’s CVP and IVP. These feedbacks would guide the Customer Relationship maintenance procedure identified in Sougha’s strategy.

For Sougha, the quality control aspects, a good knowledge of the corporate customers ‘marketing demands in term of gifts for example, and meeting the deadlines, are essential to increase business with this customer segment.
The perception of the impact by the different corporate customers is not yet researched and analyzed by Sougha. The kind of impact the customer is interested in (culture preservation, social integration, capacity building, eco diversification) must be clearly identified, for example through customer feedback.

Design innovation:
Sougha’s main corporate customers seem to appreciate at least one of Sougha’s impact values. How high their appreciation is is not known.

Corporate customers are considered to be interested in both the commercial and the impact value of Sougha’s proposition, but more detailed knowledge about this customer segment is needed in order to know how much the Impact value weighs in the decision making process of the retails customers.

The customers’ appreciation of the impact value is underestimated by Sougha. Acknowledging impact-interested customer in this segment, could help Sougha to redesign its revenue streams, in order to cover at least impact costs.

The impact interest from this segment will never replace the commercial interest: For an SE making artisanal products, the quality control aspects and the marketing demands are essential. But the kind of impact the corporate customers are interested in (culture preservation, social integration, capacity building, eco diversification) must be clearly identified, for example through customer feedback.

A customer feedback is needed in order to know to which extend the retail segment is:
- Interested in the commercial Value
- Interested in the Impact Value
- In which impact value they are interested in (culture preservation, social integration, capacity building, eco diversification)

The impact corporate segment should not be offered a discount, but rather a higher price, including the impact cost, for example in the form of an impact “tax”.

| 3 CHANNELS |
|---------------------------------|---------------------------------|---------------------------------|
| Working out how to reach and communicate with customers and help them to evaluate a (commercial and impact) |
| Sougha’s present strategy distinguishes 3 channels: exhibitions, retail, and corporate. |
| Sougha’s productivity is not industrial, and highly dependent of the artisans. For now, |
| There is a terminological confusion, as these are customer segments and not channels, with the exception of the exhibition, which can be seen as a channel or marketing tool to reach corporate customers. |
| With a limited production, but not small, Sougha needs to know what the retail and |
| The terms customer segments and channels should be clarified in Sougha’s official document, and be in accordance with the terms utilized in KFED’s documentation. |
| Sougha needs to have a good knowledge of its different channels, in order to |
value proposition is a key part of opening business opportunities in SE.

| Sougha cannot keep-up with the demand from corporate customers. It is not known what the status with retail customers is. | the corporate segments can offer. In order to do that a good command of the channels’ limitations and abilities can help Sougha to adjust its production to the market demand, both in term of quantity and quality. | adjust its production to the market demand, both in term of quantity and quality, and to scale. |

- **Awareness Commercial:**
  - The exhibition channel is considered as the best channel to reach the corporate customers.
  - Sougha has a webpage, Instagram and Twitter. The webpage’s last update is from 2012. It presents the story of four artisans, the story of Sougha, a list of products going under four categories: home décor, women accessories, corporate gifts, unique pieces. The website also presents a list of retails venues indicating where the Sougha products are available, an outdated news and events page, and a photo gallery page, the last page is about the supporters of Sougha, but it seems that the list is also outdated. On each page, it is possible to click on the contact link.
  - Other commercial channel through

- Information on the webpage and social media are outdated, not conveying an accurate message about Sougha.

- Sougha and the Sougha Initiative’s activities are mixed-up.

- More information is needed about other

As mentioned earlier, the exhibitor’s interest in Sougha’s impact could be increasingly leveraged in order to raise awareness about Sougha’s products, through free advertising in their programs for example.

Delineation should be made clearer on the website and other social media’s structure in order to differentiate between Sougha’s different customer segments. For each segment, particularly on the Corporate segment, the product page replaced with a catalogue.

The different exhibition dates should be clearly stated in the news and event calendar and updated on the social media.

On the website, the relationship between Sougha and the Sougha Initiative, and their respective activities should be clearly explained, highlighting Sougha as an embedded social enterprise.
which Sougha is raising the customers’ awareness of its products is insufficiently documented. According to Sougha, they do not need to raise awareness, as they already receive too many requests from potential customers and partners.

- Newer articles in the media are focusing on the commercial image of Sougha.

**Impact:**
- The channels cited above also raise the impact awareness of Sougha.
- Sougha is regularly mentioned in the newspapers. Numerous journalists have been writing article about Sougha and its impact, contributing to raise awareness during the last five years.
- Participation of Sougha’s leadership in capacity building and social economy conference such as Muntada in April 2013 “the social business”
- Sougha provides small information cards explaining the impact of Sougha and its highly specific profile. This card is handed to customers asking about Sougha’s impact or to customers susceptible to be interested in Shougha’s impact. The information is communicated in both English and Arabic.
- Sougha stands out compared to its competitors, as it truly commits to the capacity building of the artisans, with the commercial channels.

This is something new, positioning Sougha as a company offering a product and having an impact, not as a social initiative anymore. Sougha’s “un-measurable” changes are well communicated. On the information card, Sougha is presented as an establishment, and highlighting both the business side and the impact side.

Advertising Sougha as a high brand establishment, cooperating with the best companies in the UAE should be promoted. Sougha’s business identity and structure needs to be made even clearer clear for all staff raising awareness about Sougha’s activities externally, be it for customers or other stakeholders. Sougha is a business not making profit, and dedicated to catalyse social change through the economic empowerment of Emirati artisans and the revival of traditional Emirati craft. Sougha is the commercial structure of the Sougha Initiative, a social program under the umbrella of KFED, which is using innovative capacity building methods to integrate vulnerable groups in the society and in the economy of the UAE.
artisans involved in the pricing of their products and being solely remunerated from their own sales. The development of the Emirati artisans is a priority that goes along with product development, as the quality of the product is crucial for customers satisfaction, and thus sales maximization.

- Sougha’s “un-measurable” changes are communicated on page 4 of the DOC1 Sougha Est. strategy 2014.
- Live shows by Emirati artisans during exhibitions reinforce both IVPs: economic opportunities and heritage conservation.

**Evaluation**

**Commercial:**
Currently, Sougha provides attractive display of products at retailers or exhibition, and professional pictures of the product. Additionally, the customers evaluate Sougha’s CVP through KFED’s institutional image of seriousness, and the results already attained and documented by Sougha and the Sougha Initiative. The customers can also evaluate Sougha CVP through their own perception of the product’s value for money, and the feedback the gifts’ recipients.

**Impact:**
Sougha provides small information card explaining the impact of Sougha and its highly specific profile. This card is handed to customers asking

To help such an evaluation, an updated product catalogue available in printed version and on-line is needed, as well as testimonies from both corporate and retail customers, about the quality of the products.

The customers’ evaluation of the impact can be facilitated and enhanced through a number of specific impact documentation:

- Documented improvement of revenue

Sougha needs a proper customer impact portfolio (which could also be used for potential partners/investors), which should include:

At least an online catalogue should be available for both segments, also to be displayed during exhibitions. Testimonies could be retrieved from customer feedbacks.
<table>
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<tr>
<th><strong>Purchase Commercial:</strong></th>
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<th><strong>Impact:</strong></th>
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| o Through the order of large quantities (corporate segment), these orders are usually ordered on the phone.  
  o Through exhibitions and at Shouha main office and the Shouha booth.  
  o Through retail distributors. | Sougha is currently assessing the different existing channels and their rentability, and is also trying out new channels, for example through international exhibitions. The products available should be carefully selected for each channel, according to their popularity, and the production capacity, in order to reduce resources utilized in the logistic. | o Purchase completed through commercial channels are also serving the impact purchase. Thus all commercial channels are also impact channels.  
  o Sougha and KFED’s offices |

**Impact motivation is not necessarily part of each purchase. Some customers might buy Sougha’s products purely on commercial motivations. But due to the embedded nature of Sougha, all commercial purchase are serving its impact purpose.**

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<th><strong>Delivery Commercial:</strong></th>
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<th><strong>Commercial:</strong></th>
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<tbody>
<tr>
<td>This is currently a challenge for Shouha which</td>
<td>A logistic cost analysis is needed in order to</td>
<td>The delivery of the products to the</td>
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**In the assessment process of the different purchasing channels, Shouha should keep in mind its goal of getting a revenue streams for a partial covering of its costs. In this light, new products and services could be proposed to already established customers, such as a web-based boutique selling raw material on which Shouha would take a commission, Shouha could start to sell its know-how, for example by selling training session in colors and form, in database design...**

**The commercial channels for purchase are the one to focus on, as they serve both commercial and impact purpose.**
is operating with a resource-demanding logistic in order to cater for the artisans on the upstream side, deliver adapted products for the right channel downstream, and deal with the return of non-sold products. For the corporate channel of distribution, these activities are much easier, apart from the challenges of prompt delivery and product quality.

**Impact:**
- Group sales and small markets, with a small presentation of Sougha’s impact objectives have also been added in 2012 and 2013, but were very resource demanding.
- It is not clear if these delivery channels are still finding place.

**After sales Commercial:**
- Currently, Sougha does not provide post-purchase customer feedback.
- Sougha is aware of the need to ask their customers for feedback

**Impact:**
- Currently, Sougha does not provide post-purchase customer feedback.
- A message could be sent to the post-purchase customers with an explanation of Sougha’s impact activities and encourage them to spread Sougha’s impact message.

### 4 CUSTOMER RELATIONSHIPS

**Customers might be attracted by the SE**

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<tbody>
<tr>
<td></td>
<td>The customers are defined as the buyers of the handicraft items produced by the artisans. Although a commitment for customer satisfaction is evidenced, there is a lack of information regarding the type of different channels needs to be rationalized on the short term. The commercial delivery channels are the one to focus on, as they serve both commercial and impact purpose.</td>
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<td></td>
<td>The Customer Feedback System as well as the Customer Relationship Maintenance Procedure should be prioritized, given the</td>
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commercial value proposition, or its added social value, or a combination of both. It is worth to explore how traditional customers can become impact customers, by growing into a partner or a sponsor. For many SE, growing their customer base means that they also grow their potential to deliver on their social mission. But Customer loyalty programs may look different in SE... They may focus on what can be co-created or what difference can be made together rather than what rewards individual customers could receive. Loyalty programs in SE could thus be seen as potentially the base for an impact movement.

Service Delivery Priority.
In the same document, as an immediate action, Sougha plans to create a Customer Relationship Maintenance Procedure, as well as a Customer Feedback System on the long term.

Sougha operates with an established and diverse customer base positioned in three segments:
- Retail
- Exhibitions
- Corporate

The loss of customers has been perceived as a possible threat in Sougha's last SWOT, due to a lack of capacity and inefficiencies. Although this threat is also concerning the retail segment, it seems to be specifically valid with corporate customers, as they make out the largest proportion of sales (73% in 2012), and they might offer higher potential impact partnership possibilities.

The distinction between Commercial and Impact Customers does not appear on Sougha's internal documents. Sougha being an integrated SE, with commercial customers being indirectly impact customers, both relationships are analyzed together.

There is little information about the kind of relationships between Sougha and its customers in the different segments, and whether Sougha distinguishes between commercial and impact customers.

Available information about relationships between Sougha and its customers is rather general and at best segment-specific, which hinders an analysis of the nature of relationships with each customers. As an example the 2012 presentation of Sougha offers an overview of the different customers in the three channels, this overview is not up-to-date.

Limited resources make it difficult for Sougha to maintain and develop customer relationships.

An updated overview of the customers is needed in order to differentiate the kind of relationship needed with each of them. This overview should include the impact position of the customer. It might have an influence on the type of relationship they have with Sougha, are they simple customers? Partners? Sponsors?

high relevance it has for several aspect of Sougha's development.

This potential threat might be linked to a lack of resources, but also to a lack of duty segregation. A start could be to segregate duties between Sougha and the Sougha Initiative.

In order to improve customer relationships, Sougha needs to have a proper customer feedback system.

A customer overview would result on a customer ranking system according to what they offer to Sougha, on the commercial side and on the impact side...
relationship retails and exhibition customers are interested to have with Sougha, and how Sougha can provide it to these two segments.

Although there is little information about whether or not Sougha personalize its services to its retails and exhibition segments, more information is available on the corporate segment, on which Sougha wishes to concentrate.

It is clear from the interviews that the service is personalized, but it doesn’t describe how. Impact corporate customers might come back because they are interested in the impact and cannot find this impact in Sougha’s competitors.

Following-up customers would increase customer loyalty, which seems already strong.

Sougha attempts to have a rapid order management. But is hindered by its limited human resource.

This seems to be one of Sougha’s strong side, which could be confirmed by customer feedbacks.

This service reinforces customer loyalty and should be kept at high level.

Impact customers relationships have been established, it is not known what is being done to maintain them. These relationships are well integrated, as they are coherent with the impact value proposition. Sougha differentiates the approach when it is clear that the relationship is impact oriented. An extra effort is made to explain the dual impact mission to customers who are interested.

The customers appear in the majority to be loyal to Sougha.

Following-up customers would increase customer loyalty, which seems already strong.

Some of Sougha’s customers have been customers almost from the start of Sougha’s presence on the market. These customers, such as ADTDC and Etihad seems to be highly interested in Sougha’s IVP. More knowledge is needed in order to see the motives of these long term customers.

As Sougha’s customers remain loyal, a majority is also long term customers.

A customer feedback could give indication of how Sougha could encourage its customer to come back.

5

- Commercial revenue
**REVENUE STREAMS**
Revenue streams are what enable social enterprises both to run the business and generate the impact... to make sense of a social enterprise the source of revenue needs to be linked to: its purpose and application inside the enterprise, the social benefits it can generate; and its contribution towards building viability and sustainability over time. Impact is never or only very rarely, cost neutral. And given this, not only do we need to know the potential revenues that can be generated by any given business (to know if cross subsidy is even possible), but more importantly still, the costs need to be assessed in relation to the social value that is generated.

Currently, Sougha’s commercial earnings are entirely reversed to the artisans/beneficiaries. Thus, Sougha has no commercial revenue. In order to become a business sustaining the social impact, Sougha need to be able to cover, at least partially its costs. There are attempts to make a small margin for Sougha on the artisans’ products. The first attempts were performed during exhibition sales.

- **Impact revenue**
  Sougha is 100% sponsored by KFED. KFED funding is crucial for Sougha’s existence. Sougha as an innovative SE model is still considered to be in the incubation phase, and as such KFED provides the much-needed growth capital for Sougha to continue its impact objective, settle its position in using business tools, and acquire experience in skills such as training, impact brand building, etc... Both Sougha and KFED seem to agree to continue the same way for the next 4-5 years, but there is no further mention of how Sougha is gradually going towards financial viability.

A detailed plan explaining how a commercial revenue could be earned through the retail and commercial segments, is needed. To establish a tactic to get a commercial revenue, as part of a financial strategy, is a prerequisite if Sougha is preparing to become a social enterprise.

In addition to adding a mark-up on prices, Sougha could make a commercial revenue through selling training services to other entities, participation in conferences, selling raw material to artisans, A closer cooperation with preferred partners could results in commercial activities, for example with Etihad and other well-chosen partners.

Sougha needs to diversify its impact revenue through establishing long-term financial relations with other sponsors, in order to do that, Sougha needs a financial plan where the commercial and impact revenue streams are clearly separated.

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<th>KEY RESOURCES:</th>
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<td><strong>PHYSICAL Resources</strong></td>
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<tr>
<td>It is very difficult to separate the commercial and impact physical resources, as they are used for both purposes.</td>
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</table>

Sougha’s commercial and impact physical resources are outstanding, except for Sougha’s Electronic System Architecture, which need to be tailored to Sougha’s dual...
intangible, that drive the commercial model and the social impact. For SE, it is imperative to understand how critical it is to ensure access to the key resources needed to drive both the commercial business and the impact, and to plan ahead for how such resources can be developed and maintained.

Sougha’s main office is hosted by KFED in Abu Dhabi, in their main office. This facilitates Sougha’s commercial operations, allowing Sougha to have a commercial address and a physical place to welcome partners and customers.

Sougha is using one vehicle, which is needed to reach artisans scattered over the UAE, and who are not necessarily mobile. It is not clear whether this vehicle is Sougha’s property or KFED’s property. The vehicle is crucial to bring Sougha’s coordinating and training staff in contact with the artisans in remote areas. Usually the training sessions are organized in venues close to artisans and the vehicle is necessary to bring trainers, the Sougha coordinator, and the tools. The vehicle is also used to bring back products made by the artisans to Sougha’s storage room.

Sougha’s Electronic System Architecture is sponsored by KFED, and is very much needed to achieve both the commercial operations and impact objectives. It also needs to be further developed to keep up with Sougha’s operational activities, as acknowledged in the strategy.

To ensure that artisans have the right working tools, the artisans are provided with sewing machines and other material by Sougha, in order to produce Sadu, Khouss, Bukhour products or candles. It is not clear whether this equipment remains Sougha purpose.

Having KFED, the Sougha Initiative and Sougha in the same building allows for a good coordination and communication between the three entities. KFED being the owner of Sougha, all physical resources used by Sougha belongs de facto to KFED.
property or become the artisans’ property, after being distributed.

- **INTELLECTUAL Resources**
  It is very difficult to separate what is needed as intellectual resources for commercial operations and impact, as they are often directed towards product development, which improves the sales, and thus directly benefits both economic development for artisans and heritage conservation.

  The lack of several operational intellectual resources has been identified as a weakness, impeding Sougha’s commercial development and thus the impact objectives. Sougha’s strategy is displaying a plan on the short term, medium term and long term, which addresses this weakness.

  Some partners are providing Sougha with intellectual resources, as discussed in Key Partnerships, such as specific know-how and skills. These resources are vital for achieving both the commercial and impact development of Sougha.

  The Sadu weaving technique has been nominated for inscription on the UNESCO’s list of intangible cultural heritage in need of urgent safeguarding in 2011 (Nomination file no. 00517). It has been accepted in November 2011. It is not known if a similar action has been undertaken for the Khouss techniques and the Bukhour, which are also typical Emirati art craft. These techniques are suffering from a shortage of intellectual resources, of different kind.

  Sougha is suffering from a shortage of intellectual resources, of different kind. While it is not clear whether Sougha has the sufficient intellectual resources to create Standard Operating Procedures Policies and Manuals as immediate actions. It is not clear either if Sougha has the sufficient intellectual resources to design and implement an Enterprise Resource Planning System on the Medium Term, or to develop a performance/impact measurement system on the long term.

  Other traditional techniques used in Sougha products should be safeguarded

  The intellectual resources necessary to implement Sougha’s strategy future plans could first be searched within Sougha’s partners. If the intellectual resource is not available, the resource might be financed by partners.

  An implementation progression chart should be put in place, with all elements included on the short, medium, and long term, and delivery dates and names of the persons/teams/partner in charge.
should be seen as endangered heritage and skills, which loss would threaten the sustainability of Sougha’s commercial and impact mission.

Sougha is trying to build a stronger brand. Sougha’s branding name is a resource which will improve social impact, and commercial objectives. Several pro-bono partners such as the Syrian-Russian Kristina Hamza, a designer and consultant for Sougha, who helped to develop a new collection of handcrafted clutches as part of a new line of accessories targeting the international market in 2012, as part of Sougha’s branding efforts. Kristina was involved in workshops sponsored by the British Embassy in Abu Dhabi.

<table>
<thead>
<tr>
<th><strong>HUMAN Resources</strong></th>
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| The human resource’s crucial role is reflected in Sougha’s core values.  
The staff is deeply committed to Sougha’s social mission. A good leader and a motivated team is seen as crucial for Sougha to succeed.  
Currently, although Sougha has its own board of directors, it seems that the staff is shared between Sougha and the Sougha Initiative, while the operational staff is seconded from KFED. Often the staff is performing ad hoc tasks without knowing if they work for the Sougha’s staff feels torn apart between its primary role which is to provide the immediate impact to the artisans, and to develop Sougha as a company which will in turn cater at a larger scale and more sustainably for the artisans.  
In addition, it seems that the staff is not aware whether they are working in the social initiative (the Sougha Initiative) or the business part of it which is Sougha.  
All position in Sougha should be clearly delineated and described, and their belonging to either Sougha or the Sougha Initiative made clear. There should be a clear segregation of duties, as well as as flat as possible delegation of authority matrix.  
The commercial competences found in KFED’s staff, as well as the commercial competence found with KFED and Sougha’s partners’ staff, should be more leveraged by Sougha in order to strengthen its commercial mission and impact objectives. |

The access to some of these resources could be considered through partnerships, such as branding development in cooperation with the Chalhoub group or Tanagra. To brand its name is very important for Sougha, as it could open the opportunity for higher earnings through a mark-up in high-end markets. The right partnership could provide the intellectual support needed in this process.
commercial or the impact.

The shortage of staff and a high turnover has been identified as a weakness in Sougha’s structure, hampering both commercial and impact growth and transfer of knowledge among staff.

Another identified problem is the lack of duties segregation among staff. A segregation of duties is identified as necessary for a better use of the available human resources.

There are also challenges pertaining to recruiting and keeping the right competences, to deal with the multifaceted development faced by Sougha, especially on the commercial and financial side.

The artisans are Sougha’s greatest asset; they are the guardians of traditional know-how and the producers/suppliers. According to Sougha and Khalifa Fund, 500 artisans are now beneficiaries of Sougha.

Sustainability of human resources on the supply side, the average age of the artisans is high, but declining. The age of the artisans is seen as a challenge, as the average age is around 50-60 years.

An artisans database, including as much information as possible, for statistical purpose, is needed, a person should be responsible to keep it updated at all time.

A system of level could be introduced, defining the artisan by the numbers of years spent with Sougha, and the size of the annual salary.

<table>
<thead>
<tr>
<th>FINANCIAL Resources</th>
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<tbody>
<tr>
<td>All the revenues are reversed to the beneficiaries/artisans.</td>
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<tr>
<td>The lack of revenues from commercial operations are directly threatening Sougha’s sustainability and thus indirectly its impact</td>
</tr>
<tr>
<td>While the lack of commercial revenue streams is affecting Sougha’s eligibility as a social enterprise, the main threat to</td>
</tr>
</tbody>
</table>
## Commercial
Sougha’s commercial access to finance is for now not differentiated from impact financing as Sougha doesn’t earn any commercial revenue.

## Impact
Sougha is funded 100% by KFED, but it is not clear if this funding is for the Sougha Initiative or Sougha.

The role of finance department is explained in one page in Sougha’s strategy, without a single number.

### Objectives
Limited financial resources are seen as a weakness to Sougha’s strategic and operational development.

### Eligibility
elibility is the lack of financial strategy, with clear goals in Sougha’s strategy.

Ideally, in order to gain credibility as a social enterprise when approaching sponsors or investors, Sougha should have a medium term financial strategy where the salaries and the impact costs would be covered by grants (KFED for salaries, and other partners for impact costs for example), and commercial costs would be covered at least partially by commercial revenues, or specific investors.

### IMPACT Resources
Interviews of artisans have been conducted, highlighting Sougha’s social impacts, and the unique social change Sougha is making. An SROI on the first 7 artisans have been conducted, highlighting that Sougha is potentially offering a very good social return on investment.

Sougha’s impact assessment and evaluation methods are either anecdotic or performed on a limited target group. Sougha does not have the necessary resources to perform Social Impact Monitoring and Tracking System.

The intellectual resources to develop a performance/impact measurement system could be easily outsourced and/or financed by partners.

## 7 Key Activities
Key activities encompass the things to do to deliver both commercial and social value to customers.

Being specific about what activities are critical to

Sougha’s key activity can be summed up to serve as intermediary between the self-employed artisans and the market by selling the artisans’ products and redistribute the revenue from the sales to the artisans, creating economic opportunities for them. The key activity is spread across the UAE’s seven Emirates.

The following list includes the things to do to deliver the mix of both commercial and

Although Sougha’s commercial and impact activities seems to be combined rather efficiently, there is a risk that some commercial activities become opposed to some impact activities, especially in the capacity building activities and pricing.

Ways to address this potential unbalance could include inclusion of the artisans in the pricing policies, other solutions to revenue streams than mark-up on the products, such as the delivery of services from Sougha.
support and deliver your impacts is helpful not only in understanding what needs to be done on a daily basis to maintain impact focus, but also to costing impact. Unpacking your impact activities is an important part of understanding your business model as a social enterprise. Your impact customers and partners may also benefit from understanding just what it takes to achieve your impacts.

social value to customers. They are often blended and complementary:

- **Maintain a constant contact with the artisans:**
  Sougha’s communication with the artisans includes physical meetings, delivery of products, payment, training sessions, phone conversations...
  This complementary activity is necessary for both the commercial mission and the impact propositions.
  There is no known settled feedback system between artisans and Sougha.

An artisan’s feedback is needed, which would indicate what they prefer and how they would prefer to work, with which customer segment, as maybe the most lucrative one is not the one offering the most capacity-building.

A good communication with the artisans is necessary to maintain the level of trust and directly influences the quality of the product and the delivery process.

Also on the impact customers’ side, evidencing such a close contact and the fact that customers are buying directly from artisans attracts impact customers.

The communication should involve feedback from both sides, with gradual implication of some of the artisans in decision processes.

Such a communication must be managed in coordination with the Sougha Initiative.

- **Train the artisans.**
  This activity is complementary, due to the different nature of trainings, influencing the production quality, the artisans’ skills and capacity to sell, and their business acumen.

In the strategy, the Training and Development Department is placed under Business Operations, and emphasizes the importance of training in order to develop capabilities.

It is not clear what is meant by Development. Is it product development or Human development?

While this activity is now positioned in Sougha’s structure, it is clear that this activity is standing across Sougha and the Sougha Initiative.

Sougha is involved, as the outcomes of training are improving the product quality, which has a commercial value (increased sales, possibility of a higher brand image, and thus a mark-up for Sougha) and impact-oriented (increased income for artisans).

The Sougha Initiative is also involved, as its activity is impact-oriented (improved technical skills and soft skills for artisans).

A decision need to be taken from Sougha’s management whether the training department should be situated under Sougha or the Sougha Initiative.

If the access to training resources could be leveraged through partners or if Sougha is starting to commercialized its training experience, then the training department would naturally fit under Sougha.

If Sougha is taking over the training department, it would become all-inclusive and synonymous of The Sougha Initiative,
The training start with a selection process of artisans, then training, then developing. It is not clear what is meant by developing. According to the strategy, this activity involves the preparation of a training plan, and the elaboration of a training/development report. No details are given about what kind of training is or will be provided. From different articles and previous internal documents, the nature of training included product development, technical skills, business skills and financial literacy. The activity is hoped to become synergetic with trained artisans to becoming trainers for other artisans.

Sougha is gaining a lot of experience in training

Sougha’s training experience is not perceived as a commercial value.

While the training activity has been mentioned in the interviews as an activity which could leverage from the training capabilities from partners, this is not mentioned in the strategy.

Training can also become a potential revenue stream activity.

Sougha’s partners such as Etihad and Chalhoub Group could play an important role in training activities.

<table>
<thead>
<tr>
<th>Carrying out Marketing and Sales activities</th>
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<tbody>
<tr>
<td>The Marketing and Sales department could be considered as the stronghold of Sougha’s commercial activity, but it is very much involved in the impact activities as well, with the impact proposition told throughout the product. The product should “speak for itself”. Thus both Impact and Commercial marketing and sales activities are</td>
</tr>
<tr>
<td>It is through this activity that Sougha carries its dual value to the customers. That is where the strength of Sougha lays: Impact and Commercial marketing and sales activities are not only complementary, they are mutually reinforcing each other, provided that the quality and production methods of the products are coherent with</td>
</tr>
<tr>
<td>This department should also include the high-end branding of both Sougha and some high quality products.</td>
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</table>
complementary.
Under the Training and Development Department, the strategy also mentions to conduct a market research in order to develop new product lines.

both value propositions.
The market research (for now under Training and Development Department) should be moved under the marketing department.

- **All production –related activities**
The production department could be estimated as being the stronghold of Sougha’s commercial activity, but it is very much involved in the impact activities as well, with a close contact with the artisans, taking into considerations their geographical and cultural limitations. Thus both Impact and Commercial production-related activities are for now complementary.

This complementary relation between commercial and impact might be altered. If Sougha chooses to add a mark-up to the price decided by the artisan on her product, in order to earn a commercial revenue, the capacity building approach disappears, the artisans no longer decides on the market price. In addition, there is a risk of sales decrease at the price goes up, directly influencing the impact.

The decision to add a mark-up on the products, in order for Sougha to get a revenue stream must be carefully considered. On one side, it will provide for Sougha the much needed commercial income to cover some of its costs, and then become a sustainable platform for further support to the artisans. On the other side, it might threaten the capacity building process taking place, with artisans learning how to decide the price for their products according the market’s perceived value of the product.

One way to overcome this threat is to inform artisans about the necessity for Sougha to earn money to become sustainable, and include a representation of artisans into the mark-up process for Sougha.

- **Product R&D and product line development:**
Sougha has worked with many partners to develop the present product lines.

Sougha needs to continue this development according to the customers’ feedback.

The Product R&D and Product Line Development should be integrated under the production department

- **Capacity building while creating economic opportunities: a sustainable model**
One of Sougha’s most important, but overlooked activity, is the innovative capacity building effort which is underpinning of Sougha’s success, in **how economic opportunity is created in a sustainable way:** Sougha does not offer a salary. It takes the product in consignment for the retail segment, and sells it according to the price decided by the artisan. For the corporate segment, Sougha take orders and ask artisans whether they are willing to supply for the order. The artisan is paid after the sale. The artisan is thus empowered to understand the relationship between quality and market’s willingness to pay, and use this skill in her pricing.

This activity should be communicated more efficiently to impact customers and potential partners.

If Sougha is to change any aspect of this activity, for example by following a leveled pricing strategy, and adding a mark-up on items in order to get a revenue, the artisans are not anymore deciding the price, thus breaking the impact sustainability. In that case there might be an opposition between business activities and impact activities.

**ATTENTION!**
Risk of opposition between commercial and impact activity!

The ultimate stage of this activity is entrepreneurship development. It is not known whether some artisans have reached this stage.

The decision to add a mark-up on the products, in order for Sougha to get a revenue stream must be carefully considered. On one side, it will provide for Sougha the much needed commercial income to cover some of its costs, and then become a sustainable platform for further support to the artisans. On the other side, it might threaten the capacity building process taking place, with artisans learning how to decide the price for their products according the market’s perceived value of the product. One way to overcome this threat is to inform artisans about the necessity for Sougha to earn money to become sustainable, and include a representation of artisans into the mark-up process for Sougha.

<table>
<thead>
<tr>
<th><strong>Heritage preservation</strong></th>
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<tbody>
<tr>
<td><strong>This purely impact activity is considered as crucial to Sougha’s mission as its social inclusion through the creation of economic opportunities. This activity encompasses much more than culture preservation; it revives almost forgotten traditional techniques through product adaptation to market demand.</strong></td>
</tr>
<tr>
<td><strong>Although this impact has been achieved by Sougha, in the sense that Sougha has helped preserved some of the traditional skills, there is no official monitoring and tracking system assessing the success of this activity.</strong></td>
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<tr>
<td>The cultural preservation impact should be stated more clearly as an activity, and not just in the mission and vision.</td>
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<tr>
<th><strong>8 KEY PARTNERSHIPS:</strong></th>
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<tbody>
<tr>
<td><strong>Commercial and Social</strong></td>
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<tr>
<td>Sougha’s commercial objectives are integral part of the social impact objectives, as the revenue from the sales is almost totally reversed to the artisans/beneficiaries.</td>
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<tr>
<td>As Sougha aims to become more sustainable, there is a need to have an increased knowledge of the partnerships motivation, and the type of needed</td>
</tr>
<tr>
<td>With the motivations in column 2 in mind, a matrix of partners could be elaborated, allowing Sougha to visualize what can be leveraged from its partners.</td>
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**Impact Partnerships:**
Refer to the network of suppliers, allies, supporters, co-creators and champions that are needed to ensure that a SE can deliver on commercial and social impact objectives. Can be used synonymously with stakeholders.

This means that commercial partners are usually implicitly social impact partners, but there are exception with partners with only impact motivation.

Sougha understands the worth of partnerships, but seems to have a limited realization of what leveraging from these partners could bring Sougha in terms of support to achieve its dual objective.

Sougha’s different partners have different motivations to cooperate with Sougha, and Sougha might have different motivations to cooperate with them, as seen it the inquiry below:

Sougha’s acknowledgment of the worthy role partnerships can have in its development is not reflected in its strategy. From the interviews, there is also the possibility that Sougha’s limited resources prevent them to explore the opportunities potential partners could offer or that existing partners could propose in addition to what they are already offering to Sougha.

It doesn’t seem that Sougha has differentiated commercial from impact partnerships. Therefore it is difficult to assess to which extend Sougha has differentiated the motivations behind commercial and impact partnerships.

The value of each partnership could be communicated in a clearer way by Sougha in official and internal documents, also through Medias.

The impact objective should be kept in mind at all time when in search of partnership opportunities. The huge impact dimension of Sougha’s commercial activity has to be clearly communicated to all partners.

A proper listing of partners and identification of their commercial and impact motivations and the value they have for Sougha is crucial, for Sougha to leverage the right partner for the right need. It will also help to avoid dilution and duplication of their support, and enhance the value of its partnerships when communication to media for example.

<table>
<thead>
<tr>
<th>Partner</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>KFED</strong></td>
<td>is the founder, main sponsor and the sole owner of Sougha through the specific ownership structure, thus Sougha’s main partner. KFED is a government – owned entity with a mandate aiming at promoting and strengthening the capacity of entrepreneurs, Being Sougha’s main sponsor and sole owner, KFED’s position regarding Sougha, and also the Sougha Initiative is key to defining their existence, and their further development. For now, there is no pressure from KFED to drive Sougha into a business-like structure. KFED is only interested into the impact As an entrepreneurship promoter, KFED is aware of the necessity for a social enterprise to adopt and display a business structure and mindset in its approach to solve the social problem. Otherwise the social enterprise remain a social program. This does not mean that funding should cease for the social enterprise, but it</td>
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<table>
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<tr>
<th>Value</th>
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<td>The value of each partnership could be communicated in a clearer way by Sougha in official and internal documents, also through Medias. The impact objective should be kept in mind at all time when in search of partnership opportunities. The huge impact dimension of Sougha’s commercial activity has to be clearly communicated to all partners. A proper listing of partners and identification of their commercial and impact motivations and the value they have for Sougha is crucial, for Sougha to leverage the right partner for the right need. It will also help to avoid dilution and duplication of their support, and enhance the value of its partnerships when communication to media for example.</td>
<td></td>
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</table>
KFED is Sougha’s main champion and advocate. **KFED’s motivations are purely impact oriented:**
- Scaling/maximizing Sougha’s impact
- Ensuring and Measuring delivery of impact through KPI’s and impact assessment although KFED expectations on Sougha’s KPI do not seem very high, judging from Sougha’s strategy.
- Monitoring the Sougha’s development

KFED takes upon the responsibility of financial liability, thus allowing Sougha to avoid conflict that may arise between fundamental motives of profit-making and mission.

Sougha’s impact mission is aligned on KFED’s. KFED’s support is necessary to deliver impact objectives.

With its activities portfolio ranging over all 7 Emirates, KFED support Sougha’s impact on a spread and scarcely populated geographical area, and could help Sougha to scale nationwide or even internationally.

The resources delivered by KFED are:
- **Physical:** Sougha is occupying offices in the Khalifa Fund buildings, and benefit from other physical resources.
- **Intellectual:** Sougha is getting Impact knowledge and skills from KFED.
- **Human:** Sougha is getting support staff, champions and advocates within KFED.
- **Financial:** KFED is giving the necessary results of Sougha, which are mostly obtained through a commercial approach. This implies that KFED is prepared to entirely fund Sougha for a period which is described in the strategy as being 5 years from 2014.

The value of the relation between Sougha and KFED is well documented in official documents.

mean that the social enterprise need to act as an enterprise, with a documented structure displaying governance in its financial, organizational, and legal structures.

In order to become a social enterprise, Sougha need to act as a social enterprise, forecasting its needs in terms of resources to operate the transformation from a social initiative to a social enterprise, and communicating them to KFED for unlocking the means to achieve this transformation.

To transform a social program into a social enterprise is resource-intensive, as the commercial resources should come in addition, in order to not compromise the impact resources, although some overlap may occur.

Being initiated and funded by a government–owned entity should not be a hinder for Sougha in its incubation phase. On the contrary, Sougha is firstly able to achieve and maximize its impact through reaching out to its artisans scattered in a very large and scarcely populated area on one side, and improve the commercialization of the artisans’ product following a trial and testing approach on the other side. Secondly, KFED has the means and willingness to support Sougha in its transformation, playing the role of an angel investor. SOCIAL GOVESTOR?
<table>
<thead>
<tr>
<th><strong>funding for Sougha to operate.</strong></th>
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<tbody>
<tr>
<td>Through KFED, partnerships have been created, with training outcomes for example.</td>
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<table>
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<tr>
<th><strong>Some of KFED’s partners have become Sougha’s partners,</strong> such as Organization for Small &amp; Medium Enterprises and Regional Innovation, (SMRU) in Japan, which provided training in enhancing the skills of Sougha artisans. The partnership documents are not made available, thus the commercial and/or impact motivations behind such partnership are unclear.</th>
</tr>
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<tbody>
<tr>
<td>One area to investigate in the partnership is how ADTCA could help Sougha to first increase its cultural impact, and secondly, scale up, using ADTCA’s connections and foothold worldwide.</td>
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</tbody>
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<tr>
<th><strong>Other government entities are important partners for Sougha to achieve both its commercial and impact mission.</strong> Abu Dhabi Tourism and Culture Authority (ADTCA, formerly ADACH) is a governmental entity which aims at promoting the heritage, culture and traditions of Abu Dhabi emirate worldwide. From their agenda, it is clear that ADTCA’s motivation is more impact oriented than commercial oriented: ADTCA is one of Sougha Est. founder entity, and a partner providing impact opportunities in enhancing cultural heritage through cultural documentation and heritage protection. ADTCA is interested that Sougha is scaling/maximizing the cultural preservation impact, it is not clear whether ADTCA is ensuring or measuring Sougha’s delivery of cultural preservation impact. Nevertheless, ADTCA also provides Sougha with commercial opportunities, as ADTCA is also one of Sougha’s main corporate customers, and provide exhibition opportunities, thus reducing the risks and uncertainties for Sougha.</th>
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<tr>
<td>This area is also to be developed further.</td>
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<tr>
<th><strong>Major retailer groups, such as Chalhoub Group, and Etihad act with different partner caps for Sougha. They might be customers, distributors, or integrate other ways of supporting Sougha in their CSR: in training the artisans, or sharing their business and marketing competences with Sougha.</strong> Other kind of support can be explored. The careful identification of the role the partners play for Sougha (their value) is of paramount importance, as well as their motivations: how far are the partners willing to go in their support for Sougha? Are they motivated by commercial reasons or for the impact objective should be kept in mind at all time when in search of partnership opportunities. The huge impact dimension of Sougha’s commercial activity has to be clearly communicated to all partners.</th>
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<td>177</td>
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</tbody>
</table>
There are other retail partners, not necessarily as deeply involved.

In 2014, Sougha Est. partnered with the Chalhoub Group who integrated Sougha as one of their CSR activities, providing capacity building support in the form of training in marketing and brand building.

The Chalhoub Group is a corporate promoting luxury brands in the Middle East, with a high purchasing power clientele. The group is well known for its strong social impact orientation and having an established CSR strategy. One of the Group’s main activities is to brand-building.

Etihad was in 2012 Sougha’s main retail seller and one of Sougha’s main partners, with a multifaceted role as trainer, distributor, and sponsor.

The partnership documents with the Chalhoub Group, Bloomindales and Etihad are not made available, thus the motivations behind such partnership are unclear.

**Corporate Customers** can also become partners, usually through a part of their CSR program targeting Sougha.

As such, the partnership is often purely impact motivated from the corporate side, helping Sougha to achieve different levels of impact maximization and impact economy optimization.

A large share of corporate customers is from the private or semi-private sector. Their business experience could be leveraged by Sougha.

The different partnerships structure and value is not actively demonstrated by Sougha, they might differ and vary according to each partner.

A proper listing of partners and identification of their motivations and the value they have for Sougha is crucial, for Sougha to leverage the right partner for the right need. It will also help to enhance the value of its partnerships when communication to media for example.

This kind of partnership should be further explored.
**Artisans** are key suppliers and the beneficiaries of Sougha, playing a dual partnership role. The partnership could be described as symbiotic.

Artisans provide handmade products to Sougha, which sells them on the market, and at the same time prepare the artisans in producing marketable products. Without the selling of the product on markets, the relationship between Sougha and the artisans would cease.

Artisans are the main resource for Sougha, as they provide the intellectual know-how of reviving almost forgotten traditional handcraft skills, and they should also be considered as the main human resources as the suppliers of handmade products.

It is the genuine trust displayed by the artisans towards Sougha which is Sougha’s best credential for strengthening its impact objectives across the UAE and beyond.

The artisans’ dual role make the fundament of Sougha’s existence. Despite their fundamental role, artisans have very limited participation in the decision making processes of Sougha.

The motivations behind this partnership are at the core of Sougha’s raison d’ être, and are both commercial and impact. There is a commercial motivation as Sougha supports artisans in optimizing their business.

Through the partnership, the artisans and to a certain extend Sougha, both reduce the risk business failure and they acquire new competences in craft skills accountancy, and other business skills. There is an impact motivation, as the more artisans are members of Sougha, the more craft items will be produced, and the more the social and cultural heritage impact will be maximized. This would in turn optimize the depth and scope of Sougha’s commercial activities.

One of the main sides of a social enterprise, and maybe a key characteristic of success is the adoption of a participative approach. Sougha’s artisans should be more included in the decisions made by Sougha as an establishment. Sougha was not grassroots-initiated, but being a top-down owned project, is not an excuse to follow a participative approach, especially when the project has revealed to get such an unanticipated social impact. The form and shape of this participative dimension should take into account the cultural and geographical context in which Sougha operates.

**Main exhibitors** are also playing a multifaceted role.

However it seems reasonable to state that

This kind of partnership should be researched, understood and explored.
the motivations behind this kind of partnership is first and foremost an impact one, as exhibitors offer free booth and sometimes in-kind services, helping Sougha to physically expose and communicate its activities, thus scaling/maximizing Sougha’s social and cultural preservation impact.

However, here might be some level of commercial motivation, in the acquisition of particular resources such as temporary exhibition equipment.

The partnership documents with exhibitors are not made available, thus the structures and motivations behind such partnership are unclear.

| Sougha’s raw material suppliers, such as the Al Khaznah tannery, has also been crucial in Sougha’s rapid development. Al Khaznah tannery is providing Sougha’s artisans with high quality locally made camel leather, and thus act as a supplier. The first resource is the raw material: a high quality locally made camel leather, is very relevant to Sougha for two reasons: the high quality of the product make it a perfect match for the composition of leading products such as the clutch bag, and the fact that the leather is from camel is perfectly aligned with Sougha’s cultural product profile. The second resource is Al Khaznah’s know- |
| The motivations for commercial partnership were strong when Al Khaznah was established for 9 years ago, but they are now limited, as the revenue from leather sold to Sougha artisans are amounting to only 2% of the total sales. For Al Khaznah, the impact motivation is to do something for the local community. For Sougha the commercial and impact motivation is first and foremost the acquisition of particular resources and activities. |
| The commercial motivation between Al Khaznah and Sougha might have dwindled, but there is an interest in this kind of partnership with another government-owned company, which is producing high quality products and selling in high-end international markets, having a huge experience of R&D. |
A partnership with such a light commercial motivation between an internationally renowned tannery and Sougha was only possible because Al Khaznah is also a government owned tannery, which besides being a profitable high quality tannery, was established to support the local business activities. Sougha is one of them.

This lays the ground for the impact partnership motivation, with both Al Khaznah and Sougha mutually scaling/maximizing their impact. Al Khaznah has been providing preferential supplying and delivery services, in-kind training and services to develop the R&D of certain Sougha products. In such a light, this partnership was critical to help Sougha achieve its commercial objectives as the clutch bag needed a very high quality to be perceived as a branded product. The value of this partnership is not demonstrated.

While Al Khaznah is still a provider of Sougha, it seems that the degree of partnership has decreased.

### 9 COST STRUCTURES

| The cost structure needs to take account of both the commercial operating and production | • Maintain a constant contact with the artisans
This activity requires extra time of Sougha’s manpower; hence there is a high labour market impact cost. But also: It requires a vehicle to reach artisans scattered in the UAE’s rural areas, thus |
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>Although registered as a for-profit company, Sougha is thought to be a non-profit company dealing with the commercial operations of a public social program: the Sougha Initiative. The Sougha Initiative is catering for two kind</td>
</tr>
<tr>
<td></td>
<td>In order for Sougha to continue to deal with the commercial operations successfully, and expand them, and in doing so, provide work for an increasing number of artisans, Sougha must seek to become sustainable, through the adoption of a business mindset in its</td>
</tr>
</tbody>
</table>
costs AND the costs involved in delivering an impact.

For a SE, this means understanding the costs involved in keeping the "business" going, and unpacking what extra costs are needed to actually deliver on the impact of the enterprise.

Impact is rarely, if ever, cost neutral.

Understanding and articulating impact is critical to being able to unpack its cost structure. If impact is vague or ill-defined, costing it will be equally imprecise.

Important to articulate what activities are undertaken and what resources are needed to deliver social impact.

<table>
<thead>
<tr>
<th>Costs INVolved in Delivering an Impact</th>
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</thead>
<tbody>
<tr>
<td><strong>Train the artisans.</strong> This includes the <strong>cost of recruiting and training new artisans</strong> on a geographically vast area. Sougha Staff and Sougha’s partners play an important role in impact training activities. It is not clear whether the Training and Development Department is differentiating its commercial and impact costs in its budget. Details about the trainings are needed to evaluate the proportion of these costs being earmarked. The training department might need a training session in how to distinguish and articulate impact activities and impact resources in its cost structures.</td>
</tr>
<tr>
<td><strong>Carrying out Marketing and Sales activities</strong> There are costs involved in the Marketing and Sales department. These costs are typically earmarked as business operation costs, and might include utilities,</td>
</tr>
<tr>
<td><strong>Insurance cost</strong> of Sougha’s booth at the central market; this cost is of an amount of 10 000AED.</td>
</tr>
<tr>
<td><strong>Phone conversations</strong> bills. Details about how much of Sougha’s phone bills dedicated to communication with the artisans are not available, so it is not possible to estimate these impact costs.</td>
</tr>
<tr>
<td><strong>Vehicle/transport cost and the chauffeur’s salary.</strong> Details about the cost of this vehicle are not available, so it is not possible to estimate these costs.</td>
</tr>
<tr>
<td><strong>Training already provided</strong> to Sougha’s artisans and the economic empowerment of Emirati artisans and the preservation of cultural heritage. This is achieved through its commercial branch: Sougha, playing the role of a market intermediary between the artisans and the market.</td>
</tr>
<tr>
<td>As a potential social enterprise and despite a strong social value creation background inspired by its parent organization, Sougha attempts to operate with a dual motive: social and economic value creation.</td>
</tr>
<tr>
<td><strong>Sougha’s training and development department</strong> might not be differentiating its commercial and impact costs in its budget. Details about the trainings are needed to evaluate the proportion of these costs being earmarked.</td>
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</table>

If Sougha is considered as a business embedded in the Sougha Initiative mission, the key activities, even the commercial one do exist in order to reach the impact purpose. This basically means that the commercial and impact activities of Sougha are difficult to untangle, because of the integrated model Sougha is based on.

More detailed knowledge about all activities and resources is needed in order to efficiently establish an overall impact cost structure (and a cost structure at all) for Sougha.

**Sougha needs to have a better knowledge of its differentiated commercial and impact cost related to production and operation. A first step towards sustainability would be to integrate these differentiated costs into a financial plan, being part of Sougha’s strategy.**
communication and postage, packaging, printing and stationery, advertising/marketing, insurances, bank charges, Sougha license costs, and training for the department staff. The department might decide to hire artisans for live shows during exhibitions, in order to reinforce the impact awareness. This is impact cost if the cost is born by Sougha.

The cost of conveying the IVP should be distinguished from the cost of conveying the CVP if they are different.

- **All production –related activities**
  Both types of cost are involved within the production department. Sougha has a high inventory and logistics cost, and acknowledges that these activities need to be rationalized. The inventory is impact cost intensive, as for now it is too individualized, with each artisans name attached to each product. The physical count is too labour-intensive, requiring a lot of manpower. There is no system for non-sold products. A proposition is made in the 2014 strategy.

  Regarding logistics, the products are then either collected at the artisans places (maybe regrouped geographically) or the artisans deliver them at Sougha’s main office. This product collection is highly individualized according to the artisans’ possibilities, therefore having a high impact cost. It is not department is seconded to KFED, and it is not known whether these skills are available within KFED’s accountancy department. If available, using KFED accountancy expertise could be a way to rationalize impact costs.
known whether Sougha has already estimated these impact costs.

Sougha is helping the artisans in their establishment phase with the supply of raw materials (input) and tools such as sewing machines or candle making kits. These resources are needed to achieve both commercial and social impact as they not only are necessary for the production, but allow artisans to be self-sufficient and work independently. It is not known whether Sougha has already estimated these costs, involving the cost of equipment, machinery and tools.

The quality check procedures are also impact earmarked, with decentralized quality control. This is not happening systematically and needs an immediate action to be created as a standard operating procedure. Details about the decentralized quality control are not available, so it is not possible to estimate the impact costs related to it.

The transfer and coordination of the corporate orders is also an impact oriented activity, as it also seems occurs on an individual basis, asking the artisans if they want or can join to honor the order. Details about the transfer and coordination of the corporate orders are not available, so it is not possible to estimate the impact costs related to it.
• **Product R&D and product line development:**
Sougha has worked with many partners to develop the present product lines, and will need to continue this development according to the customers’ feedback. The suppliers/artisans are also included in the R&D process. This participation involves an opportunity and capacity building impact cost.
The degree to which the artisan’s contribution to the Product R&D and product line development is not known, so it is not possible to estimate the impact costs related to it.

• **Capacity building while creating economic opportunities: a sustainable model**
One of Sougha’s most important, but not well communicated activity, is the innovative capacity building effort which is underpinning of Sougha’s success, in how economic opportunity is created in a sustainable way.
To build such a sustainable model requires a high impact cost.

• **Heritage preservation**
This activity is impact cost-oriented, and need resources from the R&D team to develop product while not compromising the traditional techniques. It might require the purchasing of **patents** for some product, and heritage safeguarding actions. It might require the support and participation of
designers and expert in the heritage field. It might require *ethic costs*, for example by buying locally, organic made leather instead of cheaper ones.

<table>
<thead>
<tr>
<th>CRITERIA: SOCIAL ENTERPRISE TYPOLOGY VERSION 2007 (Alter, 2007)</th>
<th>SOUGHA’S ATTRIBUTES REPRESENTING SOUGHA’S CURRENT POSITION.</th>
<th>FINDINGS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 NATURE OF HYBRIDITY</td>
<td>Shifting stakeholder expectations of nonprofit organizations to achieve larger scale social impact while also diversifying their funding has been credited as a major factor in the appearance of the “nonprofit hybrid” part for-profit and part nonprofit. At this intersection of business and traditional nonprofit is where the social enterprise lies. Sougha’s motives are more goodwill than self-interest oriented. The shift towards a more self-interest attitude is visible in Sougha’s latest statements; the self-interest motives are becoming more apparent, with a more marked commercial standpoint.</td>
<td>The reason for this unbalance might be that it is owned and financed by KFED, a government entity. Traditionally, government entities are more inclined to develop social activities (goodwill), rather than encouraging self-interest motives. As a government entity, KFED is goodwill motivated. As a reminder, KFED holds a dual economic and social agenda which is aligned with AD 2030 and UAE 2021: The economic dimension is the contribution to the national economy with the development of a strong national SME fabric. This dimension can only be fulfilled along with the social dimension, through the support to entrepreneurs, and the development of their soft skills and business acumen. In addition, KFED’s long term overall goal is</td>
<td>As an establishment, Sougha needs to have its self-interest motive stated more clearly in its strategy and business model. The self-interest motive is existing, as Sougha needs and wants to brand itself as a platform for Emirati artisans. The relationship (ownership and management) between KFED and Sougha must be re-discussed and refined in the light of the findings of this gap analysis. It is in KFED’s agenda and interest to push Sougha’s shift from goodwill oriented to a more “self-interest approach”, as the self-interest approach will sustain Sougha’s social purpose on the long term. According to KFED’s stated mission, encouraging Sougha into structuring themselves with a self-interest motivation</td>
</tr>
</tbody>
</table>
to transform the social mindset and assess the social impact of its activities besides the economic return on investment.

Sougha is acknowledged to have succeeded on its social mission, which is to improve the financial status of artisans by empowering them economically, and preserve the Emirati culture.

The social mission so far has been achieved by a mix of mission-driven and market-driven methods.

While the use of mission-driven methods is well integrated, Sougha acknowledge the need to reinforce the market-driven methods to scale its social mission. It is believed that for Sougha, mission-driven and market-driven methods are mutually reinforcing each other, and the ultimate goal of Sougha which is its social mission.

While the social mission is the main and ultimate dimension of the hybrid nature of Sougha, Sougha is increasingly aware of the necessity to use market-driven methods in order to sustain its mission while developing

From successfully using market-driven methods to achieve its social mission, to a full structuration to become a social enterprise is a big step for Sougha.

Ideally a social enterprise is put together with the two components simultaneously built-up and developed. For Sougha, it is a challenge to take and reverse it bottom-up, and adopt a business structure while coming from a governmental social initiative mindset.

After five years of existence, Sougha is struggling to restructure its business model, adding the business component to its impact orientation, in its organizational structure.

In its last strategy, Sougha is using a SWOT analysis as a basis for strategic initiatives, but the mission-driven achievements are not fully integrated in the SWOT. That creates a discrepancy and does not reveal the full

started as a social initiative with a double purpose of economic development and heritage preservation, Sougha was launched as an establishment in 2011. Now Sougha needs to integrate market-driven methods in its business model to develop its social mission on a larger scale.

The first step would be to clearly identify what are the mission-driven and what are the market-driven methods that Sougha uses.

Mission-driven and market-driven methods should appear clearly in Sougha’s business model. Especially market-driven methods used in Sougha’s structural and functional organization should appear clearly in Sougha’s strategy and business model. If they are not applied, they should at least be stated as a goals to be achieved or worked against.

Mission-driven and market-driven methods should be identified in the strategy and differentiated.

An annual social and economic impact
and achieving its own sustainability as a non-profit enterprise to serve its mission.

dimension of the realized impact. As an establishment, Sougha attempts to adopt an enterprise-based approach for both its social and commercial objective, as its social mission, which is to create economic opportunities for Emirati artisans, is directly linked with its ability to function as an effective commercial company.

report for Sougha is needed.

For Sougha, the goals are primarily of social value creation, but Sougha’s peculiarity lays in the fact that the social value creation is mainly achieved through economic value creation for the artisans, created by the sales of their products.

Any added economic value creation for Sougha is a bonus, but not an expectation at this stage, as it barely occurs.

As an establishment, Sougha’s lack of economic value creation outside the one created for the artisans, is increasingly hampering the development of social value creation and threatens Sougha’s sustainability.

Sougha’s income/profit is fully reinvested in its mission activities in the sense that the income generated by the products’ sales is entirely returned to the beneficiaries (the artisans).

Sougha’s income being entirely reinvested in its mission activities is one of Sougha’s strong aspects, attributing a high credential to Sougha.

This information needs to figure in the strategy and the business model.

Sougha has very limited or no income reinvested in the operational expenses, and/or business growth and development at this stage.

Sougha’s income being entirely reinvested in its mission activities is one of Sougha’s strong aspects, attributing a high credential to Sougha.

This information needs to figure in the strategy and the business model.

Apart from KFED’s funding, some operational costs are covered on an ad-hoc basis by both monetary and in-kind sponsorship.

Sougha should continue its investigation to have an income, and should state clearly in its business model from which source this income would come, how much this income would be, and how it would be reinvested in the operational expenses, and/or business growth and development, in two-years, and in five years’ time in the strategy.

This information needs to figure in the strategy and the business model.

| 2 | DUAL VALUE CREATION | Sougha’s primary purpose is the achievement of its double social impact: providing artisans with economic opportunities AND heritage preservation. | Sougha has a strong social impact, but the further development of its social impact is hampered by limited financial and human resources. | As an embedded model, Sougha need to can base its further development on it. |
Early on, Sougha adopted an innovative entrepreneurial approach which leads to capacity building and successful social impact for its beneficiaries: Instead of offering a salary or subsidies to the artisans, it lets the artisans deciding the price; it takes the product in consignment for the retail segment, and pays the artisans only once the product is sold. Sougha managed to have a successful social impact and through the adoption of this innovative entrepreneurial approach, a capacity process is taking place. But this entrepreneurial approach is only benefiting Sougha’s social impact. Being an embedded model, Sougha as a company needs to benefit from its own entrepreneurial approach in order to develop the delivery of its social impact.

Sougha is 100% funded by KFED. Sougha has not managed yet to diversify its funding stream to a significant extent. There are some attempts with different partners or exhibitors, but there small funding operations occur on an ad-hoc basis. Sougha has not created an earned income for itself, but is testing different strategies in order to get a commercial income.

Sougha realizes that in order to bring sustainability in its social mission, it has to diversify its income, at least partially by getting some of its cost covered by commercial revenues.

This realization is evidenced through interviews and the strategy, with the establishment’s sustainability mentioned, stating that through time, Sougha “will be self-sustainable (the target is 5 years plan) (Sougha, 2014, p.21), and with the role of the finance department to “ensure that necessary funds are available to the departments to help the organization.

Although there is a will from Sougha’s management to diversify its funding stream and have commercial revenue to at least partially cover its costs, it does not yet have a diversified funding stream, nor does it have a commercially earned income. The evidences found in the strategy are scattered throughout the document and are not stated in a dedicated sub-part dealing with the financial plan to diversify the funding stream or create a commercial earned income.

**This characteristic is key for Sougha’s eligibility to become a social enterprise,** Sougha does not need to be fully self-sustainable financially to become a social enterprise, but it needs to first have clear financial plan showing how its budget is balanced, with financial goals to be attained. This is one of the step for Sougha to integrate a more business-oriented structure, and it also displays financial accountability to its stakeholder.

A financial plan with a provisional budget should be worked out, included in the strategy, and communicated to Sougha’s stakeholders. An idea would be to include the Sougha Initiative as the social program in the financial plan, differentiating the impact and commercial revenues and costs in the budget and financial plan. This differentiation would allow Sougha to attract both commercial investors and impact funders.

Potential revenues could be drawn from selling training services, raw material to artisans and adding a mark-up on product price,
achieve its objective” (Sougha, 2014, p.15). A pricing strategy mentions that the pricing should cover sales and direct production costs and customer requested assembly cost (Sougha, 2014, p.29).

3 MISSION ORIENTATION
Social enterprises can be classified based on their mission orientation.

In order to classify Sougha according to its mission orientation in relation with its parent organization, it is important to define what Sougha’s parent organization is. Is it the Sougha Initiative? Is it KFED?

From data collected in the documents and interviews, it appears that there is a definitional and conceptual confusion of the organizational relationship between the non-profit organization (the Sougha Initiative) and the non-profit enterprise (Sougha) and their respective development. The organizational structure between the Sougha initiative and Sougha is blurred, and Sougha as a hybrid organization and the Sougha initiative are interchangeably referred to as “Sougha” in the documents and interviews.

While it is clearly stated on the first page of Sougha’s strategy that the strategy is about Sougha Establishment, Sougha as an establishment and the Sougha Initiative are described as follows: “Sougha Establishment is a non profit organization that will focus on the commercial side of the artisan’s products. Sougha’s initiative which is under KF will focus on the training and development part” (Sougha, 2014, p.6).

This lack of clarity makes it difficult to classify Sougha’s mission orientation as a social enterprise.

If Sougha is considered as the commercial outgrowth of the Sougha Initiative, then the Sougha Initiative can be considered as the parent organization for Sougha.

This would make sense in the perspective of considering Sougha as a social enterprise. Firstly, Sougha can then be classified according to its mission orientation in relation to its parent organization, which is

In order to classify Sougha based on its mission orientation, the organizational structure between Sougha and the Sougha initiative, and the KFED needs to be clarified and reflected in the business model and strategy. This is crucial for paving the further development of Sougha, and also the Sougha Initiative.

The non-profit organization (the Sougha Initiative) and the non-profit enterprise (Sougha), must be better defined in their concept, their activities, and their relationships, in order to implement the organizational and functional roles of each.

The relationship between Sougha and the Sougha Initiative must be clarified in the strategy, as well as the role played by KFED in this relationship and for each of the entities. The vision and mission of both Sougha and the Sougha Initiative must be revised in order to be congruent.
While the relationship between them is not explicitly stated, it seems that Sougha is considered as the commercial outgrowth of the Sougha Initiative (Sougha, 2014, p.6), while the KFED’s annual report mentions a conversion from an initiative to an establishment (KFED, 2013).

It is not clear if the vision, mission, and core values stated in the strategy are those of the Sougha Initiative or of Sougha. KFED is clearly presented as the initiator and owner of both entities.

In a 2011 business plan proposal (Al Midfa & Ben-Gacem, 2011), the relationship between Sougha, the Sougha initiative and KFED was illustrated as follows in slide 5, suggesting that KFED would serve the role as a parent organization for both the Sougha Initiative as the social program and Sougha as the commercial company.

<table>
<thead>
<tr>
<th><strong>S cougha Initiative</strong></th>
<th><strong>Sougha Company</strong></th>
<th><strong>KFED</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social Program</strong></td>
<td><strong>Commercial Entity</strong></td>
<td><strong>Parent Organization</strong></td>
</tr>
</tbody>
</table>

This illustration, as well as the more detailed one on slide 7, proposes a very lean commercial structure for Sougha, while most of the social program is kept under the Sougha Initiative. Such relationship and structure would require a good communication between the Sougha Initiative and Sougha.

This proposition could be kept in mind, as the cost for the establishment could be minimized, leaving most of the operational costs to be covered by fundings.

the Sougha Initiative, a social program aiming at social inclusion through offering economic empowerment to Emirati artisans and safeguarding traditional handicraft techniques. Secondly, the acceptance of this relation would make it easier to identify and state a vision and mission for both entities. Thirdly, it would bring a solution to the limitations that Sougha might encounter in its search for attracting impact funders, as it is registered as an establishment.
A vision and mission and values statement for Sougha as an establishment, was proposed in slide 5 (Al Midfa & Ben-Gacem, 2011), and contains a mix of business and impact elements.

**VISION:**
Create THE national brand reference that is the partner of choice for Emirati artisans and the number 1 Emirati heritage product retailer

**MISSION:**
Create market opportunities for Emirati crafts men and women with entrepreneurial thinking and present to the market a true Emirati inspired and made product

**VALUES:**
- Product Integrity
- Artisan Respect
- Passion for customer satisfaction

This statement places Sougha in the center of the vision and mission stated in the strategy, by exposing the commercial aspects of Sougha directly contributing to the social impact. Although it is not clear if this set of vision and mission has been endorsed for Sougha, recent statements show that the Sougha has embraced a more business-oriented approach.

Sougha’s commercial activities were created to advance and expand the Sougha Initiative (Sougha, 2014, p.6). But it is using a commercial model which is NOT self-financing.

Sougha as an establishment needs a vision and mission statement on its own, showing its mission-centric orientation with the vision and mission statement of the Sougha initiative.

The assumptions made on the nature of the relationships between Sougha and the Sougha initiative must be clarified in the strategy and in Sougha’s business model. This is chief to ascertain the mission orientation of Sougha.

<table>
<thead>
<tr>
<th>4 BUSINESS/PROGRAM LEVEL OF INTEGRATION</th>
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</thead>
<tbody>
<tr>
<td>Social enterprise can be classified based on the level of integration between social programs and business activities.</td>
<td>Sougha was created in 2011 to advance and expand the social program (Sougha, 2014, p.6). As the social program’s purpose is to economically empower Emirati artisans and preserve traditional handicraft techniques, Sougha’s activities, which are to create a commercial platform between the artisans and the market in order to sell their products, are embedded within the Sougha Initiative’s operations and social program, and are central to the social program’s mission. Therefore, the relationship between the business activities (Sougha) and the social program (the Sougha Initiative) is comprehensive: financial and social benefits.</td>
</tr>
</tbody>
</table>

If the Sougha initiative is considered as the non-profit parent organization providing the social program for artisans, and if Sougha is considered to undertake the commercially-related activities of the Sougha initiative, then Sougha’s activities are **embedded within the Sougha Initiative**.

Sougha’s embeddedness in the Sougha Initiative can be illustrated in the following form:

The assumptions made on the nature of the relationships between Sougha and the Sougha initiative must be clarified in the strategy and in Sougha’s business model. This is chief to ascertain the mission orientation, and the level of integration of Sougha, in relation to the Sougha Initiative.
are achieved simultaneously and reinforce each other.

While Sougha’s business activities are wholly embedded, they do not make the totality of the Sougha Initiative’s operations and social programs. Other operations such as training and development are also covered by the Sougha Initiative.

Sougha is not self-financed, nor does it bring revenue to cover the organizational and operational costs of the social program, but it does self-finance the economic empowerment for the beneficiaries of the Sougha Initiative. Sougha is legally registered as a commercial company, but if functions as a non-profit, since it does not need to make a profit for its owner, or stakeholders.

Although Sougha’s embeddedness in the Sougha Initiative is a very good attribute for Sougha and a favorable starting point for developing into a social enterprise, this does not mean that Sougha is an embedded social enterprise.

In order to be considered as a social enterprise embedded in the Sougha Initiative’s social programs, Sougha needs first to reach some level of self-financing, or at least demonstrate evidence of it in its strategic documentation. It would only reinforce the sustainability of both Sougha and the Sougha Initiative.

### 5 OPERATIONAL MODELS

The operational models illustrate configurations used to create social value (measurable impact) and economic value (income), and can be applied equally to institutions, programs, or service delivery.

Operational models are:

<table>
<thead>
<tr>
<th>Operational Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Intermediary Model</td>
<td>Sougha follows the market intermediary model, but with limitations. Sougha has difficulties adding mark-ups on its pricing strategy, as Sougha’s markets are not defined as high margin markets. Thus it does not achieve financial self-sufficiency, even partial. The extent to which Sougha follows the model is not clear, as the assumptions on the nature of the relationships are not confirmed by Sougha’s management. A possible representation of Sougha’s market intermediary model is illustrated in the Sougha’s operational model should be clearly stated in the Strategy, with its current limitations linked to its financial plan, and possible solutions. The relationship between the Sougha Initiative and Sougha need to be very clear in the operational model. Sougha succeeded in adding value to the artisans’ products, especially with regard to quality. These results should be measured according to indicators and stated clearly in Sougha annual report. Clear two-years targets in the form of indicators should be stated in Sougha.</td>
</tr>
</tbody>
</table>

Sougha takes the artisans’ products on consignment and sells them on different markets.

Sougha succeeds in adding value to the artisans’ products, especially with regard to quality. These results should be measured according to indicators and stated clearly in Sougha annual report. Clear two-years targets in the form of indicators should be stated in Sougha.
designed in accordance with the social enterprise's financial and social objectives, mission, marketplace dynamics, client needs or capabilities, and legal environment.

Fundamental models can be combined and enhanced to achieve maximum value creation.

Sougha services, such as product development, production, marketing and sales, and Business Development Services (BDS), add value to the artisans' products. It must be noted that a proportion of the value added to the artisans' products also comes from the Sougha initiative (the social program), in the form of training and development.

Sougha's current markets cannot be defined as high margin markets, and Sougha does not manage yet to add a mark-up.

Sougha does not earn income to cover the business' operating expenses and to cover the costs of product development, marketing and credit services to clients. Thus, it does not achieve financial self-sufficiency through its commercial activities.

For Sougha, the quality control aspects and a good knowledge of the marketing demands are essential.

The beneficiaries are considered as Sougha's suppliers. But most of Sougha's suppliers are not licensed.

6 ORGANIZATIONAL STRUCTURE

A social enterprise may be structured as a department, program or profit center within a

Due to the organizational and definitional confusion between the Sougha Initiative and Sougha, as stated in criterion 3, it is difficult to situate Sougha's structure within the organizations of KFED and the Sougha Initiative.

Yet, from the study of the different documentation and interviews, KFED is

In the light of this criterion, it is interesting to look at different alternatives as where to situate Sougha in relation with the Sougha Initiative.

The first alternative is the reasoning resulting in the assumption made on the nature of the relationship between Sougha and the Sougha Initiative.

In order to gain financial self-sufficiency, other types of models could be explored and combined with the market intermediary model, for examples adding a fee-for-services model or Low-Income Client as Market Model, or a cooperative model.

In order to fully qualify as a market intermediary model, Sougha need to aim at achieving a predefined level of financial self-sufficiency, either by selling the products with a mark-up in high margin markets or by developing its market intermediary model profile into a combined model. The relationship between Sougha and the Sougha Initiative also needs to be better clarified and defined.

To be able to assess Sougha as a social enterprise against this criterion, the triangular organizational relation between KFED, the Sougha initiative, and Sougha as an establishment need to be understood and clarified with Souha's management and KFED, and communicated in Sougha's strategic
nonprofit and lack legal definition from its parent organization. It may also be a subsidiary of its nonprofit parent, registered either as a for-profit or nonprofit. Many organizations use a mix of different structures simultaneously. Clearly presented as the initiator, sponsor and owner of both the Sougha Initiative and Sougha. Currently, Sougha physically shares office space with the Sougha Initiative, and KFED. The financial and administrative staff for both is seconded from KFED management. The electronic systems, and leadership are integrated. Initiative for criterion 3, mission orientation and criterion 4, business/program level of integration, considering the Sougha Initiative as Sougha’s parent organization. In this organizational structure, KFED is the parent organization for both the Sougha Initiative and Sougha. Sougha as an establishment is structured as an internal department within its parent organization, the Sougha Initiative and indirectly the KFED. The Sougha Initiative as a social program plays the role of an in-between parent organization for Sougha. A strong argument in favor for this perspective is that Sougha seems to shares the Sougha Initiative’s mission and vision. This view follows the content of DOC1 Sougha Est. Strategy 2014 (Sougha, 2014). This alternative is illustrated in the diagram below:

<table>
<thead>
<tr>
<th>Public entity:</th>
<th>KFED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit organization:</td>
<td>The Sougha Initiative</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td></td>
</tr>
<tr>
<td>Sougha</td>
<td></td>
</tr>
<tr>
<td>Business Operations:</td>
<td></td>
</tr>
<tr>
<td>* Sales &amp; Marketing Dept.</td>
<td></td>
</tr>
<tr>
<td>* Production and logistics</td>
<td></td>
</tr>
<tr>
<td>Finance &amp; Administration</td>
<td></td>
</tr>
</tbody>
</table>

This alternative is illustrated in the diagram below:
The second alternative presents Sougha structured under KFED as its parent organization, on the same level as the Sougha Initiative which becomes a complementary social program. This view follows the content of DOC20 Annual Report 2013 (KFED, 2013). This alternative is illustrated in the diagram below:

A third alternative presented in DOC14 Sougha Business Plan Proposal (Al Midfa & Ben-Gacem, 2011, p.5&7) proposed a very lean commercial structure for Sougha, while most of the social program is kept under the Sougha Initiative. This proposition could be kept in mind, as the cost for the establishment could be minimized, leaving most of the operational costs to be covered by fundings to the Sougha Initiative. Such
relationship and structure would require a good communication between the Sougha Initiative and Sougha. This alternative is illustrated in the diagram below:

This gap analysis follows the first alternative.

### 7 LEGAL STRUCTURE

A social enterprise may be incorporated either as a non-profit or a for-profit.

It is however important to recognize that social enterprises are not defined by their legal status: legal status may be arbitrary.

- **Legal environment**
  
The concept of social enterprise as income generating non-profit is not developed in the UAE. Thus there is no legal framework in the UAE which caters specifically for social enterprises. When Sougha started to sell the artisans’ products in 2010, KFED faced a legal challenge, as the government entity was “not authorized to buy or sell on behalf of artisans” (Al Midfa & Ben-Gacem, 2011).
  
Sougha is registered as an “establishment” at the Department of Economic Development since the 16th of January 2011 (DED, 2011). An establishment is one of four legal forms

According to its legal status, Sougha should thus earn an income. Sougha’s business activities are embedded into the Sougha Initiative and KEFD’s mission. Sougha’s source of income is mainly from Sougha’s sole owner and funder: KFED.

This situation would not be seen as sustainable in most countries, but the UAE has no taxation regulation, KFED has committed its support to Sougha on a long term scale, and Sougha is seeking to diversify its income.

Along with other actors in the UAE, KFED should advocate the implementation of a legal framework for social enterprises. This framework should take into account the

1. nature of business activities—related or unrelated to organization’s mission;
2. use or destination of earned income— to mission activities or other purposes;
3. source of income—general public, clients, 3rd party payers (insurance, donors), government;
4. the amount of income earned through social enterprise—limits placed on either monetary amount of percentage of budget; or
5. a combination of these.

Sougha’s income diversification plan,
available for commercial license. It is a facility owned by one person only, (sole proprietorship) licensed for practicing an economic activity (commercial, professional, agricultural or occupational) (DED, 2014). The financial liability of the establishment lies with the owner, who bears all the financial obligations of the establishment. Sougha’s proprietor is KFED.

This means that Sougha is legally registered as a for-profit enterprise, but it has its own board of directors, as the law requires for a non-profit. It is also expected to function as a non-profit, being government-owned.

With a tradition of managing social projects as charities, the concept of social enterprise is new and ground-breaking in the UAE. The fact that the concept must first be accepted as a catalyst for social and economical development is acknowledged by KFED, which considers Sougha as a long-term social investment in line with the national vision. The way Sougha operates paves the way for sustainability and innovation in government-initiated social relief.

Being in such an experimental position, the danger for both the funder entity and the

The lack of clarity in the law presents a challenge for KFED and Sougha to display transparency and accountability in Sougha’s activities and governance, especially in its relations with its commercial and impact partners and customers. In other words, KFED and Sougha should bring their experimental relationship above the lack of regulations and establish a clear set of social and economic targets which would allow Sougha to achieve sustainability within a clear timeframe.

At a macro level, it is up to KFED as a policy change-maker to present social enterprises as a change-bringing concept. The fact that social enterprises are addressing a social problem and making a
very difficult to register a non-profit. The application has to go through the Ministry of Social Affairs and be sponsored by 20 Emirati. Regarding fund-raising, “If a trade-licensed body or registered NPO wants to hold a fund-raiser, they must get permission from the emirate’s Islamic Affairs and Charitable Activities Department (IACAD) and give up to 10 per cent of the money raised to one of 18 IACAD-approved charities, such as the UAE Red Crescent Society” (Huang, 2011).

| Access to capital | Given the regulatory, tax-free environment, being registered as a for-profit establishment, and being owned and funded by a government entity, despite a lack of clear legal framework for a social enterprise, Sougha as an establishment and the Sougha Initiative as a social program could become an ideal combination set to bring capital from both philanthropic and commercial funds. This is the ideal situation to sustain both the commercial and the social impact mission, thus avoiding to fall in the trap of compromising the social mission by trying to attract commercial investors. |
| Capitalization | While the financial support from KFED is well documented, the way it capitalizes Sougha’s dual value creation is not clear. A recurrent problem for Sougha seems to be limited resources both in financial and human terms. This challenge could indicate that while KFED continues to provide for the social value creation to happen, it does not capitalize the necessary investment for revenue to achieve their own sustainability, and thus remove a strain on government social funding on the long term, should be clearly communicated and promoted to higher decision making circles. |

| • Access to capital |
| Currently, almost the totality of Sougha’s capital, covering all costs, is coming from KFED. As seen in previous criteria, Sougha tries to diversify its income sources. A few projects are getting funding from occasional sponsors. Sougha is also mandated to gradually become self-sustainable within 5 years (Sougha, 2014, p.21), although it is not precised how, and whether self-sustainability encompasses self-financing. |

<p>| • Capitalization |
| After four years of existence, Sougha is still considered to be in its incubation stage. KFED capitalize its incubation, and displays an interest to capitalize its growth as well, on a financial and human level. |</p>
<table>
<thead>
<tr>
<th><strong>Leadership Decision</strong></th>
<th>From the documentation and interviews, it appears that the management’s intention to structure Sougha following commercial practices is reasonably clear, but it is less clear how to implement this structure, and whether this intention is communicated and shared with the Sougha staff.</th>
<th>For Sougha’s leadership, to integrate business practice and income generation into what is considered as a non-profit, government company requires good communication to the Staff dedicated to Sougha and the Sougha initiative. This communication should be based on the fact that business practice and income generation does not threaten their social mission, but on the contrary, it ensures its sustainability.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sougha has a board of directors and a general manager. Sougha was created as an establishment, a legal entity separated from the Sougha Initiative, in order to deal with the commercial side of the initiative.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**8 OWNERSHIP STRUCTURE**

Three different types of SE ownership structures exist: Private, Public and Collective. Ownership can be either a driver for a social enterprise’s legal structure or a determinate of it. In most countries, nonprofits are considered “public good” or property of the public, thus calling into question the legal ownership of their assets, goodwill, brand, etc.

Sougha is an establishment, thus legally defined as commercial (for-profit). It is solely owned by KFED, a non-profit, independent body of the Abu Dhabi Government, and governed by a board of directors who are mainly from KFED. By UAE laws, KFED is liable for the establishment, and bears all the financial obligations.

Despite its legal status, due to the nature of its activities, it is considered by its owner and stakeholders as a non-profit.

As an establishment and according to the UAE laws, Sougha cannot raise charitable funds. It cannot receive sponsor funds. It can only receive funds from its owner, and through commercial revenues. But the Sougha Initiative, as a non-profit social program, can receive donor funds.

During the incubation period, the triangular relationship between KFED, the Sougha Initiative and Sougha, could be a winning combination, allowing for a maximum flexibility in terms of activities and funding.

Indeed, KFED as the owner of one non-profit social program, and the owner of one commercial establishment, covers a wide range of funding and investment options. These options could mutually benefit and boost the development of the Sougha Initiative and Sougha.

On the long term, Sougha could explore the possibilities offered by cooperatives’s ownership structures; which would include Sougha’s suppliers and beneficiaries as co-owners of the enterprise.

The UAE legal framework should be investigated in this light.

Sougha to grow into a full business in order to deliver the social value creation in a sustainable way. Under KFED could continue to receive philanthropic funds.
<table>
<thead>
<tr>
<th>9 PROGRAM STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>From a programmatic perspective, social enterprise addresses one of the most pressing issues nonprofit organizations face: How to achieve ongoing sustainable impact.</td>
</tr>
</tbody>
</table>

- **Sectors**
  - Sougha’s program strategy serves simultaneously two sectors. The first sector is economic development, as Sougha provides “a platform to Emirati artisan to become self-entrepreneur with the core objective of improving their financial status…” (Sougha, 2014, p.2).
  - The second sector is cultural preservation, which is explicitly stated in Sougha’s mission.

  Sougha’s business activities are “embedded” within the economic development organization represented by KFED, and the Sougha Initiative which is the program to achieve social impact.

- **Program areas**
  - Sougha’s activities are circumscribed within three program areas:
    - Micro-enterprise Development
    - Economic Opportunities
    - Access in Under-served Markets

  These program areas are aligned with the UAE 2021 vision, and AD 2030 vision. Furthermore, these program areas are highly relevant for KFED’s agenda, as highlighted in KFED’s annual report (KFED, 2013) and within the RAND report (The RAND Corporation, 2012).

- **Social impact**
  - Sougha’s double impact is clearly stated in its mission, which is integrated in the Sougha Initiative mission and aligned with the KFED’s agenda.

  There is a discrepancy between the impact measurement methods stated by Sougha’s strategy and the one used in the small scale SROI. This discrepancy might be the result of the conceptual and organizational confusion.

  As an embedded enterprise, Sougha’s KPIs should be limited to measure the commercial performance of its activities, as its commercial performance directly serves the purpose to achieve social impact.

The programmatic structure of both Sougha and the Sougha Initiative must be clarified, with clearly segregated purposes. Sougha’s purpose should still be social, but with a strong market-driven approach, in order to achieve ongoing sustainable commercial impact, to ultimately achieve sustainable social impact.

Cultural preservation is not part of KFED’s agenda, but offers the opportunity for Sougha to strengthen partnerships with other entities dedicated to cultural preservation such as Abu Dhabi Tourism and Culture Authority.
The extent of Sougha’s impacts has not been measured yet, but a small scale SROI was conducted on the first seven artisans in 2013. Although limited, this SROI suggested that the following social impacts were realized (the suggested indicators are provided in brackets) (Sustainable Square, 2013, p.7):

<table>
<thead>
<tr>
<th>Impact Area</th>
<th>Suggested Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incomes and financial freedom</td>
<td>Increased earnings. Proxy: Measure earnings compared to past</td>
</tr>
<tr>
<td>Found true passion</td>
<td>Improved passion costs. Proxy: no way to measure at present</td>
</tr>
<tr>
<td>Created name for self</td>
<td>Earnings increase gained by moving them from no qualification to at least Level 2 qualification. Proxy: Level 2 qualifications are qualifications, such as GCSEs at grades A* to C, BTEC First Diploma, NVQ Level 2 or relevant work experience.</td>
</tr>
<tr>
<td>Filled void in life</td>
<td>Lessened loneliness and increased social connectedness. Proxy: Social Disconnected Scale</td>
</tr>
<tr>
<td>Opened eyes to new experience</td>
<td>Cost of making someone employable. Proxy: Cost of increased access to relevant employment opportunities for disadvantaged people from UK</td>
</tr>
<tr>
<td>Improved happiness</td>
<td>Contingent valuation method, a course to measure the cultural preservation impact are mentioned.</td>
</tr>
</tbody>
</table>

It is interesting to note that neither in the Sougha Strategy KPIs, nor in the SROI, indicators to measure the cultural preservation impact are mentioned.

This would result in two positive outcomes: firstly it would help Sougha to focus on what it needs to do to develop commercial revenues, and secondly, it would spare time and resources for Sougha, leaving the measurement of social impact to the Sougha Initiative.
improve happiness. Proxy: UK adult learning wellbeing valuation

In Sougha’s strategy, the stated KPI’s are:
- Total sale amount
- Total artisans trained
- Total training sessions
- Total active artisans

**Mission drift**

In the process of outgrowing from an initiative to a hybrid enterprise, Sougha’s social mission is perceived to be threatened in different ways:

The first point concerns how Sougha’s business model is developing: Sougha’s social mission is very clear. It is “to give a platform to Emirati Artisan to become self-entrepreneur with the core objective of improving their financial status, and preservation of Emirati culture (Sougha, 2014, p.2). In order to improve the artisans’ financial status, an innovative entrepreneurial approach was adopted, which led to capacity building and business skills learning facilitation for the beneficiaries: Instead of offering a salary or subsidies to the artisan in exchange for her production, it takes her products in consignment for the retail segment at a price decided by the artisan, and pay the artisan only once the products are sold. This means that the artisan is involved in the pricing, of her product in relation to the market demand.

According to the previously mentioned assumptions, Sougha’s mission is embedded in the Sougha Initiative’s mission. This means that Sougha’s mission can be mainly commercial, as the more products are sold, the higher social impact is realized.

Sougha’s suppliers and beneficiaries are a target group with specific cultural and religious constrains, and specific capacity needs. As such, this target group profile should be taken into account in Sougha’s business model, as impact resource and cost. But to deal with the specificity of the target group is not necessarily under Sougha’s responsibility.

In order to tackle mission drift, it is important to differentiate Sougha’s mission from the Sougha Initiative’s mission.

In its transition phase, Sougha needs to be very careful to uphold its activities as perfectly integrated in the social program. The social mission of Sougha is to economically empower the artisans by functioning as a platform between them and the markets.

The social mission of the Sougha Initiative is to empower the status of Emirati artisans, through economic empowerment, enhancement of their professional and soft skills and the preservation of Emirati culture. The capacity building and business skills learning facilitation should be maintained at all costs, but maybe considered under the responsibility of the Sougha Initiative, under the Training and Development Department.

If the addition of a mark-up is perceived as threatening, alternative ways of getting revenues through other business models or a mix of business models...
In order to bring additional revenue to cover at least partly its costs, Sougha is considering adding a mark-up on the artisans’ products. Doing so, the control the artisan has the pricing is lost, the capacity building as an indirect social impact disappears.

The second point is already mentioned in criterion 7, addressing the challenges of getting capital in the local regulatory environment. As an establishment, Sougha is currently getting 100% funding from its owner KFED, but it also also seeks to get commercial revenue in order to sustain its dual impact.

As an establishment, Sougha might meet challenges from a legal perspective and from potential impact funders, regarding its eligibility as a recipient for philanthropic funding.

<table>
<thead>
<tr>
<th>10 Financial strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social enterprise is a means to achieve sustainability through earned income; however, it is important to note that financial objectives differ among organizations. Social enterprises don’t need to be profitable to be worthwhile. They can improve efficiency and effectiveness of the organization by 1. reducing the need for</td>
</tr>
<tr>
<td>- Financial spectrum</td>
</tr>
<tr>
<td>- Organizational structure: Sougha is legally a commercial enterprise, but is organized as a traditional nonprofit, aiming to become as a social enterprise.</td>
</tr>
<tr>
<td>- Financial spectrum: Sougha is funded by full philanthropic support, but is seeking partial self-sufficiency.</td>
</tr>
<tr>
<td>- Level of income: Sougha’s earned income is entirely reversed to the beneficiaries/suppliers. Operating expenses or program costs recovery not covered by earned income</td>
</tr>
<tr>
<td>- Subsidy: 100% subsidy.</td>
</tr>
<tr>
<td>- Viability through earned income: Not viable. Sougha is dependent on KFED for survival; but seek to self-fund isolated services or</td>
</tr>
<tr>
<td>Sougha does not display the minimum level required for social enterprise in the financial spectrum, it remains circumscribed in the financial spectrum of a traditional non-profit, but with limited availability of subsidies option due to its legal status.</td>
</tr>
<tr>
<td>The lack of stated financial strategy is what is preventing Sougha from becoming a social enterprise. Sougha need to provide evidence of its commitment to include a financial structure in its organizational structure, presenting some level of self-financing.</td>
</tr>
<tr>
<td>activities.</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td><strong>Type of subsidies for Sougha:</strong></td>
</tr>
<tr>
<td>o Philanthropic donations in form of long term social investment from KFED</td>
</tr>
<tr>
<td>o In-kind support</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>A sales and pricing strategy is described in Sougha’s strategy, but comprehensive financial objectives are not stated.</td>
</tr>
</tbody>
</table>

Sougha’s motivation to achieve partial financial self-sufficiency is mentioned in the strategy. A pricing strategy mentions that the pricing should cover sales and direct production costs and customer requested assembly cost (Sougha, 2014, p.29).

There is no plan mentioned in Sougha’s strategy to diversify Sougha’s funding base. As an establishment, Sougha might not be able to diversify its funding base, not having access to philanthropic funding.

Sougha sees the need for cost savings and income diversification.

| The financial objectives are not achieved because they are not stated. Nevertheless, Sougha displays a stated need and motivation for achieving partial self-sufficiency, income diversification through a commercial revenue stream, and cost savings and resource maximization. However, these needs are scattered throughout the strategy and not gathered under a financial objective section. |
| Sougha should have a section dedicated to plan its financial objectives in its strategy. |

As a start, Sougha could state its intention to achieve self-sufficiency, at least partial, through the generation of a commercial revenue stream, and define the nature and amount of cost it plans to cover, with measurable KPIs. It could also propose different stream structures, and test them.

In terms of income diversification, as an establishment, Sougha might not be able to diversify its funding base, not having...
resource maximization. These are clearly stated in the strategy as future plans to be further explored with business plan, and divided into three phases (Sougha, 2014, pp.25-27):

<table>
<thead>
<tr>
<th>Phase 1: Immediate action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating Standard Operating Procedures, Policies and Manuals.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 2: Medium term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designing and implementing an enterprise Resource Planning System</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 3: Long term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing a Performance/Impact Measurement System</td>
</tr>
</tbody>
</table>

access to philanthropic funding. This should be stated in the strategy. The UAE legal framework should be investigated in this light.

In terms of cost savings and resource maximization, it should be included along with the financial objectives in the strategy, proposition should be made in how Sougha’s resources could be rationalized. Sougha needs to continue in its process of rationalizing its organizational structure. This organizational rationalization should be done without compromising Sougha’s social mission and its trust-based relationship with the artisans, which requires for example high stock transportation costs.

- **Income generation**

  - **Methods of Income Generation**

  Sougha earns income through product sales, but this income is reversed entirely to the artisans, and is not used to generate income to sustain Sougha’s operations. Sougha plans to use other methods of income generation to become sustainable, although they are only at testing and planning stage. These methods are not detailed in Sougha’s strategy.

  Sougha plans to add a mark-up on the artisans’ products.

  Sougha has made trials of different methods of income generation and need to analyze the results of these different methods.

  These results should be mentioned in Sougha’s annual report and decisions should be taken accordingly in the next strategy.

  - **Services**

    Sougha could commercialize its skills and expertise as training or microfinance, for example.

  - **Intangible assets**

    Sougha intends to strengthen its brand name and plans to generate income based on its brand reputation.
<table>
<thead>
<tr>
<th>Social Enterprise Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sougha is already using different market segments such as the general public, businesses and non-profit, and the government for selling the artisans’ products, but not to generate income to sustain Sougha’s operations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Maturity</td>
</tr>
<tr>
<td>As stated in the previous criteria, Sougha is funded by KFED, and it is not known if Sougha’s legal status of establishment allows for philanthropic funding.</td>
</tr>
<tr>
<td>Funding instruments</td>
</tr>
<tr>
<td>Capital: Sougha is funded in totality through grants and donations</td>
</tr>
<tr>
<td>Sources of Capital and Investors: KFED is behind almost the totality of Sougha’s capital, with the exception of a few grants and donations from sponsors (public and private), generally for ad-hoc projects.</td>
</tr>
<tr>
<td>Investment objective: KFED’s funding can be seen as a long term investment with high social return and no expected financial return.</td>
</tr>
</tbody>
</table>

| No impact assessment studies have been performed yet on these markets, but Sougha has a perception of the suitability of these markets. |

| In order to generate income to sustain Sougha’s operations, the three following market segments should be further explored: |
| General Public |
| Customers in the open marketplace who could buy from a franchised boutique. |
| Businesses And Nonprofits |
| “Business-to-business” nonprofits or businesses who could buy training sessions from Sougha, as well as other intangibles assets. |
| Government Contracts |
| Sougha’s customer relationship with the government entities could be further developed on the long term, with preferential contracts. |

| KFED should use the different legal status of Sougha and the Sougha initiative to fund them in the most adequate way. |
| Sougha should leverage from its parent organization’s reputation, credit history and competence to gain access to other type of funding. |
KFED’s type of long term funding can be considered as venture philanthropy, which is commonly performed by private individuals or corporations.

KFED is deeply involved in Sougha, and has vested interest in the realization of its social impact.

It should be clearly communicated that KFED is the sole owner, and thus the sole “investor” for Sougha, while the Sougha Initiative can have many social investor.

<table>
<thead>
<tr>
<th>11 CAPACITY BUILDING STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social enterprise applies contemporary private sector and organizational development tools, constructs, and practices to strengthen non-profit organizations in the following areas: operational, financial, and marketing management; human resource, leadership, and governance; outcomes measurement and accountability; and decision-making, strategic planning, and communication.</td>
</tr>
<tr>
<td>Nonprofit performance is improved by strengthening organizational capacity to accomplish mission and generate income.</td>
</tr>
</tbody>
</table>

- **Operational efficiency**

  Sougha realizes that it needs to apply business practices to its own structure and to its commercialization process, but leverages from the Sougha Initiative and KFED’s core competencies and assets at a very limited level. A good example of attempt to do so is the agreement organized by KFED between Sougha and the Chalhoub group.

  Sougha made a SWOT analysis in 2013, as a basis for strategic initiatives, and to identify opportunities and threats.

  A lack of time and resources might the reason why this leveraging process is limited.

  Sougha’s ownership structure might be a hindrance to display a high responsiveness and adaptability in order to react to external opportunities and threats.

  Targets for achieving both financial and social objective are lacking from Sougha’s strategy, but a need for monitoring and tracking systems is stated and planned on the long term.

  This is identified by Sougha to achieve both financial and social objectives, and a way to adopt private sector measurement tools. The results from the first external impact assessment for KFED’s overall activities will

  More resources should be attributed to Sougha, in order to identify what are the core competencies and assets that Sougha could leverage from the Sougha Initiative, KFED, and also key partners, in order to scale its commercialization process.

  On the short term, KFED should provide Sougha with the means to react quickly to market feedback and changes. Over time and as part of the self-sustainability plan, KFED should encourage a more independent decision making process, for example through a strong business oriented leadership, and an increasing participation of artisans.

  Sougha needs to continue in its process of rationalizing its organizational structure. This organizational rationalization should be done without compromising Sougha’s social mission and its trust-based relationship with the artisans, which requires for example high stock transportation costs.
Planning processes, management tools, and measurement instruments essential in businesses but often lacking in nonprofit organizations are easily adapted and integrated into the social enterprise. The double bottom line context crosscuts all functions; thus social enterprises operate within a well-developed framework to both manage and be accountable for their social and business objectives.

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Phase 2: Medium term</td>
<td>Phase 2: Medium term</td>
</tr>
<tr>
<td>Designing and implementing an</td>
<td>Designing and implementing an</td>
</tr>
<tr>
<td>enterprise Resource Planning System</td>
<td>enterprise Resource Planning System</td>
</tr>
<tr>
<td>Phase 3: Long term</td>
<td>Phase 3: Long term</td>
</tr>
<tr>
<td>Developing a Performance/Impact</td>
<td>Developing a Performance/Impact</td>
</tr>
</tbody>
</table>

Already in its fifth year, Sougha builds on its past experience to guide its strategic thinking, by for example looking back at its different customer segments and markets and reassessing its position accordingly. With its first strategy 2014, Sougha attempts to display strategic thinking, planning, rapid decision-making, creative solutions, flexibility, and perseverance at market level.

Sougha has not increased its accountability through cost accounting, nor does it use standard business performance and financial measures yet.

Sougha needs to determine its own vision, mission, and core values in order to build upon them, to encourage market discipline of strategic thinking, planning, rapid decision-making, creative solutions, flexibility, and perseverance.

**Tracking and measurement**

Sougha has not started yet to measure its social impact and its social value creation, the suggested impact is derived from a 2013 SROI conducted on Sougha’s first seven artisans, and from individual case studies.

Targets for achieving both financial and social objective are lacking from Sougha’s strategy, but a need for monitoring and tracking systems is stated and planned on the long term. This is identified by Sougha to achieve both financial and social objectives, and a way to

As a potential social enterprise model, Sougha should have an adapted methodology to track and measure first its commercial impact, as it is directly linked to Sougha’s social value creation. The social impact could be tracked and measured as part of the Sougha
Sougha is an establishment, which is normally expected to be a for-profit, but considered as a non-profit. It thus faces the challenge of combining process-oriented and outcome-oriented measurements. From the documents and interviews, it is clear that KFED’s management is aware of the challenges awaiting Sougha for measuring both the process through which the results are realized and its main outcome, which is its social impact.

In 2012, Sougha produced a document titled “Sougha 2012 in numbers” which can be considered as a first annual report or summary. This document is stamped internal and confidential, and includes limited explanation of its process and some results, as well as a short description of Sougha’s social impacts. The assessment methods for this impact description are not known.

adopt private sector measurement tools.

It is difficult to measure Sougha’s processes through which results are achieved, as Sougha is in the middle of a restructuration. It is not clear whether a formal process assessment has been performed prior to the restructuration.

Results of the confusion between Sougha and the Sougha Initiative appear clearly here, with a lack of clarity about how they measure the impact of their activities.

Sougha and the Sougha Initiative should produce a joint annual report including a summative description of their commercial and impact activities, as well as the year’s results. The results could be tracked and measured internally and audited by KFED. The annual report should include a short analysis of the Initiative’s social program.

Targets for achieving both financial and social objective should be clearly stated in Sougha’s strategy, and results from SROI and/or OASIS measurements should be included in Sougha’s annual report.

In order to bring a solution to this challenge, a first attempt could be tested, with Sougha’s activities tracked and assessed following a result-driven and process-oriented methodology. The Sougha Initiative’s activities could be tracked and assessed following an action-driven, outcome oriented methodology. This would avoid any confusion, and Sougha’s social impact would be integrated in the Sougha Initiative’s impact.

In 2015, the results from the first external impact assessment for KFED’s overall activities will include the impact of Sougha’s activities and will be published.
Due to resource constraints, the impact assessment (for the Sougha Initiative) could be outsourced every three years, and sponsored by a stakeholder. The impact assessment could be published in the annual report every three years.

This means that Sougha’s strategy would be published every year, on the base of a yearly revision of the process according to the results, but on the base of a three-years assessment of the impact outcomes.

<table>
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<tr>
<th>Financial management</th>
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<td>Due to resource constraints, Sougha’s management and KFED made the decision to outsource its finance and administration operations to KFED. This decision can be seen as a method to leverage resources from its parent organization, nevertheless. As a result, the Finance and Administration description in the strategy is vague and limited, although a need for management accounting is clearly stated in the medium term planning.</td>
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In order for Sougha to gain credibility as a social enterprise among its stakeholders and partners, Sougha should have the necessary financial knowledge, or get support to acquire it.

This is a necessity, not in the objective of financial self-sustainability, but in order to appear as a social enterprise with financial acumen, with a clear communication regarding its cost accounting, segregating social program cost from its business performance.

<table>
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<th>Leadership and human resource management</th>
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<td>Sougha’s newly hired manager is a person with a business background, and an artist.</td>
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It is clear from KFED’s annual report and interviews that KFED’s management does possess the hybrid quality of being socially-
Leadership and Capacity
The composition of Sougha’s board of director has not been communicated to the student, so it is not clear whether some members are bringing business experience. In fact, this seldom dual quality is at the core of KFED’s raison d’etre, serving the purpose of AD 2030 and UAE 2021.

Sougha’s management is aware about the necessity to orientate the establishment away from the non-profit social program culture it stems from. In fact, due to the organizational and conceptual confusion between the Sougha Initiative and Sougha, both seem to be caught in the shift from non-profit culture to adopting a business approach in its culture.

Organization is to leverage from its dual assets, namely its vast business experience and its social development and capacity building orientation, in order to strengthen its commercial structure.

12 CULTURAL STRATEGY
Introducing social enterprise rocks organizational culture on several levels, all of which must be addressed in and throughout the transformation process.

Overriding issues are resistance, fear of change, and fear of losing sight of the mission.

Many nonprofit leaders are uncomfortable integrating business into their practices; most, in fact, this seldom dual quality is at the core of KFED’s raison d’etre, serving the purpose of AD 2030 and UAE 2021.

Innovation
A few other government entities, such as the General Women Union were already working with artisans, offering them compensation or a salary in exchange for them to produce traditional art craft, when the Sougha Initiative was initiated in 2009. The originality and the success of the Sougha Initiative/Sougha’s social impact stems from four factors: Firstly, the Sougha Initiative/Sougha didn’t propose a salary to the artisans, but let the artisans to decide their own price for their product. Secondly, the Sougha Initiative/Sougha explained the necessity to adapt traditional skills to more marketable applications, trained the artisans to develop their design skills, and provided the necessary raw material and tools. Thirdly, the Sougha Initiative/Sougha also provided micro loans for artisans to expand their business. The fourth point is about Sougha’s innovative mindset might come from the experimental nature of its activities. As such Sougha has a history of finding creative approaches not previously tested. It used such an approach at micro level with the artisans, and now need to use it at meso level for its own structure.

For Sougha to be a risk-taker and make market-oriented decisions is perceived as a challenge. The fact that Sougha is government-owned and has a public representation among the artisans might be a hinder to a risk-taking mindset. Sougha is not any longer at a trial stage and artisans are already relying on Sougha as an internal supportive organization.

Sougha developed a very good and innovative model to solve social issues. In order to scale its model, Sougha need to grow into a social enterprise, which will bring sustainability to the social program. New and creative approaches might be needed in order for Sougha to create a space for its innovative model in the Emirati economic landscape, at macro level. KFED’s support is key in this endeavor.
however, understand the need for money, which is a good motivational starting point.

branding its name to present the products on higher margin markets. These actions led to solving the artisans’ social and financial problems while developing their capacity to become entrepreneurs.

- **Entrepreneurship**
  Sougha also mentions a lack of appropriate resources as a hinder for decision-making.

- **Change Management**
  Sougha’s management and team, as KFED, does not seem to fear change and is open to restructuration as a business, but there is an obvious fear of mission drift, that such change might affect Sougha’s relations to its beneficiaries, and the impact Sougha has on their lives.

- **Results Oriented**
  There are attempts from Sougha to be result-oriented, as shown in the DOC4 Sougha 2012 in numbers. But since 2012, Sougha has not documented its results.

institutions. Another explanation for this lack of risk-taking and market-oriented decision-making seems to be due to limited resources and lack of business practices skills.

The situation and challenges currently faced by Sougha should be presented to the artisans.

The process of change management need to take into account the primary role of Sougha, which is its social mission, and Sougha’s limited resources, which prevent the establishment to implement the necessary restructuration.

By increasingly observing standard business practices, Sougha will become results oriented.