Social Value Creation and Impact Measurement – What Do They Mean Exactly?

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SUMMARY

There is a strong need for social value creation in our life. More and more people have to face mental illness caused by our stressful life. Social entrepreneurship and social enterprises are approaches to deal with these challenges. They are managed with a business mind-set coupled with social sensitivity. The paper examines how social value creation is interpreted and how social impact is measured and reported by social entrepreneurs using multiple cases from the business and the public sphere. It was found that a comprehensive social value creation model could help social enterprises to manage these challenges and have a greater impact.

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INTRODUCTION

Nowadays, there is a growing interest in social entrepreneurship and social value creation. Going beyond the corporate social responsibility of organizations, social enterprises create value for the society by promoting and increasing social inclusion and sustainability. The improvement of the business attitude of social entrepreneurs is a key factor in order to maximise the social enterprises' social value generation capabilities.

This article summarises the key challenges for the social inclusion of disabled people in the labour market and discusses the theoretical background of social entrepreneurship and social value measurement. It collects several good practices from all around the world on how to create social value and how to measure and report it. It also reveals the thoughts of social entrepreneurs about social value creation based on in-depth interviews from business and public organizations. All of the interviewees have 10 or more years of professional experience in social value creation.

As a result, a summary of potential value creation and social impact for disabled people in the labour market is presented. Furthermore, the practices of social impact measurement and social value creation model (SVCM) are introduced with the aim of fostering the sustainable operation of social enterprises.

THE NEED FOR SOCIAL VALUE CREATION: SOCIAL INCLUSION OF DISABLED PEOPLE IN THE LABOUR MARKET

Disabilities is an umbrella term, covering impairments, activity limitations, and participation restrictions (WHO 2018). Although the national and international regulations in the ILO Convention on the Rights of Persons with Disabilities state that disabled people have the right to work on an equal basis with others, their contribution to the creation of GDP (gross domestic product) is significantly lower than that of the non-disabled (Stolarczyk 2016)

The social inclusion of disabled people is a major challenge of the society. According to Hoós (2004), the source of the problem is poverty. The development process the educational and healthcare systems with the aim of reduction of social exclusion is very important. The extent of social exclusion and worsening living conditions cause deep poverty, a stressful life and a high death rate around the world. The social sector and the social enterprises are alternative approaches to answer social challenges, but a significant level of social value creation and delivery to the targeted segments is needed.

Individuals, non-profit organisations, business enterprises and the government can also contribute to social value creation. Social value creation determines the behaviour of the enterprise, where profit orientation is a secondary-level goal (Sinkovics et al. 2014). Social value is a result of an activity with the aim of creating social inclusion and sustainability. Social value creation infers the specification of the business model of the enterprises (Sinkovics et al. 2015).

The third direction of the Europe 2020 strategy (with the aim of developing the social sector in the EU) is the enhancement of the employment rate, especially for disabled people, to reduce the extent of social exclusion and poverty (European Commission 2010). Despite this strategy, the current work environment is not well-established for disabled people and potential co-workers hold negative stereotypes that hinder the hiring of disabled applicants (Linden 2014).. Through volunteer activities, the business- oriented and social directions can meet one another and social sensitivity of employees and employers can be enhanced (Briscoe et al. 2014).

The main causes of discrimination in the labour market are incomplete or inaccurate information about disabled employees, prejudices and preferences applied to employees and employers and legal regulations that lead to the formation of barriers in hiring people from specified social groups (Stolarczyk 2016).

The negative effects of the fear of disabled employees are the growth of poverty and the cost of healthcare, the reduction of the self-sufficiency of the disables, the loss of tax revenue and the loss of resources like human capital and creativity (Reinhardt et al. 2016, 1-18)

The problem originates in poverty and family background. There is no useable established environment for addressing disabled people (Dees, 2007; Rios et al. 2016). Economic policy should reduce the poverty of the society by creating workplaces. Domicián (2014) suggests policymakers increase the degree of competition in the labour market. In this situation, disabled people would have better conditions to be hired (Domicián 2014).

Healthcare and psychological services are a must for disabled, mentally ill and disoriented people, but they are costly and not available for everyone. There is a lack of psychological services and mental development (Hawkings 2017).

The root of the dilemma is in healthcare. The recent trend shows that the young disabled employees get fewer opportunities to get hired in developing countries than in the developed countries. The final result of the Health Reform Monitoring Survey (HRMS), which had 2,740 survey respondents, is that Medicaid expansion may improve employment for people with disabilities. (Hall et al. 2017).

In summary, the literature suggests that imperfections in the labour market are caused by:

- the lack of supporting environmentand proper healthcare services;
- lack of proper information about disabled people, prejudice,
- family background and poverty.

The Social Entrepreneurial Approach to Increase Social Inclusion

Social Entrepreneurship and Enterprises

According to Dees (1998:1), “the idea of ‘social entrepreneurship’ […] combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley. The time is certainly ripe for entrepreneurial approaches to social problems.”

Social entrepreneurship, with its focus on the creation of new value with an emphasis on solving social problems, has been of increasing academic interest in the past decades (Austin et al. 2006). Petheő (2009) refers to the social enterprises as:

- being not-for-profit organisations;
- seeking to meet social aims by engaging in economic and trading activities;
- having legal structures which ensure that all assets and accumulated wealth are not in the ownership of individuals but are held in trust and for the benefit of those persons and/or areas that are the intended beneficiaries of the enterprise's social aims;
- having organisational structures in which full participation of members is encouraged on a co-operative basis with equal rights accorded to all members;
- encouraging mutual cooperation.

Fekete (2012) stated that social enterprises have consciously organised and managed their entrepreneurial activity in order to solve social challenges in an innovative way. Social enterprises are organisations with the aim of sharing profit with the society. Christopoulos & Vogel (2015) name three different roles of social enterprises: economic role, political role and civic role. The political role ensures the contribution of public agencies and cause economic actions on the community as a civic concept.

In the concept of Newbert (2014), these kinds of institutes generate producer surplus via the creation of positive externalities and reduction of negative externalities. So the determined two main directions of their existence are connected to externalities.

In the research of Chandra (2017), the change agents are institutional and social enterprises. The institutional entrepreneurs and social entrepreneurs crate new practices in generating social and economic value for the society. The commonly accepted definition of the online site of the European Commission is that social enterprises are organisations (European Commission 2017, 1):

- those for which the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation,
- those where profits are mainly reinvested with a view to achieving this social objective,
- and where the method of organisation or ownership system reflects their mission, using democratic or participatory principles or focusing on social justice.

The common parts of the definitions are the reinvested profit into the operation to sustain themselves, the social objectives, and the interest in social justice. The contrast of the aspects is the extended framework with social innovation and business-oriented operation.

Thus, social enterprises are members of the social market which have two purposes. The first one is the creation of social value and the second one is the ability to be financially sustainable, realise revenue and in some cases profit which could be reinvested into the operation. Social entrepreneurs have the opportunity to improve the skills of vulnerable people and with their activity they create social value through the reintegration to the market. More and more European Union projects aim to increase the numbers of the employees in the social market. One of the social missions is the expansion of the numbers of hired people with disabilities.

Public Service Organisations (PSOs) are responsible for ensuring different kinds of assistance for those social enterprises and for small-and medium sized enterprises which employ disabled people. These support can be financial assistance (public procurement, grants, hybrid finance), support of access to the market or tax reduction. The sustainable business practice of PSOs also refers to the sustainable development: the sustainability of public service delivery systems and their governance and the local communities and environment (Osborne et al. 2014).

Social Enterprises in Hungary

The estimated number of social enterprises of Hungary is between 300 and 400 (European Commission 2014). Most of them operate in the service sector, including the support of vulnerable social groups, providing mental hygiene services, labour market integration and promoting healthier food consumption and lifestyle.

In Hungary there are some advisory organisations with relationships at an international level that organise mentor programmes for entrepreneurs to adopt business skills from profit-oriented companies. The main target is to raise awareness about operation on the market and establish a transparent legal system and ecosystem for the social market. Through the courses, social entrepreneurs are becoming able to create their own business model, plan their competitive strategy and make a feasible financial plan. Social innovation is also an important topic which is crucial for developing the value creation (service/product) of the enterprises and increasing their competitiveness on the market (Interreg Europe 2017).

On the Hungarian market the Millennial Chestnut Social Cooparative, the Kockacsoki, the BOOKR Kids, the Down Association, the Unheard Fundation, the Hesztia Central Consultancy, the GIL ltd and the EGYMI are good examples to increase social inclusion.

Millennial Chestnut Social Cooperative, located in a former mining district which has been gradually declining and segregating since the democratic transition in the 1990s, sells roasted chestnuts in the city centre of Pécs and therefore generates income opportunities for the disadvantaged groups.

Kockacsoki, located in Budapest, is a chocolate manufactory offering high quality handmade chocolate products and chocolate-making workshops created by people with autism. Besides chocolate manufacturing, the social enterprise provides a complex portfolio of supporting services to people with autism, such as a coaching course to learn how to become more self-sufficient in their daily lives, making it possible to gain work experience in their trainee programme and provide permanent employment.

BOOKR Kids is an online publishing social enterprise that provides 170+ classical and modern interactive e-story/audio books and 300+ educational games for those children who have mental diseases accessible via mobile and tablet applications.

Down Association, a Budapest-based social enterprise, provides disabled people (mostly children, adults and elderly people suffering from Down's syndrome and other kinds of mental disabilities) with a complex rehabilitation programme and training including medical treatment, PR activities towards social inclusion, publishing activity with the topic of mental illness and nursing, rehabilitation of families and educational programmes.

The Unheard Foundation's mission is to develop innovative technological solutions in order to promote barrier-free access to information for the hearing impaired and their social inclusion by promoting the widespread use of sign language.

At Hesztia Central Consultancy, people get psychological services for their mental problems. The value proposition of the enterprise includes a child-rearing consultancy, family therapy and educational help for those children who have difficulties in school.

GIL Limited Company helps people who have mental problems. The psychological service provides services in the following topics: therapy about changing the way of life, special meditation training, handling bipolar disorder, emergency help line in the case of panic attract and prompt procurement of medication for patients with schizophrenia.

EGYMI Special Public School aims to reduce negative social discrimination, and improves the situation of those children who have moderate mental problems and who have moderate mental problems.

Social Value Creation for Disabled People

Disabled people are often excluded from society. A major source of this problem originates in poverty and family background. Steps are being taken to improve their situation. Social enterprises and NGOs can create social value according to the following steps: to develop and co-operate with another enterprise or association, using the existing resources to value creation and target the customers, and manage knowledge transfer and know-how procedures (Porter& Kramer. 1999).

On the other hand, the public sphere can also create social value through special schools for disabled children, such as in Thailand, where the government established a home-based service by the teachers of the special schools for those children who are not able to move or leave their home. With help of the teachers everybody has the opportunity to access the mental development process service (Wanarawichit et al. 2015).

In Hong Kong some Chinese social enterprises offer taxi services. Their special target groups are the elderly and physically disabled people. Through this service they get a chance to travel more easily in the currently insufficient infrastructure (Chandra 2017).

There are some initiatives in Hungary as well to employ disabled and excluded people, and to support their inclusion process. For example in a particular initiative in the first period, the employees produced and sold only potatoes. A year later the scale of the products was extended to other kinds of vegetables and fruits. In the poor regions of Hungary the people started to work on farms and could gain better living conditions (Mishra & Karunanithi, 2017).

The main source of social problems is global poverty.. Social enterprises are independent organisations form the public sphere and the enterprises of the social market have a flexible operation and use social innovation procedures in order to fight against poverty (Dees 2007).

Companies would not like to hire and teach or train the disabled people. The heads of the organisations have a negative stereotype such as the low level of work performance and time-consuming training for career entrants. However, this tendency has economic and psychosocial costs.

In some case, the approach of the leaders depends on their political attitude, the principle of their leadership methodology, communication skills and their behaviour with the employees. If someone is open to new opportunities and takes the risk to modify the structure of the company(Briscoe et al. 2014). Instead of profit-oriented leaders, social entrepreneurs have the ambition to hire disabled people. Social enterprises have an economic role through running the enterprise, a political role to achieve financial and non-financial support, and a civic role because their market operation has repercussions on the community (Christopoulos & Vogl 2015).

These days, the benefits of companies which hire disabled employees are not visible and not known enough. The economic benefits for the companies are tax revenues, CSR activities, public relationships and lower staff costs with other guaranteed health services. The expected benefits for the employees are the sense of feeling productive, staying busy, having a relationship with co-workers, feeling important, increased income and having opportunities for continued growth (Burge et al. 2007). One of the numerous ways to work, telework, is relevant in the aspects of disabled employees (Linden, 2014).

In 2008, a new out-of-work benefit - the Employment and Support Allowance (ESA) - for disabled people was introduced in Britain as a replacement for the existing Incapacity Benefit (IB). These efforts are managed through an active labour market policy, the central element of which is the Work Programme (WP). The main purpose of the initiative is to ensure enough payment in time after entering the labour market (Grover 2015).

The created social value is important for both sides of the labour market. In order to fulfil employers' expectations, there is an increasing need for the psychological services and mental development of disabled people, because the number of patients is increasing around the world and more families will be in an ineffective situation without special support by the government and social enterprises (Hawkins 2017).

Nowadays, there is a higher tendency to focus on development of the social sector in the European Union and in Russia, too. There are social workers in Russia who are responsible for designing and optimising the improvement process, ensuring interactions with new clients, managing social services, applying new technologies and satisfying the needs of the disabled on the labour market (Nikitina et al. 2017).

According to Newbert, social enterprises need to adopt business operation from the profit oriented companies. The collected aspects from the different authors in the publication of Newbert have the direction of creating a new way of understanding the social enterprise phenomenon (Newbert 2014).

Currently, the European Union aims to solve social problems and tackle social challenges. The implementation of the numerous social goals is supported by social cohesion, which involves the common directions of the development of market stakeholders (Balaton et al. 2016). Several European Union projects tackle this topic. The main direction is to increase the number of the employees and mentoring youth employees to achieve the appropriate skills for their job in the future. The second popular direction is to increase the business attitude of social enterprises.

Social Impact Measurement

Non-profit organisations are under increasing pressure to demonstrate their social impact although the analysis of McKinsey (2011) shows the fact that almost half of the social enterprises (43%) do not measure their social impact.

Social impact measurement is needed for social enterprises to get feedback about their activities. Currently there is not one common methodology of social impact measurement but there are some good examples and benchmarks. Most common is that social enterprises have their own measurement system. Only5% of the social enterprises use the Social Return on Investment (SROI) indicator (Mc Kinsey 2015).

Through the SROI measurement (the net present value of benefits divided by the net present value of investments) enterprise improves its cost effectiveness, gets information about the social, economic and environmental value of its activity and gets the net present value of the benefit. As an example, a ratio of 4:1 indicates that an investment of $1 delivers $4 in social value. The cost of achieving the benefit is $1 and the created value is $4 (Pearce & Kay 2008, cited in Gibbon & Dey 2011).

The Social Accounting & Audit (SAA) system is specially created for enterprises that create social value. The main concept is to encourage all of the organisations to document their activities, measure their social performance and make action plans for process intervention, if it is necessary to develop their value creation process. The real focus of SAA is to make the created social impact accountable to the stakeholders. The three steps of SAA are the following:

- Step One: Social, Environmental and Economic Planning
- Step Two: Social, Environmental and Economic Accounting
- Step Three: Social, Environmental and Economic Reporting and Audit.

The planning part involves the definition of the mission, values, objectives, activities, stakeholders and key stakeholders of the enterprise. In the accounting phases are deciding and managing the scope, agreeing on indicators, collecting quantitative and qualitative data, reporting on environmental and economic impacts, and creating and implementing a social accounting plan. Finally, through the reporting and audit part, the tasks of the entrepreneurs are to draft the social accounts, social audit panel, process of the social audit panel meeting and social audit statement, using the social accounts and disclosure (Pearce & Kay 2008, cited in Gibbon & Dey 2011).

The Social Cost-Benefit Analysis (SCBA) is a model with the two aims of planning and evaluating. It ensures the answers to the following questions:

- *“Has an intervention delivered the intended change for the amount of resources invested?*
- *Would it be possible to generate more benefits for the same resources if another approach was chosen?*
- *In the future, should we choose to improve an intervention’s approach or choose a different adaptation approach altogether?”*(Vardakoulias & Nicholles 2014,4)

Six steps of SCBA:

- Identification of outcomes: the definition of the required social impact and type of change.
- Quantification of gross outcomes: the quantitate analysis and scale of change that has occurred for each outcome separately, for example with the help of satisfactory survey.
- Measurement of contribution and counterfactual: measurement of the change which is attributed to the intervention. Counterfactual refers to those changes that are not connected to the intervention.
- Quantification of impact (net outcomes): The impact is equal to the gross change minus the percentage that can be attributed to other factors and actors.
- Monetisation of impacts: The transferring process of the created impacts into money (such as increases in income or production or the amount of the realised profit)
- Cash flow analysis and discounting: The discount table of all costs and benefits. It shows the net benefit present value of benefits minus the present value of costs (Vardakoulias & Nicholles 2014).

The Social Enterprise Balanced Scorecard (SEBS, or SBSC) focuses on financial sustainability, external market impact, operational performance and mission accomplishment. The evaluated financial aspects are revenue growth, diversification targets, fundraising targets, profitability, cost efficiency and earned income targets. The external market impact includes customer satisfaction, market share, brand equity, community impact and return on development investment. Operational performance is judged by labour productivity, quality targets, employee satisfaction and employee turnover rate. Mission accomplishment is evaluated on the basis of new skills/tools developed, new contracts, long-term job sustainability, reduced welfare dependency and improved operations (Ryan 2017).

According to Demény and Musinszki (2016), the creation of an well-functioning accounting system of social enterprises is connected to the adaptation strategy on the market. The main requirements of the accounting system are the following: processes in the organisation, key resources of the enterprise, realisation of management decisions and adaptation to the environment. These are those factors that have to be presented to the head of the enterprises (Balaton et al. 2016)

RESEARCH METHODOLOGY

Researching social entrepreneurship, and especially disabled people, is challenging and the research design needs to be adapted for this purpose (Rios et al. 2016). Entrepreneurship research either focuses on the outcomes, the process, or the context of entrepreneurship (Hortoványi 2012). Studying social entrepreneurship can be done at an individual, organisational, social market or at societal level. Table 1 summarises the main conceptual challenges in social entrepreneurship research.

Table 1
Conceptual challenges in Social Entrepreneurship Theory

Level of Analysis	Outcome	Process	Context	COMMON drivers
Individual	Unique characteristics of social entrepreneurs and disabled people as cause of performance	Actions required by the individuals to achieve social value and impact	Antecedents of the social entrepreneur and disabled people	**Why some people and not others**
Organisational	Social value creation and impact of an enterprise	Processes that lead to social value creation and impact	The role of industry norms and corporate culture	**Successful enterprises as role models**
Social market	The efficiency of social markets	Market mechanism	Market characteristics and the role of institutions	**Pitfalls of the social market**
Society	Engine of regional growth and inclusive society	Social embeddedness	Cultural differences in entrepreneurial inclination	**Policy implications**
VIEWED as…	**Economic phenomenon**	**Social-behavioural phenomenon**	**Evolutionary phenomenon**	

Source: adapted from Hortoványi (2012: 22)

The main focus of this study is to examine social value creation at different social enterprises. The public and the private sphere also contribute to the value creation in their own way. Besides, measuring performance and value creation is very difficult because the social goals of different types of organizations vary. Social enterprises can be either non-profit organisations or for-profit entities; therefore, the identification of these organizations is very complex.

The data comes from five 3-4 hours long semi-structured qualitative interviews that addressed research questions concerning how social entrepreneurs interpret social value creation and impact. Data was gathered from individuals that play key roles in creating social value in their organisation. The qualitative analysis was based on in-depth interviews with interviewees from two small business entities and one large-size from the public sphere. The answers of the interviewed Hungarian social entrepreneurs and the head of a special education institute were encoded with the NVivo qualitative data analysis software.

The reliability is defined as the extent to which multiple measurements using the same instrument will provide the same or similar results. Validity is defined as the extent to which the instrument measures what it is intended to measure. These two aspects are important to entrepreneurship research, as to all research, because in the absence of either measurement, error is introduced – jeopardising the results of statistical analyses (Kerlinger & Lee, 2000). In order to ensure reliability and validity, the authors collected extra data to the interviews and made multiple case studies. The data from the in-depth interviews were triangulated with direct observation of the activities and publicly available information about the examined companies and individuals.

FINDINGS: HOW SOCIAL VALUE CREATION AND IMPACT INTERPRETED?

The Interpretation of Social Value Creation

Table 2 summarises how different spheres prepare themselves for different type of societal challenges. The business sphere can provide different kinds of solutions for social diseases. The value proposition of the examined social enterprises is the healing of addictions, depression, eating inconvenience, life crisis, panic attack and stressful life.

According to one of the social entrepreneurs from the business sphere: "My motto is to be rational and emotional at the same time. I need all of my skills through the therapy. My methodology has to be appropriate in every situation and I have to be able to provide treatment for every disease."

The public sphere handles the problems of social environment, such as social discrimination or social exclusion.

Table 2
Social challenge readiness for the business and the public sphere

Social challenges	Business sphere	Public sphere
Social diseases	Addictions Depression Eating disorders Life crisis Panic attack Stressful life	
Disabilities	Autism Bipolar disorder Hearing impaired Schizophrenia	Children who have mild mental problems Children who have moderate mental problems Rearing of autistic children Handicapped children
Social environment		Social discrimination Social exclusion

Source: these categories emerged from the coding of the interviews

The head of the public institute said: "In our institute, one of the most important tasks is to organise special events, where children without disabilities have the opportunity to play with children who are autistic. Our aim is to decrease the prejudices of normal people."

The common value proposition is the occurring disabilities. The special focus of the social enterprises in the study involve autism, bipolar disorder, raising children with disabilities, employment for people with disabilities, the hearing impaired and schizophrenia. The profiles of the public service are children who have mild mental problems, children who have moderate mental problems, rearing of autistic children and handicapped children.

Table 3 summarises the social value creation methodologies in the sampled organisations for both the public and the business sphere. The business side realises revenue and sometimes profit from the guaranteed services but few social enterprises achieve profit. The current market is in an early development phase.

One of the social entrepreneur's view is the following: "In the first years of my job, my service was very simple and the key word was mental therapy. After that, I started to widen my service and focused on the social environment. After a year and a half, my enterprise started to realise real revenue. In the initial phase the money was enough to cover my costs."

The financial operation of the public organisations depends on the state. This institute has started to research the reasons and the solutions for the increasing number of disabled youths.

According to the head of the public institute, "the research was my idea, because I would like to provide better and better solutions for children and their parents. I think this was the first step in broadening our service portfolio."

Table 3
Social value creation methodologies in the business and the public sphere

Social value creation methodologies	Business sphere	Public sphere
Prevention		Researching the reasons for autism because of increasing prevalence
Advice	Advice Coaching course Consultancy Counselling Telephone accessibility	
Education	Special meditation training Vocational training Training for meaningful jobs	Training for monotonous job (cook, gardener, IT specialist) Private courses at home Development of self-expression and self-sufficiency

Therapy	Therapy Psychotherapy Healing Immediate medication Complex rehabilitation programme	
Changing social environment	Income generation Using technology wisely (interactive e-story/audio books…)	Creation of comfortable atmosphere for children Holding shared events between disabled and non-disables children Public employement and subsistence Collecting donations (clothes, toys, nutrition)

Source: own compilation

Social Impact Measurement Practices

All of the examined social enterprises were spending their money transparently. SAA methodology could be easily adapted to the examined social enterprises and the social institute, because all of the enterprises have to make their annual social report. However, they should determine their mission, value proposition, objectives, activities, stakeholders and key stakeholders more precisely.

They often use sheets to make financial statements and action plans. In Hungary a majority of social enterprises do not realise profit or even enough revenue to cover their operations and growth. Approximately half of them are able to cover their costs from the revenue. To solve the sustainability pitfall, business skills would be necessary for social entrepreneurs. Nowadays more and more business mentorship programmes are aiming to develop the social ecosystem in Hungary.

The Erste SEEDS programme provides mentor-mentee partners to accelerate social enterprises and endows them with business skills, such as business modelling, marketing skills, financial management and strategic thinking. Corvinus University of Budapest is also active in supporting social enterprises and teaches social entrepreneurs by launching 30-40 joint projects yearly.

Approximately 60% of the Hungarian social enterprises are based on public financial resources, like grants, donations, public procurements and European Union funds. For the development of the social market, there is a need for private funding. Erste Bank started to establish own social banking system, which offers low interest loan to social enterprises. The main conclusion of the situation of the market is the need for a comprehensive social value creation model.

Social Value Creation Model

Based on the literature review and the qualitative study, the authors developed a Social Value Creation Model (SVCM). SVCM is a comprehensive methodology for making social enterprises and organisations sustainable on the market. The six steps of the model are the following:

- Definition of all of the stakeholders.
- Determination of the Value Proposition (social value creation) for all the stakeholders.
- Creating a Business Model Canvas, including the ‘triple bottom line’ and the collection of all of the investment and resources needed.
- Evaluation and accounting of the costs and benefits of value creation.
- If the balance sheet is negative, business model innovation is necessary.
- Measurement of progress: transparency (SAA, SEBS, SIMPLE) and effectiveness (SROI).

Social entrepreneurs should have more competence in strategic thinking, financial and operations management. With the help of the SVCM model, they can summarise all of the assets and resources of the organisation. They define their customer segment, key partners (government, European Commission, suppliers, other social enterprises, SMEs, mainstream companies or accelerator institutes) and internal stakeholders. After that, they can evaluate the amount and extent of the created value for the customer base and the society. They can map and collect the financial and human resources to implement their plan. The report gives information about the social performance of the enterprise with exact data of revenue and costs. As feedback, if the result is negative, they should readjust their business model. As the social enterprise is operating they should maintain social impact measurement from the aspects of effectiveness and transparency.

SVCM can act as a comprehensive tool for business development. It can be used by practitioners (social entrepreneurs, consultants, brand managers) or academics to assess an organisation.

Conclusions and Implications

Disabled people, disoriented people, and people who have mental problems or do not have the opportunity to recover on their own are less likely to realise sufficient income. Through their development, social value creation could be achieved. Developments include, but not limited to advice, education and therapy (see Table 3 for more details). Besides, negative stereotypes of society should also be managed. It is also important to research the sources and causes of disablitites, disorientation and mental illnesses.

The problem of social exclusion of disabled, disoriented and mentally ill people from the workplace cis well-known in Europe, and there are different kinds of initiatives to establish a common legal procedure to ensure equal opportunities on the labour market. Main participants of the supply side of the social market are social enterprises and public development institutes.. Currently their visibility is low, and their solutions are not creating enough impact.

The main barrier is the low level of business mind-set within social enterprises. Using SVCM they could enhance their visibility and impact. SVCM also helps to understand themselves better by identifying their strategy, value proposition, activities, strengths, skills and competencies. It also helps them to understand complementary skill, competences and activities that can enhance their mission fulfilment. They usually have limited resources, and resource gaps fosters them to co-operate with one another and with other entities. Social organisations have the opportunity to think in a strategic way and they could develop themselves with the innovation of their services. The social impact measurement methodology is key to becoming more professional.

The government should also rethink the distribution of funds. Only those organisations should be subsidised that are using transparent and effective management. The use of SVCM could be a minimum criterion for to them. In addition, social banking development and intense collaboration with business schools could be one of the best solutions for the market to change its operation toward a more business-like way of thinking.

SUMMARY

The paper examined why we need social value creation and social impact measurement, and what they mean. In order to answer these questions the authors reviewed the contemporary literature on the social inclusion challenge of disabled people in the labour market, the value creation of social enterprises, and impact measurement of social enterprises

The researchers also collected research data from Hungarian practitioners to understand the contemporary practices and possible interpretations of social value creation and impact. Although the research has limitations, because the empirical research was focusing on the practices of 2 small private organisations and 1 public organisation in Hungary, the results show new theoretical contribution.

They found that private organisations are more capable of handling social diseases while public organisations are more oriented towards developing the social environment of the disabled people. Both are capable of developing certain disabilities. While the examined public organisation is more capable for researching the causes of mental disorders, private organisations are ready to make a sustainable business around their services.

Based on the literature review and empirical investigation, the authors concluded that disabled people are excluded from the labour market; however, their inclusion would benefit the whole society. The main sources of the challenge are poverty, mental diseases and the lack of proper healthcare. The authors collected some best practices to show good examples for social value creation and impact.

Transparency and efficiency are crucial to maximise social value creation and impact. SAA, SEBS, SIMPLE, SROI are useful tools to achieve them. The more comprehensive SVCM model could serve as a reference for practitioners and academicians to improve the transparency and the performance of social enterprises.

Social enterprises need to develop a professional business manner in order to maximise their sustainability, social value creation capabilities and social impact. This will help them tackle the challenges related to disabled people and social exclusion.

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