

Saimaa University of Applied Sciences
Business and Culture, Imatra
Faculty of Tourism and Hospitality
Degree Programme in Tourism

Melody Lee

The Value Creation of Social Enterprise in Tourism Industry

Thesis 2012

Abstract

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The Value Creation of Social Enterprise in Tourism Industry, 29 pages, 3 appendices

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The purpose of this study was to find out the value creation of a social enterprise and what is the advantage of the social enterprise if the entrepreneur wants to invest in it. Another purpose is to study and analyse the benefits and competitive advantage between social enterprise and traditional business.

This information was gathered from literature, company profiles, annual reports, webpage and the Internet in understanding the few key features of this thesis which are entrepreneurship, social enterprise, value chain framework, the case study example, the Eden Project and the applications of the theory connected with the Eden Project which is an existing example of a social enterprise in the tourism industry.

The recommendations made as a result of this study have been implemented as the entrepreneurs now have the understanding of the reason for establishing the social enterprise and how it is contrasting the traditional businesses. It can be understood also with the values created to create social enterprise as a new business idea so therefore they are able to make the decision if they want to start up a social enterprise.

Table of contents

1	Introduction.....	1
1.1	Research problems.....	1
1.2	Research objectives.....	1
1.3	Research questions.....	3
1.4	Entrepreneurship.....	4
1.4.1	Characteristics of entrepreneurship.....	4
1.4.2	Emergence of social entrepreneurship.....	5
1.4.3	Defining of social entrepreneurship.....	6
1.5	Social Enterprise.....	8
1.6	Value chain framework.....	11
2	Methodology.....	14
2.1	Eden Project.....	15
2.2	Social entrepreneur of Eden Project.....	17
2.3	Tool.....	17
3	Results.....	19
3.1	Primary activities.....	19
3.1.1	Marketing and sales.....	20
3.1.2	Price.....	20
3.1.3	Operations.....	21
3.1.4	Service.....	22
3.2	Secondary activities.....	22
3.2.1	Firm infrastructures.....	23
3.2.2	Human Resources Management.....	23
4	Conclusions.....	25
5	Advantages of social enterprise.....	25
6	References.....	29

1 Introduction

The subject of my final year thesis is 'The Value Creation of Social Enterprise in Tourism Industry'. This thesis aims to understand of Social Enterprise and whether it can be a more beneficial business plan in Tourism Industry. The idea of Social Enterprise has been trendy in nowadays business world and statistics show that it is a growing worldwide movement of businesses and have been more profitable than other normal businesses. The implementation of this idea in social enterprise combining with the social benefit and the entrepreneurship have been seen as a synergy for encouraging a better life and environment by tackling the social problems.

1.1 Research problems

The factors affecting for this thesis to be taken under research are that social enterprise has been seen as the market is new pillar of foundation for the economy. It has not only increased turnover, job opportunities but also added a new value in the business called social benefit. It is not entirely only profit making but also providing benefit to the society and helping in social issues in the countries. With the understanding of Social Enterprise and this new business idea has been favoured by the consumers as they have come to understand the importance of supporting social value and paying more money for giving aid to the society. They have been aware of the ethical and social value nowadays when they are using their purchasing power.

By all means, entrepreneurs can be informed more about the Social Enterprise and use it as a new business idea for creating a better profit maximization and also creating social awareness by solving those social issues. The implementation of Social Enterprise will be a very interesting business idea too when it comes to the tourism industry as it will surely cause a new movement for the customers to be interested in.

1.2 Research objectives

1. The idea of carrying out the research subject of this thesis will be useful for the entrepreneur to know about the essentials of current business situation. With the important dynamics in the development of the third sector is the growth in numbers

of social enterprise companies. It was reported in the UK 'Small business survey' of 2006 that there are now more than 55,000 social enterprises in the UK, generating more than £27 billion in turnover and contributing more than £8 billion to GDP, which is over 1 per cent of the UK's total. Social enterprises account for 5 per cent of all UK businesses with employees. There is a huge potential in Europe for social enterprises as the social economy is a fast growing sector and has surmounted the private sector in terms of job creation. The social economy in European Union has been estimated to cover nearly a tenth of all enterprises and employment, representing nine million full-time jobs. The European Union view social enterprise has an important role and is a necessity in the European economic model, and the European Commission has established a Social Economy Unit in the Directorate General for Industry. (IFF Research, 2005)

2. To be focusing on the value creation system will be a new level of seeing the social enterprises industry. The difference between private and social industry and the effects caused by the profit making or even the job opportunities, consumer's choices, human rights etc. will be the value of the social enterprises. However it has been determined that social enterprises may be different in many regions around the world. Due to the case study company of my thesis, I will focus my definition in social enterprises within European Union and the UK. The definition in the UK is that social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximize profit for shareholders and owners (DTI, 2002). The value for social enterprises will show a distinct result for the current business market and show that these businesses can be also profitable and beneficial to social economy.
3. The idea of involving entrepreneurs to be interested in social enterprise can be challenging. However it has led to consumption that social enterprise did show a better result and turnover compared to private sectors and therefore with the basic characteristics of an entrepreneur, there is the possibility to make profit and innovative ideas in social enterprise as well. With the addition of the social enterprise's value creation shows that there will be social interference and also the

ability to have social issue problem solving for the society. Entrepreneur can take the research information to create a new social enterprise company and also converting one. The involvement of the tourism industry such as hotel accommodations, leisure services and packages, restaurants and cafes, tour operator and etc. can also be a target for entrepreneur to create social enterprise cooperation while they are establishing their businesses. It will generate a new level of social economy and adapting with the consumers rights which currently a new trend for them to be aware of the social benefits of the whole society.

1.3 Research questions

What is the social enterprise and entrepreneurship?

With the definitions of social enterprise and entrepreneurship being explained refers with the theoretical framework which I have researched, these are the key definitions in order to provide clear understanding of the key words in this thesis. It also explains the differences of traditional business compared with social enterprise. The characteristics of entrepreneurship will be shown the reason of the initiative in creating new business opportunity in the first place and also to identify why entrepreneurs might be interested in social enterprise.

How the value chain creation fits in social enterprise?

Value chain creation is a model that helps to analyse specific activities through the firm's activities in creating value and the competitive advantages (Porter, 1985). This can be used as a tool to identify or distinguish the traditional businesses and social enterprises, and with the framework it can help in creating the value of social enterprise. There will be seen the different values collected with the value chain creation model in contrasting these two business models.

What are the benefits for the commercial entrepreneurs or new entrepreneurs if social enterprise is adapted?

With the adaption of value creation framework, there will be the analysis and the difference of the both companies and therefore the commercial entrepreneurs or new entrepreneurs can see if social enterprise is being developed to a better business, which benefits or

advantages will affect them and if there is a possibility to encourage entrepreneurs to be involved in the social enterprise.

1.4 Entrepreneurship

Entrepreneurship is still acting as a debate definition in academics. It is often adapted in the terms of the act of the self-employed, small business owners, and entrepreneur himself. The arguments evidently come down to whether every business owner is an entrepreneur or only the innovative and growth oriented ones who adapted the market theory and trends into the implication of business. Baumol (1993) describes entrepreneur into two different ways: one said that the entrepreneur the one that creates and organizes a new firm independently, while the others said that entrepreneur is an innovator who transforms the idea and new technology into a business concept and hence uses the theory of economic variable in creating a new firm. Lowrey (2003) defines that an entrepreneur as an economic agent and as an individual with constant desire for achievements. Given by that the summarize of the debate between Baumol and Lowrey in the definition of entrepreneur is that in the beginning it all linked to the idea of own establishment, management and self-owned business as entrepreneurs and later by giving the consideration of the different stages of innovation and achievements in the different stages of the life in the business itself as an entrepreneurship are slowly being credited during the development over time. (Lundström & Stevenson 2005)

1.4.1 Characteristics of entrepreneurship

As interpreted the idea of entrepreneurship is the involvement of individuals with the unique personality characteristics and abilities to establish their self-owned business. According to Gartner (1990), there a few significant characteristics rooted down as being an entrepreneur in entrepreneurship.

1. Innovation

The characteristic normally found in entrepreneurship is the skill of innovation as doing something new as an idea, product, service, or technology in a new or established organization.

2. Organization creation

This also shows in entrepreneurs as their behaviours of establishing a new organization or company in the economic world.

3. Creating value

It is where entrepreneur develops a new concept that composes a unique different value compared to the other competitors in the market.

4. Profit or non-profit

The profit or non-profit is being applied to whether entrepreneurs are earning any money with the business and making any profit in the organization or company.

5. Growth

The growth of the business is being determined towards the market values or market stocks with the comparison of the competitors and target market itself.

6. Uniqueness

Entrepreneurs must be different compared to all the competitor within the market so there is a distinct value created and therefore it will stand out from its competitors.

7. The owner manager

The theme as owner manager related that entrepreneurship involves the individuals who are owners and managers of the business.

1.4.2 Emerge of social entrepreneurship

The influence of third sector in most of industrialized countries is growing with the aspect of socio-economic initiatives which belong neither to public sector nor the traditional profited organization. This remarkable growth initiates generally with the concentration of their drive with voluntary act representing the crisis faced in social economy and social benefits related to the society. The importance of third sector, which is often related to the 'non-profit sector' or the 'social economy' is now widely associated with the economic roles

of the public authorities. (Defourny & Borgaza 2003) In that sense, the unemployment issue in many developed countries which normally is the responsibility of the authority might be assisted by these new growing initiatives who call themselves social entrepreneur so they have a brand-new entrepreneurial spirit in providing the possible job opportunities for the ones who are at risk of permanent exclusion in the labour market. They have focused their business in a different perspective towards benefiting also the welfare supply in the economy of the society.

The terms social entrepreneur and social entrepreneurship were used first in the literature on social change in the 1960s and 1970s as described by Robert Owen (founder of the cooperative movement). However, it has been developed way before, during the 1890s, philanthropist Andrew Carnegie already practicing the social entrepreneurship spirit by helping the industrial workers and also in 1910s Julius Rosenwald made his contributions too in rural extension and agriculture investments. Later the evolution of social entrepreneurship began in 1980s, prevailing this term of the century is the founder of Ashoka: Innovators for the Public, Bill Drayton. (The Institute of Social Enterprise 2008)

1.4.3 Defining of social entrepreneurship

In table 1, there are many definitions related with the description of social entrepreneurship. There are at least two major contexts which are the Anglo Saxon and the European traditions (Friedman & Desivilya 2010). The different approaches of these definitions are due to the different conceptions of the capitalism and the role of government (Bacq & Janssen 2011). In Anglo Saxon tradition (especially the United States), social entrepreneurship commonly refers to wide experiences in both non-profit and the profit sectors, even in public sector while in the European tradition, social entrepreneurship is very often seen as another way of doing business.

Year	Author	Definition
2001	Dees	"Play the role of change agents in the social sector, by: 1) Adopting a mission to create and sustain social value (not just private value), 2) Recognizing and relentlessly pursuing new opportunities to serve that mission, 3) Engaging in a process of continuous innovation, adaptation, and learning, 4) Acting boldly without being limited by resources currently in hand, and 5) Exhibiting heightened accountability to the constituencies served and for the outcomes created." (p.4)
2000	Fowler	"Social entrepreneurship is the creation of viable (socio-) economic structures, relations, institutions, organisations and practices that yield and sustain social benefits." (p.649)
2004	Alvord, Brown and Letts	"Social entrepreneurship that creates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources, and social arrangements required for sustainable social transformations." (p.262)
2006	Austin, Stevenson and Wei-Skillern	"We define social entrepreneurship as innovative, social value creating activity that can occur within or across the non-profit, business, or government sectors." (p.2)
	Mair and Marti	"We view social entrepreneurship broadly, as a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs." (p.37)
	Peredo and McLean	"Social entrepreneurship is exercised where some person or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value ("envision"); (3) employ(s) innovation, ranging from outright invention to adapting someone else's novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture." (p.64)
	Weerawardena and Mort	"We define social entrepreneurship as a behavioral phenomenon expressed in a NFP organization context aimed at delivering social value through the exploitation of perceived opportunities." (p.25)
	Sharir and Lerner	"To apply business strategies for the purpose of more effective confrontation with complex social problems." (p.16)
2009	Zahra, Gedajlovic, Neubaum and Shulman	"Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner." (p.522)

SOURCE: FERRI AND URBANO (2011)

Table 1 Different definitions of Social Enterprise (Ferri and Urbano 2011)

Social entrepreneurial activities mean different things to people in different places because of the geographical and cultural contexts in which they appear to be not similar (Mair & Marti 2006). Despite the different meanings, the key distinction that can be seen in all these definitions is the social mission acting as the central driving force of all the social entrepreneurs (Leadbeater 1997).

Social entrepreneurship is the acknowledgment of a social issue and with the use of entrepreneurship principles and practices in developing the social change of the issue and helping in changing the welfare of the society. Traditional business entrepreneur normally measures profit as a key of accomplishment but a social entrepreneur also focuses on the

positive returns to the society as well. Therefore the main aim of social entrepreneurship is to assist and develop the social, cultural and environmental change purposes.

1.5 Social Enterprise

A social enterprise is an organization that applies commercial strategies to maximize improvements in human and environmental well-being, rather than maximizing profits for the external shareholders. Social enterprises can be structured as a for-profit or non-profit, and may take form of cooperative, mutual organization, a social business, or a charity organization. (Ridley-Duff & Bull 2011) According to the Institute of Social Enterprise (2008), the definition of social enterprise can be understood as the idea of using earned revenue to pursue a double or triple bottom either alone (in private sector or non-profit business) or as a significant part of a non-profit's mixed revenue stream that also includes philanthropy and government subsidies. Social enterprises directly confront social needs through their products and services rather than indirectly through socially responsible business practices such as corporate philanthropy, equitable wages, and environmentally friendly operations or through unrelated business activities mounted by non-profits.

There is certainly a very different approach of the social enterprise from the cultural aspect and also geographically. Due to this matter, we will focus more on the United Kingdom's approach for Social Enterprise. The reason I chose the UK model is because I will later take as an example a company located in the United Kingdom.

DTI (2002), which is the Department for Trade and Industry in the UK, has formed a definition for social enterprise that is generally used. This is being cited in the book by Doherty (2009, et al. 26):

A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximize profit for shareholders and owners.

The highlights of the definition by DTI show the use of the element surplus and it is not for private profit use only which clearly differentiates the social enterprise and other businesses. The UK social enterprise sector bodies such as the Social Enterprise UK

(www.sel.org.uk) explained that social enterprises are businesses that trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community. So when they profit, the society profits. Social enterprises do not make profits for shareholders (as they do not have any) or being exist to make their owners very wealthy.

The DTI (2002) also describes the locus of the social economy sector in Figure 1, illustrating the third sector organizations' funding orientation regarding trading. It certainly shows that the social economy sector has the combination of both private sector and the voluntary/community sector with the primary motivation of making social gain and profits. However that it proposes that the 50% of the income from the trading of goods and services must be targeted in operationalizing the social enterprise's social and environmental missions through a business model competitively trading for a social (or environmentally) purposes.

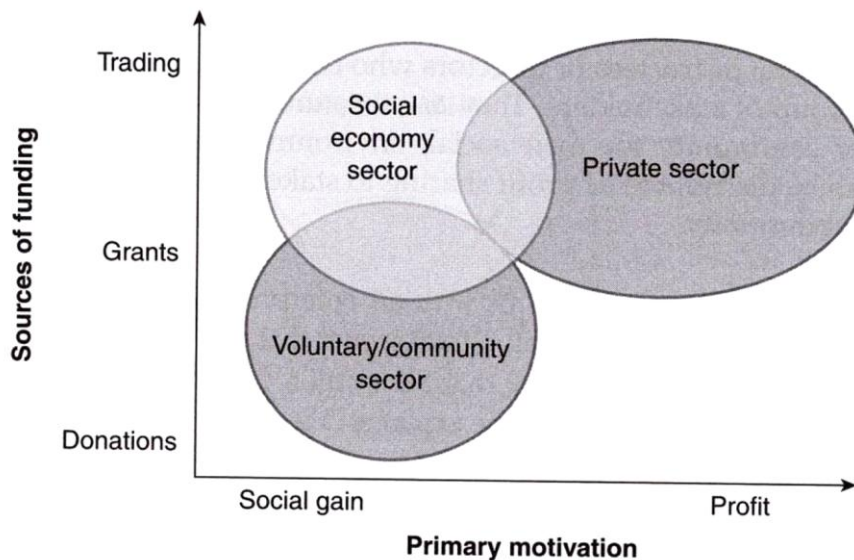


Figure 1 The locus of the social economy sector (Doherty 2009)

There are similarities between the DTI's definition and that of the UK's Social Enterprise Coalition (2003), which proposes that a social enterprise is 'an organization that trades in the market for a social purpose and who shares three common characteristics'.

- Enterprise orientation: They are directly engaged in providing goods or services to a market.
- Social aims: They have explicit social aims, such as job creation, training or the provision of local services. Their ethical values may include a commitment to building skills in local communities. Their profits are principally reinvested to achieve their social objectives. Increasingly, social enterprises measure their social impact.
- Social ownership: They are autonomous organizations, the governance and the ownership structures of which are normally based on participation by stakeholder groups (for example, employees, users, clients, local community groups and social investors) or trustees or directors who control the enterprise on behalf of a wider group of stakeholders. They are accountable to their stakeholders and the wider community for their social, environmental and economic impact. Profits can be distributed as profit sharing to stakeholders or used for the benefit of the community.

1.6 Value chain framework

The value chain framework is created by Michael Porter (1985). It is a model that helps to analyse specific activities through which firms can create value and competitive advantage. According to Sanchez & Heene (2003), this framework is one of the best known and widely applied models of a company's value creation processes.

According to Porter (1985):

'Competitive advantage cannot be understood by looking at a firm as a whole. It stems from the many discrete activities a firm performs in designing, producing, marketing, delivering and supporting its product. Each of these activities can contribute to a firm's relative cost position and create a basis for differentiation' (Porter 1985 p. 33)

Porter (1985) identifies that a company's profitability is a function not only of industry conditions, but also of the amount of value it creates relative to its competitors. A company can achieve competitive advantage if it possesses capabilities that allow it to create not only positive value but as well additional total value over its competitors (Porter 1985; Hooley, Piercy, Saunders & Nicoulaud 2008). By understanding the reason a company creates its value and whether there is continuity in the future is a necessity primary take in for the understanding of the company's quality and potential for achieving a competitive advantage in the market (Spanos and Liokas 2001). A company must understand how its products serve the customers' need better than the other potential substitutes or competitors in the technology, production, distributions, sales and the business's costs itself (Porter 1985).

According to Hill and Jones (2001) maintain that the term 'value chain' refers to the concept that a company is a supply chain of activities for transforming inputs into outputs with the purpose to deliver value to the customers. A company which wished to achieve a competitive strategy must evaluate every aspect of the business in order for every manager and employee to know the key objectives of this strategy and in result all decisions and action will be consistent with it and served in practice and hence the company reaches competitive advantage as all the strategic objectives are being focused within the company. (Pearson 1999)

Porter (1985) introduced the concept of value chain as a basic tool as the use of examining the activities of a company performance and their interactions with a view to identify the sources of a sustainable competitive advantage. It distinguishes the activities of a company into different activities and is being analysed and establishes the importance of these activities in delivering the final products and services and thereby identifies primary and secondary activities. Companies need to begin by identifying the core activities that would provide sustainable competitive advantage and then identify the following assets and competencies needed to achieve this advantage as well.

The value chain activities are systematically interrelated and represent the value creation (Sanchez and Heene 2003), so a business gains its competitive advantage by either performing these activities more cheaply than its competitors in a low cost strategy method or in another way that creates a superior customer value and commands a price premium for it which is also known as differentiation.

The following figure exhibits Porter's value chain framework. According to Porter (1985), in the value chain there are the two categories of activities shown in Figure 2:

1. Primary activities: are involved with a product's physical creation; its sales and distributions to the buyers, and its services after the sale which comprises the logistics, operations, outbound logistics, marketing and sales, and the service itself. These activities are termed 'primary' because they are the most important ones as they added the value to the products or those involved in producing or selling the product.
2. Support activities: These are providing the assistance required (Porter 1980) for the primary activities to take place which consist of the procurement, technological development, human resources management and the infrastructures.

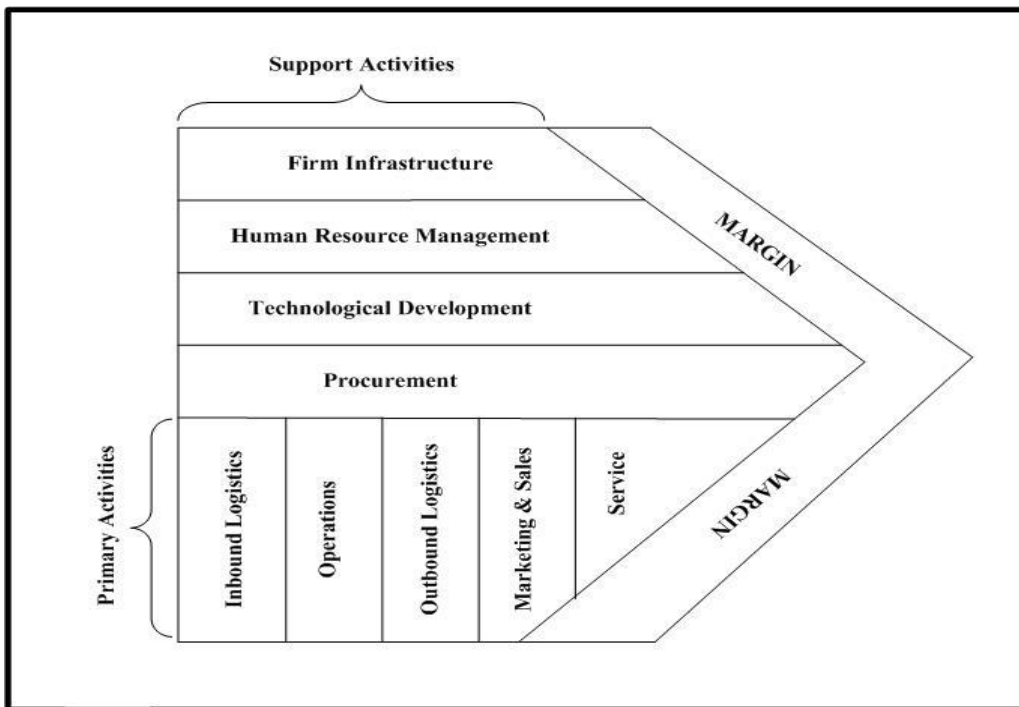


Figure 2 Porter's (1985) Value Chain Framework

According to Porter (1980, 1985) the primary activities of an organization consist of:

Inbound logistics: It involves the supplier relationships and refers to all the processes and activities involved in receiving, storing and distributing the raw materials, inputs, components, and parts used in the production process.

Operations: These are the processes and activities of manufacturing, assembly, packaging, maintenance of the equipment, and testing of inputs to produce the final products.

Outbound logistics: It relates to the storage, processing orders, transport and distribution of the product to the final consumer.

Marketing and sales: Marketing must make sure that the product is targeted towards the correct customer group. The marketing mix is used to establish an effective strategy and the competitive advantage is clearly communicated to the target group by using the promotional mix. It involves activities like advertising, promotions, sales force organizations, segmentations, selecting distribution channels, pricing, and managing customer relationships.

Service: All those activities associated with maintaining product performance after the product has been sold. It involves processes and activities that enhance the value of the product in terms of installation, training, maintenance, repair, warranty, and after sales services.

On the other hand, Porter (1980, 1985) defines the support activities as:

Procurement: This concerns how resources are acquired for a business for example, sourcing and negotiations with materials suppliers.

Technology development: Activities concerned with managing information processing and the development and protection of the knowledge of the business. In addition, it also involves the technology development to support the research and development, process automation and product design.

Human Resource Management (HRM): It involves activities in relation to recruitment, training, development, promotion, incentives, and payment of people working for an organization.

Firm infrastructure: It involves the structures and routines of the organization and its management, planning, accounting, finance, and quality control mechanisms.

2 Methodology

The research tool for this thesis is mainly secondary research which is related to the content analysis of written materials that are related to social enterprises and different key definitions that are crucial in this thesis like entrepreneurship, characteristics of entrepreneurship and value chain framework. The incorporations of the secondary research which have been studied from second hand data of my case company, the Eden Projects and many other theoretical written materials help me to identify the comprehension of my thesis consisting with the content analysis of written materials about social enterprises. With the combination of the theories interconnecting shows that the use of Porter's (1985) value chain framework can help to create the core concentration for entrepreneurs' to begin with social entrepreneurship. With the primary research, I have gathered the information and studies connecting to one existing example in the current

market which is undergoing as a social enterprise in the tourism industry in the UK. I have used the materials and information to develop a qualitative content analysis by using interrogative pronouns (why, who, what and how) framework applied to my analysis in order to understand my thesis itself. I also have two comparison examples which I have mentioned that one is a social enterprise company and another one is traditional business company which both won the same award Best UK Leisure Attractions by the British Travel Awards (British Travel Awards 2012). The aim of adapting this current existing social enterprise as an example is to understand their purpose of operating and how they apply the method of generating profits and if traditional business entrepreneurs can even involve themselves into this new innovative idea of entrepreneurship.

2.1 Eden Project

The Eden Project (Figure 3) is a visitor attraction botanical site with environmental cause and has flora and fauna from the whole world and which is located in Cornwall, United Kingdom. It is initially a Kaolinite lay pit which was in used for over 160 years and later in the mid-1990s the pit was exhausted (Eden Project Timeline). The initial idea for the project dated back to 1996 and the construction followed in the beginning of 1998. The first part of the Eden Project which is the visitor centre opened to the public in May 2000 and the first plants began arriving in September of that year. It was established as one of the Landmark Millennium Projects to mark the year 2000 and later the full site opened on 17 March 2001.



Figure 3 The Eden Project (Wolna Encyklopedia)

The Eden Project complex is dominated by two huge enclosures of adjoining domes that house a thousand plant species from all over the world (Rainforest Biomes) and each enclosure emulates a natural biome. The domes consist of hundreds of hexagonal and pentagonal, inflated, plastic cells supported by steel frames. The first dome emulates a tropical environment and the second a Mediterranean environment. There is also The Core which is the latest addition to the site in September 2005. It provides the Eden Project with an education facility, incorporating classrooms and exhibition spaces designed to help communicating Eden's central message about the relationship between people and plants. There are also other infrastructures for the visitors like the fair traded food restaurants and cafes, concert areas and playground throughout the site (www.edenproject.com/visit-us/whats-here/rainforest-biome).

The Eden Project is a unique complex organization. It is a tourist attraction, a charity and also social enterprise. The Eden Project is owned by the Eden Trust founded in 1986. The aims and objectives of this charity company are to promote the study and appreciation of flora, horticulture and silviculture; the promotion of the study and appreciation of the environment and the advancement of renewable energy, biodegradable waste and effluent control systems; the promotion of the study and appreciation of ecology and conservation; the promotion of agriculture and preservation, protection and improvement for the public benefit of any amenity or other land (including buildings) as shall or may at any time be vested in the charity or in respect of which the charity shall have any interest where such land of scientific or historic interest; the preservation and the protection of the world's endangered plants and trees (Charities Direct). There are a lot of social and environmentally related aims and objectives for this company and hence the focus supported their company as a social enterprise. It is also uses their exhibitions, events, workshops and educational programs to remind people of their dependence and connection toward the nature.

In 2011, throughout the 10 years since the opening of the Eden Project, there is nearly 13 million people have visited the site in Cornwall and they have worked with people around the world with numerous transformational projects related to the environment and nature. They have also earned the local economy over £1billion (Social Enterprise Mark). In 2012, the Eden Project is awarded the winner of Best UK Leisure Attractions by the British Travel Awards (British Travel Awards 2012).

2.2 Social entrepreneur of Eden Project

The person who is behind all these is a Dutch born British businessman, Sir Timothy Bartel Smith KBE. He worked as an archaeologist before he started his other successful business as a composer and a producer in rock and opera which led to achieving seven platinum and gold discs. In 1987, when he moved to Cornwall with his family, he created and currently acts as the Chief Executive, Development and co-founder of the Award winning Eden Project with the initiatives of £80 million to build the two transparent domes for the botanical garden in the old clay pit.

In 2006 he was awarded as an honorary Doctor of Design degree by the University of the West of England in recognition of his outstanding achievements in promoting the understanding and practice of the responsible management of the vital relationship between plants, people and resources, which have made a major contribution regionally, nationally and internationally to sustainable development, tourism, architecture and landscape architecture (UWE Honorary graduates 2005-2006). In 2011 Sir Tim Smit was given a special award at the Ernst & Young Entrepreneur of the Year Awards, which recognizes the contribution of people who inspire others with their visions, leadership and achievement. Sir Tim Smit is the author of books both Heligan and Eden relating to his famous projects like The Lost Gardens of Heligan and Eden Project. (Eden Project Executive Board Profile)

2.3 Tool

I have adapted the means of defining my thesis with the use of the Porter's Value Chain Framework into Social Enterprise. I have focused towards some of the key elements in the Value Chain Framework by highlighting the distinctive activities from a traditional enterprise and a social enterprise. The comparisons of both enterprises will show a better value creation and competitive advantages for social enterprise.

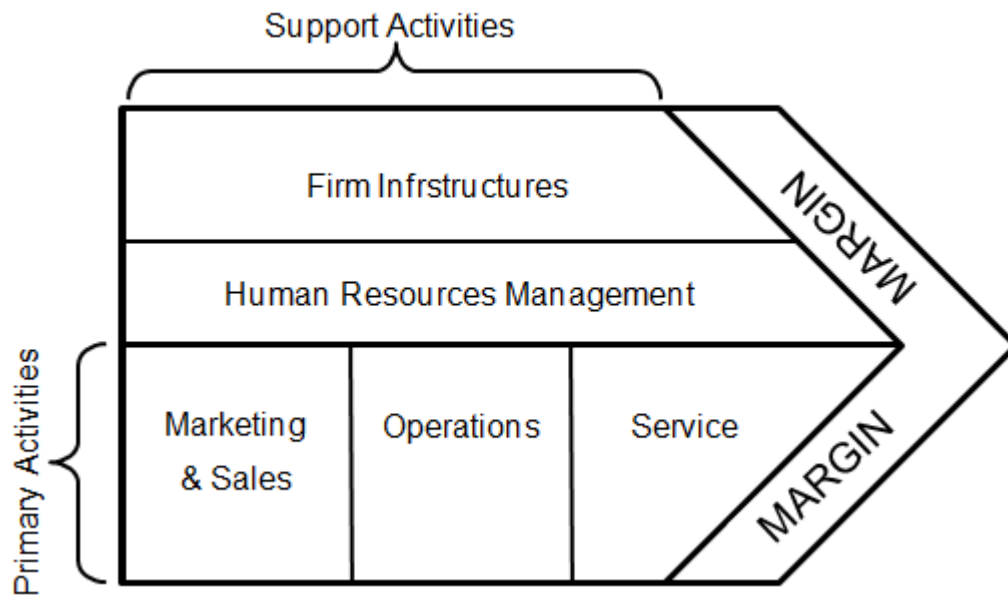


Figure 4 New Social Enterprise Value Chain Framework

This is the new Value Chain Framework. The reason I want to focus only these key activities is that they will show a clear distinction comparison to the traditional enterprise. In the social enterprise, the focus point of the business is different from the traditional enterprise.

Firstly is that the traditional enterprise is focused on profit maximization and getting shareholders to invest more in building a bigger business from the existing. However, the social enterprise tries to maximize the improvements of wellbeing and environmental issues. The social enterprise's mission is that the company uses the 50% of the profits to help and benefit the community and the social welfare. The traditional enterprise might not need to adapt this same mission relating to the company itself. With the existing primary activities listed in the Porter's Value Chain Framework, I have taken the operations, marketing and sales and the service and the secondary activities will be HRM and the procurement to show the value creation of the social enterprise. The social enterprise company will be the Eden Project and from the same category in 2012 UK's Best Leisure Attraction will be the example of the traditional enterprise company, LEGOLAND Windsor.

3 Results

I have used the examples of how these both leisure attractions use all these activities in their own company. As the company operating with its activities, there is a need to show how that profit margin created and this is where the value chain framework fits in. Implicating this Figure 5, proving that how the company operates with the value chain, it shows the cooperation of both parts of the primary and secondary activities which support the whole company itself.

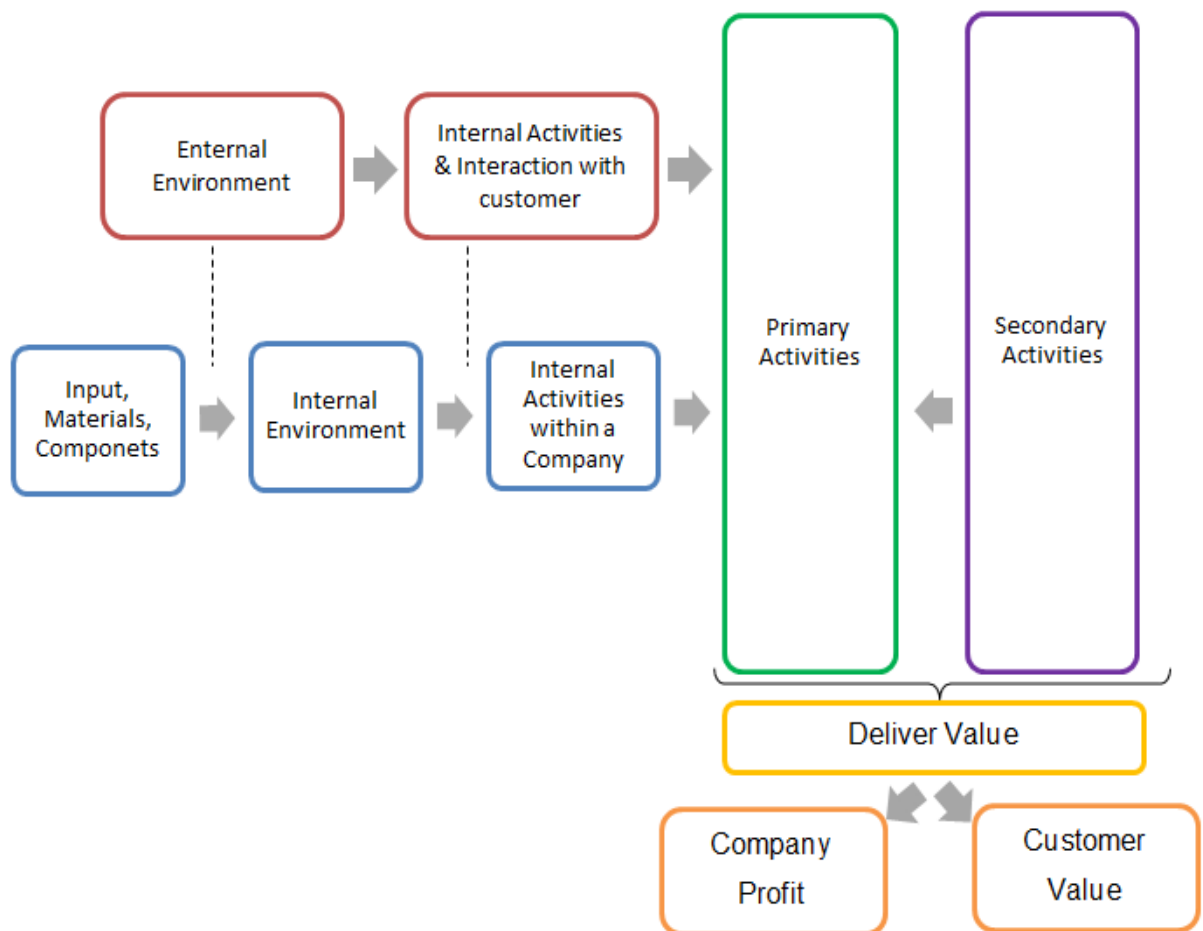


Figure 5 Relationship between Primary and Secondary Activities

3.1 Primary activities

There will be the all the analysis of the primary activities used for the company operations from the new value chain framework that I have designed for this thesis.

3.1.1 Marketing and sales

The marketing and sales feature how the company uses marketing mix and promotion tools to sell the products of the company. In a traditional company, the marketing strategy is focused on to extract more customers in order to get more profit maximization. The example company, LEGOLAND Windsor, have operate website, advertisement, special offers and family targeted activities in order to attract families to their resorts or even holiday events. The LEGOLAND Windsor have put it targeted market towards family and kids as they are a leisure wonderland attraction which is similar to Disneyland, where customers that are interested in Lego and will have an amazing experience for the kids and parents.

3.1.2 Price

However, the LEGOLAND Windsor might have limited customers as they have a very expensive ticket price which was for a 1 day ticket for kids or senior citizens, £35.20 and for adults, £44.20. LEGOLAND Windsor is not daily operated because it is closed from November to January for the winter. (LEGOLAND Windsor) Besides that, the program and infrastructure of the LEGOLAND is more like a theme park and customers might not go there frequently because there are the same operations going on the whole period when the LEGOLAND is open. It might be that the customers only once or twice will return in a year. After the entrance ticket was bought, there is also some other infrastructure within the theme park that need to be paid, for example, Adventure Land Games, Remote Control Trucks, Photos from the rides and many more. (David's Guide to Legoland Windsor 2002)

As Eden Project, the price of the entrance is already won from their competitor as for the entrance pass for children is £9.50, senior citizens and students are £17 and adults are £23.50. There are also discounts if the customers buy online. The entrance tickets are all being used as Annual Pass and if you have paid once, you can go visit Eden Project for a whole year without paying anymore. This will surely attract many customers to be frequent visitors within a year and the Eden Project is open the whole year except some important holidays like 24th and 25th of December. (Eden Project)

3.1.2.1 Publicity

The publicity which is the marketing tool used in LEGOLAND is through the same marketing approach used by all the theme parks and also by tour operators for kids leisure attraction. The main target for LEGOLAND might only be the kids who play Lego. The adults and parents might only be the companion for this leisure attraction, there might not be any activity for the adults as it is just a theme park attraction with many infrastructures similar to other theme parks such as rides, shows and attractions.

The Eden Project might be a whole new diversity attraction as it is a global garden built in a clay pit, there is flora and fauna that does not even exist in the United Kingdom and it gives an opportunity and a competitive advantage that customers will want to see these exotic flora and fauna. The environmental friendly and exotic plants from all over the world open doors towards many marketing opportunities like educational purposes by many schools, research projects about the green environment, tours with gardeners and horticulturists, music and art events.

There are also many other sub activities happening beside that of visiting a big garden because the Eden Project created a place for learning and experiencing the combination of arts and environment for the customers and these activities are each tailor made specified for all ages and all interested in gardening, plant cultivation, art and music, learning experience, research studies, environmental workshops, sports and many more. The social benefit has acted as a very crucial point for the Eden Project to attract the customers as people nowadays want to experience a whole new experience that is beneficial and purposeful.

3.1.3 Operations

The traditional company, in this case the LEGOLAND Windsor, operates as the normal commercial groups of the traditional company in getting profit from selling the products and services and to reach profit maximization. However, Eden Project is another case; many social enterprises are held in the trust of the community and Eden Project's trust is held by the Eden Project Limited (Eden Project) and the company itself cannot be given to the management members or even the employees whereas in the traditional company, the shareholders can be defined from the employees to even the public in owning the

business. Therefore there is a value created here as the social enterprise has some form of open membership so its management group will be connected to the community itself and Eden Project is connected to the Cornwall community and the Eden Trust in giving social and environmental benefit contribution in the community. This gives a competitive advantage to the company itself because it has been having a different perspective in its mission in doing social contribution benefits and charity which give the customers to have an added value impression towards the products and services they have bought from the social enterprise.

3.1.4 Service

The LEGOLAND Windsor might only leave impressions to the customers as a decent leisure attraction theme park. It is different as it is being themed with the building of Lego to create new possibility of art. The amazement of the Lego building for all the monuments and structure is impressive but it will only amaze the customers to be visiting once in a year as there is no other reasons for the customers to return because there is no after sale service built. However as the Eden Project as it is a social enterprise, the key element for social enterprise to exist is that there is after sales service related which is the implication of how the mission is behind the company as being benefit to the social and community and bring awareness for the customers to keep using the services for the greater good.

The maintenance for the social enterprise as in Eden Project is that they have the annual pass as a key to attract more customers to return and there is also training and classes organized for planting, gardening, environmental issues which attract back the customers to keep on returning. The added value here is that the customers believe that they are having a benefit and getting educated and appreciated for their interest in contributing and associating themselves in the social benefits and environmental issues and therefore they feel important.

3.2 Secondary activities

The secondary activities from the new value chain framework being analyse. There is firm infrastructures and human resources management being focused here.

3.2.1 Firm infrastructures

The firm infrastructure of the London Windsor is basically related as a franchise theme park company. The LEGOLAND is not fully being owned by the Lego Group as they are partially operated by the British theme park company Merlin Entertainment. There are currently existing 6 LEGOLAND's all over the world and 3 more going to be built in the near years. As LEGOLAND Windsor is the product of the Merlin Company, they operate the product as a profit maximization traditional operation within the company, the company itself owns a few more theme park attractions in the world, too and it is the second largest operator for amusement parks and attractions after Walt Disney Parks and Resorts (AECOM 2011). They focus on acquisitions and creating more leisure parks and competing with their competitors like Disneyland for the biggest market share and being number one in the world (Merlin Entertainment).

However, the Eden Project is a completely different company construction, the idea of Eden Project like in many social enterprise is to have an inner value creation; instead of earning profit, they also include the value of creating social benefit for the community. Franchising is a possibility too as the Fifteen restaurant created by Jamie Oliver is being franchised internationally too however his social enterprise is to train and inspire the disadvantaged young people to be involved in culinary activities and so this benefit the community with giving the purpose to those people that might not have the opportunity of being employed and this is also done in the Eden Project.

Eden project has the finance not from sole proprietors but by a Trust. The fund for the project is also partially funded by the European Union foundation in development and local community council and so it holds a different infrastructure within the firm itself and the management might not be involving the public shareholders or owned by a large commercial public company, it is being owned by the Eden Trust which is also a charity itself so that is how they get financial aids either profit made within the company and also with donations contributed.

3.2.2 Human Resources Management

The HRM in the Eden Project is quite different compared with traditional enterprises as social enterprises need to fulfil some criteria before the enterprise is being established and

the mission and the goals to achieve social benefit is crucial. One of the ways to benefit the community is to provide employment, there are many disadvantaged and unemployed people in the community and these people have no opportunity to be employed and social enterprises give potential chances to the people to be involved in their work.

In the Eden Project, they have created this programme called Taste of Eden, which is designed to give unemployed individuals in Cornwall the skills, confidence and experience to get back into paid work. During the 3 years that it ran from 2008 till 2011, there were 115 people overcoming their personal barriers in getting new experience in Eden Project and there around 50 people obtained work as a result of taking part in this programme (Eden Project). An example of a disadvantaged young man, Ricky Lawlor from Cornwall which is the community Eden Project is linked to, he always wanted to be a plumber but he has been in the wrong side of the law and stopped his course halfway. Even though he was involved in the Fifteen restaurant as apprentice in culinary, he still wanted to fulfil his ambition and later he went for the placement in the Eden's maintenance team and now he is working an NVQ in Plumbing in Cornwall University and finally earned the complete qualification he deserved. (Eden Project Social Inclusion) The Eden Taste is funded by the European Union Social Fund and Cornwall Works for Social Enterprise (Eden Project). There are many more social inclusions created in Eden Project like working with the prisoners and homeless in building skills, and even gardening with the disabled.

Social Enterprises are often more able to motivate and enthuse their employee with greater degree than many traditional businesses as they have the commitment to social purpose. Tim Smit, the founder of the Eden Project, attended the Social Enterprise Coalition Conference in 2007 and was reported as saying 'Recent survey found 40% of students that graduated from school said they did not want to go to corporate life. There are accountants, lawyers, and marketing people increasingly want to have ethical capital in the business, they want to do something that they will feel proud of (Tim Smit 2007).

A survey conducted by the Social Enterprise London found that employee satisfaction was highest amongst employees of social enterprises when compared with their counterparts in voluntary, private and public sectors. 66% of employees in social enterprises understand the mission and goals of their organization compared to only 30% for the other three sectors combined. Furthermore 59% feel proud of where they work, as opposed to

27% in other sectors and 64% of social enterprise employees stated a desire to work for a social enterprise in five years' time. (Social Enterprise London)

4 Conclusions

The understanding of the findings is that there is a significant value creation compared with traditional businesses as they create distinct competitive advantages as all above with the use of value chain framework. Social enterprises really created an additional value within the company profile itself as it served a different kind of mission beside profit maximization, even though company itself is engaging commercial activities similar to the traditional businesses. Social enterprises use 50% and more to contribute for the social benefits in providing job opportunities, education and training, implementation skills and development, experience and research and many more social issues.

The key feature in social enterprise is that it earn the profit and reinvests it, maintains prudent reserves, and pays costs such as reasonable wages for staff and the excess profit goes to social purposes. In 2005 it was estimated that there were 55,000 social enterprises in the UK. This represented about 5% of all businesses with employees, with a combined turnover of about £27 billion, or 1.3% of the total turnover for all businesses with employees. Their contribution to GDP was estimated to be £8.4 billion. (IFF 2005)

5 Advantages of social enterprise

The development of Social Enterprise provides some strong advantages over the traditional business model including the closeness to its clients and customers and hence often employing a more subtle market approach. Clients and customers nowadays want the idea of consumption the products and services with a purpose and a benefit. With this they feel connected to social enterprises more as they are willing to pay more in order for the benefit of the social issues implemented in the company itself.

The loyalty of the customer and member base is also the strength of social enterprise. As the mission of social enterprise is either benefiting the community, providing social services, job creation, environment and social issues, it creates a wide scope of loyalty base for the people who work in it or buy the products or services because the mission is

wide projected towards the final customers and the employees and this encourages and motivates them to be involved in creating something valuable.

Besides that, the trust it engenders through its integrity, with the goodness and the honesty valued in the social enterprises as they are acting as a role model in the community and society in doing goods and contributing social implications and this allows people to respect the mission and achievements of the enterprise itself and this will surely increase the value of the company. The trust from networking and cooperation with company is also being secured as it is also being associated by some of the charity or trust funded.

Social enterprise also has its ability to form partnerships and collaborations with other social enterprises, traditional businesses, public sector and voluntary sector group. With the aims and objectives focus by the social enterprises, the trustworthy is being formed with good values and this allows many opportunities for getting cooperation with different type of businesses and this create a good value chain to be incorporated in the company itself. Other than that, the importance of focusing a social mission which is more than the drive for financial profits as this often assists with securing financial and in-kind aids and contributions, volunteer involvement and other forms of support.

Also, the ability to recruit dedicated and motivated staff and volunteers as they are fully aware with the mission and purposes of the company itself and they are serving for a beneficial purpose here in creating social values and nonetheless providing value and leadership in the community.

There are always questions of why to start social enterprises. Of course there is no longer the sole idea for entrepreneurs to be only making profits, getting bigger market shares, freedom and power anymore. This new innovation perspective is to create new kind of benefits to local community and environment.

- A local community needs always be easily met with the own community solution in resolving it. This kind of community issues are simply related with incompetence in creating more business opportunities, job creation, lack of child care or transportation etc. If a social enterprise is built focusing on these needs, it will surely generate the possibilities of success.

- Social enterprises are the resources that become available for the needs of the local community and community will see these as an opportunity for the locals to get access in a wider range of services and possibilities.
- As social enterprise is focusing on a social purpose, the voluntary sector organization might want to contribute in providing assistance and supports. Therefore the possibility of getting more services or funds possibly affects the local community.
- An individual that has a vision or ideas to help others or with a social cause behind may establish a social enterprise such as doing community recycling scheme, green energy generation or environmental work.
- The community addresses local problems and wants to regenerate it and so a development trust is formed and using that social enterprise can be developed in taking on issues that should be resolved through this community consultation. (Cornwall Rural Community Council)

Social enterprises are a growing trend nowadays as they create a new innovative way in creating business opportunities and implement it towards benefiting and making a difference in the local community. The idea of traditional business which is making money, getting power and freedom is no longer the priority of this category. It serves for a greater cause and it is no surprise that many people nowadays want to have not only salaries out of their work, they are looking something more influential and meaningful which is why social enterprises can be created for a new era of economic market.

Tourism industry can even consider the idea of social enterprise such as the Eden Project, Fifteen restaurant, coffee shops etc. These are the existing examples of social enterprises in tourism industry the effect of getting the community involved and benefiting locals can easily create many possibilities like cooperation with the sub company in providing services in your company or even create an environmental friendly enterprise associating the tourism industry. According to Tim Smit, the founder of Eden Project, entrepreneurs should think big as social enterprise is influential and has a transformative power over the

society in transforming services in the country to act efficiently in bring wealth and prosperity. (Guardian newspaper 2007)

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