

COOPERATION MODELS

BETWEEN SOCIAL ENTERPRISES AND TRADITIONAL BUSINESSES

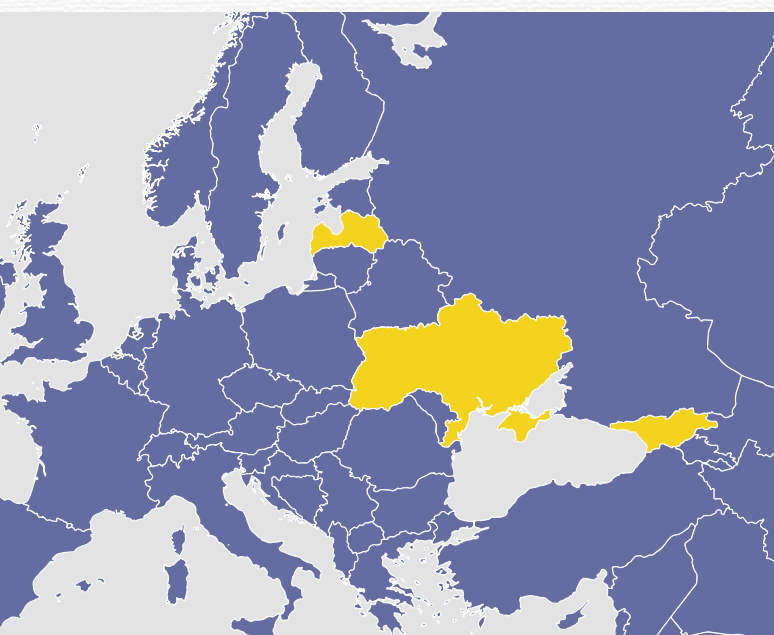
Social enterprises are still a relatively new concept in Georgia, Ukraine and Latvia. They are mostly newcomers to entrepreneurship wanting to address important societal issues through innovative business models thus contributing to the development of civil society and the promotion of democratic participation. In both Georgia and Ukraine, the legal framework for social entrepreneurship is still not in place, therefore, limiting the emergence of various support mechanisms and access to funding that can contribute to the development of the field.

One way to successfully grow business for social enterprises is to establish partnerships with traditional businesses. Traditional companies are increasingly willing to brand themselves responsibly, to use services or goods in a socially responsible way, and to take care of sustainability

objectives, with a particular focus on corporate social responsibility. When looking for partners, large companies will therefore give preference to trustworthy social enterprises, in order to improve their brand image and visibility at the same time.

Social Entrepreneurship Association of Latvia in collaboration with Ukrainian Social Academy and the Social Enterprise Alliance from Georgia in the framework of project 'Mutual learning to boost sustainable partnerships of traditional and social business increasing the social impact in Ukraine and Georgia' are identifying the most successful models of social enterprise cooperation in three partner countries. The project aims to promote the social entrepreneurship ecosystem and social impact in Georgia and Ukraine through the development of small and medium-sized social enterprises:

- Identify existing collaborations and promote exchanges on models of collaboration between traditional business and social enterprises,
- create informative, user-friendly publications and videos with examples of cooperation models for a wider audience,
- to build the capacity, knowledge and skills of social enterprises, NGOs and civil society organisations to build successful long-term partnerships,
- create networking and meeting opportunities for social enterprises, traditional businesses and other stakeholders.



MUTUAL LEARNING TO BOOST SUSTAINABLE PARTNERSHIPS OF TRADITIONAL AND SOCIAL BUSINESS INCREASING THE SOCIAL IMPACT IN UKRAINE AND GEORGIA.

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The sustainability and success of any partnership depends on the added value for each party of potential partners. It means that potential partners make decisions about prospective collaboration on the basis of the benefits that such a partnership may bring. This approach is even more relevant for cooperation between social enterprises and traditional businesses.

Depending on the motivation and the type of value created, different forms of partnerships between social enterprises and business actors have been established. J. Austin and M. Seitanidi define **four types of such a partnership**¹:



PHILANTHROPIC



TRANSACTIONAL



INTEGRATED



TRANSFORMATIVE

THE PHILANTHROPIC partnership takes place when a sponsor-like financial and non-financial support is ensured to the social enterprise. As a rule, there is one partner that provides resources to the other thus creating the associational value through assisting the social enterprise in achieving the social value².

THE TRANSACTIONAL partnership takes place when both partners contribute to their business objectives. In practice, it can be realized

by integration of partners to each-other's value chain creation as suppliers, sub-contractors, etc. Such a partnership is more stronger than the Philanthropic, since it requires designing the New Collaborative Business Models for each partner³.

INTEGRATED partnership is about joint development of new ideas, common products or services by both social enterprise and traditional businesses. It's main goal is to create common strategies, objectives and efforts to foster their achievement. In practice, Integrated partnership might be realized by establishing a separate social business unit within the company (also called 'social intrapreneurship') or creation of so-called 'social holding'⁴.

A high-level collaboration is called the **TRANSFORMATIONAL** partnership. Such a partnership is about aligning not just business objectives, but having a common mission for all the partners. This is the "the highest manifestation of complementarity" that can be realized in a form of joint social startup or activities that lead to formation of Social Entrepreneurship clusters⁵.

The frequency of collaboration depends on the previously mentioned type of partnership. In the case of Philanthropic partnership it happens mostly at the stage of launch or acceleration of social business. Most attempts to repeat such collaboration were unsuccessful as the companies would rather support different social enterprises or initiatives but not the same one on a regular basis. On the contrary to Philanthropic partnership, the Transactional one foresees ongoing cooperation, since such a partnership is a part of the companies' regular business processes. Normally, such a collaboration is organized on the basis of a long-term contract. The other types - Integrated and Transformational - *a priori* foresee an ongoing collaboration, not just on the operational level, but on the strategic as well.

¹ Austin, J. E. & Seitanidi, M. M. (2011). "Social Enterprise Series No. 32: Value Creation in Business – Nonprofit Collaborations".

² Social Business Initiative (SBI). (2018). "Co-operation between social economy enterprises and traditional enterprises".

³ Ibid., 35 - 39.

⁴ Ibid., 35 - 39.

⁵ Ibid., 39.



The research conducted in Georgia, Ukraine and Latvia aimed to explore the current situation of social enterprise cooperation with traditional business. The goals of the research were to find examples of good practices exploring existing models of cooperation and to gather the most effective, innovative and useful examples. The information from 62 social enterprises in three partner countries were gathered.

Out of 140 members of The Social Entrepreneurship Association of Latvia, those with known collaborations were selected. Fifteen in-depth interviews were conducted by telephone. Enterprises were responsive and able to identify ways of working with other companies. The interviewees consisted of 12 social enterprises and 3 NGO's – most of them are small organisations consisting of teams of up to 10 employees. Half of them provide services and the other half are manufacturing enterprises. The information gathered was summarised in the following categories: cooperation partners, initiation of cooperation, type or form of cooperation, challenges and recommendations to others for establishing a good cooperation.



Ukrainian Social Academy at the preparatory phase made a desk research in order to identify social enterprises that have different experiences of cooperation with traditional companies. Simultaneously, cases of cooperation initiated by traditional companies: directly by the companies' owners or founders personally or by corporates' foundations were searched and analyzed. As a result, 15 social enterprises were selected for further in-depth interviews on their experience of cooperation with traditional companies. After conducting the interviews, the answers of Ukrainian social entrepreneurs were analyzed and the country report was formed.

Based on the purpose and objectives of the project, a research design was developed by the Social Enterprise Alliance of Georgia, that includes quantitative and qualitative research methods.

In the initial stage of the research, within the quantitative component, the telephone interview was conducted, and in the subsequent qualitative research, the in-depth interview technique was used. In the quantitative component, most of the members of the Social Enterprise Alliance and a small part of the non-member enterprises were contacted by the researcher. The selecting method was Target Sampling, which meant the full coverage of the member enterprises of the Alliance, and inclusion of the part of the non-member enterprises in the research. A total of 25 SEA members and 7 non-member enterprises were interviewed. In a qualitative research, the businesses were selected purposefully. The businesses represented in the study are companies that have had certain types of partnerships with social enterprises and which have been named by social enterprises as businesses that have had some type of partnership with enterprises. The majority of the businesses are in the financial sector, such as "Bank of Georgia", "TBC Bank", "Crystal", and "Embassy". Auditing and business consulting companies "Bidio" and "Nexia Tea". Other partner companies: "Silknet", "Byblos", "Wissol", "Alta", "Heidelbergcement" and "Lopota Lake Resort and Spa". The last company unfortunately failed to schedule an interview, although its representative tried to answer the researcher's questions in writing.

THE MOST COMMON TYPES OF PARTNERSHIPS ACCORDING TO THE RESEARCH



The research in Ukraine revealed that the most popular types of collaboration models among social enterprises and traditional firms are the Philanthropic and the Transactional partnerships. The majority of respondents (15) social enterprises experienced these types of partnerships in different forms.

The most common practices of philanthropic partnership is supporting social enterprises financially within the corporate social responsibility (CSR) policies and initiatives by Ukrainian enterprises or international companies working in Ukraine which offer the small-sized grants for social business for their development purpose. As a kind of non-financial support, traditional businesses offer pro-bono consulting or mentorship support or provide free products, different equipment, software etc. In addition, the local companies' owners from time to time initiate the charitable campaigns with a purpose of further charitable donation to the specific social enterprise.

The most frequently used practice of Transactional partnership among Ukrainian social enterprises and traditional firms is integration into each other's value chains. Traditional businesses often engage social enterprises as a supplier of different products or services (cleaning, catering, repairing, delivery, security and other). Interestingly social entrepreneurs do the same for local traditional companies (e.g. social zero-waste shop engages local zero-waste producers as suppliers of eco-bags or other goods).

There are not so many cases of Integrated partnership in current times. However, at the end of 19th and during the first half of 20th century there

was a great cooperative movement developed in Ukraine that gathered thousands of local enterprises into cooperatives. Consequently, such a cooperation resulted in high economic development of the local regions (especially in the west of Ukraine) and the high social impact in tackling unemployment in rural areas, development of education and culture. One of the prominent contemporary cases of integrated partnership is a «Veterano Group» - the group of different companies founded and led by veterans with common goals - self-employment and development of veterans.



The results of the research in Georgia, identified that the vast majority of Georgian social enterprises, with few exceptions, have had some kind of experience of collaboration with traditional businesses. The same as in Ukraine the research in Georgia found that the Philanthropic and the Transactional partnerships are the most commonly used.

The practices of the collaborations vary, but the most frequent of Transactional partnership is procurement of goods. Traditional companies launch the procurement procedure often during various festive occasions as a way for social enterprises to engage and offer a product or a service with added social value.

Similarly to previously mentioned practices of Philanthropic partnerships in Ukraine, receiving free of charge non-financial assistance such as various resources or using different services pro-bono offered by traditional companies are standard ways for social enterprises and traditional businesses to collaborate in Georgia.

Regarding the initiation of the cooperation among social enterprises and traditional businesses various factors were identified by the research:

- A part of the businesses that are working on a strategic level - completing their annual reports, regularly updating strategies as well as including various CSR activities, make the first step to contact the social enterprise and purchase their goods.
- On the other side, often social enterprises are those who are actively searching, initiating and maintaining communication with traditional companies. In addition, these connections are frequently established as a result of various types of events such as exhibitions, B2B meetings, fairs, etc. These types of events were identified as a successful means of starting a partnership among social enterprises and businesses.
- The research revealed that the vast majority of partnerships initially started by social enterprises are identified as successful cases. It is noteworthy that there were cases when certain businesses were named as examples of successful cooperation by the social enterprises, but during the in-depth interviews with traditional businesses, they were less likely to perceive them as a success.

The main motivation for traditional businesses to cooperate with social enterprises is to make a positive impact and to provide support for social enterprises. In addition, it was mentioned by almost every business interviewed that collaboration with social enterprises is an important means for their positive marketing positioning.



The research done in Latvia found that social enterprises are not meticulously working on building or even recognizing different cooperation models with traditional businesses. The experience varies across the social enterprises, some admit that they cannot identify any particular forms of cooperation, except selling their goods to the companies. On the other hand others have had

a rich experience, mostly case-to-case based cooperation. Therefore, it was observed that social enterprises in Latvia are using a mix of partnership types, most frequent as in their partner countries being the Philanthropic and the Transactional. None of the social enterprises have mentioned that this has been a regular practice, but many admit that they would like to emphasise and devote more time to build successful partnerships.

The practises of Philanthropic partnerships include donations of traditional companies - mostly their own production. And most frequently used practises of Transactional partnerships are cooperation with traditional companies by sales activities, the traditional company being a customer of social enterprise. Often it means transferring certain elements of the traditional business to a social enterprise, however, leaving the freedom to the social enterprise to act independently and sell its products to the traditional company. This form of partnership does not exclude social enterprise to engage in other activities, according to L.Licite "diversifying goods and services evades the risk of selling the same products."⁶ Another type of practice includes barter where social enterprise provides a service that is needed to the traditional company, while the company returns the favour by its service/product.

Due to the historical background of social enterprise development, it is not unusual that Integrated and Transformational partnership types are not common in Latvian context. According to L.Licite⁷ the roots of the social enterprises can be traced back to the 19th century with appearance of various social movements that addressed essential societal problems, however, only after Latvia regained independence in 1991, social enterprises started to operate mainly through the legal forms of associations and foundations. According to the research interviews, many social enterprises indeed have developed from their initial form as NGOs and even though they have changed their legal form many are still operating from the perspective of non governmental organisations. Therefore, as confirmed by the research of L.Licite and Oxford Research Baltics report⁸ the social enterprises rely a lot on collaboration with national authorities and do not explore different possibilities of partnerships with traditional businesses.

⁶ L.Licite, (2018). "Social enterprises and their ecosystems in Europe" Country report Latvia, p.55.

⁷ L.Licite, (2018). "Social enterprises and their ecosystems in Europe" Country report Latvia.

⁸ Oxford Research Baltics report, (2021). "Evaluation of the intermediate results of the "Support to Social Entrepreneurship" measure and development of proposals for a legal framework and support".



The respondents admitted that after a while social enterprises acquire more business knowledge and skills and learn to operate in a business environment, relying on their own resources, work quality as well as their social goal. By creating partnerships with traditional companies they learn more about the business side and in many cases collaboration is the key to success for everyone - it is an opportunity to work together to create social impact.

ADDED VALUE FROM PARTNERSHIPS

Effective and successful partnership is an arrangement between two or more parties with the aim to achieve the goals and create the added value for both of them. Therefore, the conducted research explored the main reasons for cooperation from both, the side of a social enterprise and the traditional business.


The main **reasons and motives for the social enterprises** to create partnerships with traditional businesses:

- **Access to financial resources** is one of the strongest motives among social entrepreneurs who consider building partnerships with traditional companies. "It may involve the delegation of certain functions of conventional enterprise to a social enterprise. A social enterprise operates as an autonomous and independent entity, but can sell its products to a conventional enterprise, thus reducing sales risks."⁹ In

most cases social enterprises are partnering with large companies that can also become potential donors.

- **Obtaining recognition and visibility** is one of the greater values for social enterprises. Often in a collaboration with traditional companies the financial acquisition is not the main driving force, but the increasing visibility especially among the traditional company's audience is essentially a more strategic target of collaboration. Consequently, such a visibility will lead to increasing the number of clients and brand awareness of social enterprise.
- **Increasing business knowledge and expertise** is a valuable lesson that can be learnt during partnerships. In most cases, social enterprises in Ukraine, Latvia and Georgia are born within the NGO sector or started as a non-profit initiative and are often less experienced in business administration and management. Therefore, the chance for social entrepreneurs to receive mentorship or consulting from the traditional companies that work in the same field of business and are professionals of their sector can be an important capacity booster.
- **Better reaching of target beneficiaries** is the main reason for those social entrepreneurs who want to join existing or create new collaborations with other social enterprises or traditional businesses.
- **Possibility to develop new products and services together with traditional companies** gives the social entrepreneurs opportunity to access the lacking resources or knowledge offered by the traditional business as well as assurance and capacity of designing a qualitative product or service.

⁹ L.Licite, (2018). "Social enterprises and their ecosystems in Europe" Country report Latvia, p.55.



Social entrepreneurs have admitted that the most important factor for successful cooperation is a well-established business model, sustainability, competitiveness and high responsibility towards the work that means timely delivery of products within the partnership. In addition, the quality of the products was named as one of the key factors as the product represents the value of the enterprise itself. In some cases timely delivery and low quality of the products are the most frequent challenges faced by social enterprises.

Social enterprises interviewed admitted that in some cases partnerships allowed them to start their business or continue it through difficult times, it was also a way to prove their professional skills and gain trustworthiness. Moreover, it is important to find reliable partners as often long-term collaborations last for years. Mutually beneficial partnerships never start rapidly, it takes time to create relationships, earn trust and find the best cooperation model. If the collaboration has happened only once, often it has been due to the company's change of their marketing strategy, change of location, etc. But it does not mean they would stop communicating completely. Most enterprises have databases with partners and occasionally check in with them about upcoming plans and possible collaboration opportunities.

The main **reasons and motives for the traditional companies** to create cooperation with social enterprises:

- Innovative way of **realizing the CSR and sustainable development goals (SDG) policies and initiatives**. Investing or supporting social enterprises or social startups instead of supporting short-term projects is becoming a more popular way of introducing CSR or SDG initiatives.
- The traditional companies become more interested in engaging social enterprises in their value chain creation in order to demonstrate to their employees the company's social orientation and thus **strengthen employee satisfaction**. As a result, employees communicate their

fulfilment and feel greater respect and involvement in their work as it has a greater social mission.

- The cooperation with social enterprises is a way to **access the networks and support of social sectors**. Traditional businesses can demonstrate their position and commitment to social causes, thus, to get to know and build connections with different kinds of stakeholders.
- **Business owners' personal will of charity**. However, unfortunately the interviewed social enterprises admit that they rarely have received an initiative from the traditional companies for support on the basis of their own free will without any marketing motives.
- Unfortunately, there are companies aiming at offering financial support for social enterprises with the purpose of creating a socially-responsible image while simultaneously being a big environmental polluter or doing other social harm, thus, **practicing "social washing"**.

In general, the research shows that traditional businesses are interested, ready and willing to cooperate. During the last 5 years, the interest of the commercial sector to social business and to the social economy has rapidly increased and with the current policies it will continue to grow. On the other hand most social enterprises are not properly prepared for establishing serious partnerships due to lack of resources or capacities. Unfortunately, social enterprises do not fully use their potential to initiate collaborations.

One of the reasons could be the absence of the legal frameworks and low awareness about social entrepreneurship in a wider context that leads to misunderstanding among traditional companies about who the social entrepreneurs are. There is no legal recognition of social enterprises in Ukraine and Georgia. However, the number of social enterprises is growing and a much wider ecosystem of support is needed to fulfill their social mission, a legal framework is



essential for the further development of social entrepreneurship. On 1st of April 2018 the new Social Enterprise Law came into force in Latvia, however, due to the small number of social enterprises (around 200 social enterprises have been registered by November 2021) the field is not yet widely recognised. In this regard, any positioning as a social enterprise to a commercial company starts from an explanation of what social entrepreneurship is to avoid treating them as charitable projects that ask for financial/non-financial support. In most cases of Philanthropic cooperation between the traditional companies and social enterprises, the social mission plays a significant role. This is the crucial point for cooperation within CSR or charitable activities of the traditional firm, as they are looking for the social businesses dealing with the most acute current issues. On the other hand, social mission is not the priority for a traditional company in Transactional partnership. Integration of social enterprise to the company's value chain requires a sustainable business model and social mission is recognized as an added value. This is obvious in the context of risk management.

Although the traditional companies have shown

their willingness to establish partnerships with social enterprises, there are some important things to keep in mind:

- **specify the difference between social entrepreneurship and charity.** Most of the interviewed business owners and managers treat social enterprises as a form of charitable activity. In this regard, they do not see beneficial opportunities for long-term partnerships. It explains why the most popular form of cooperation is one-time financial or non-financial support.
- **promote the success cases of cooperation** between social and traditional companies. Through the general image of social entrepreneurship as mainly non-profit activity, there is a need of having a case-bank of success cases of such cooperation that can demonstrate the benefit for both parties.
- **create possibilities of communication** between social and traditional businesses via different meetups, forums and other possibilities.



SCALING UP FOR SUSTAINABLE PARTNERSHIPS

To foster the cooperation between social enterprises and traditional businesses, social entrepreneurs face various challenges and needs to address:

- **Improving visibility and raising awareness.** Social entrepreneurship is still a relatively new concept in three partner countries and is often not recognized by many traditional businesses. Raising awareness about the social entrepreneurship phenomena in general will explain its concept, clarify the myths, and clearly state the possible collaboration models. It is essential as often social entrepreneurs try to form partnerships on the stage of launching their ventures.
- **Having a profitable business model.** Traditional companies want to have financial partnerships with sustainable businesses with obvious market potential and abilities and capabilities to grow. Social entrepreneurs often start doing business within an NGO and use the non-profit styles of management to social business management, they lack professional business education. In this context, social and traditional businesses speak different languages. Therefore, boosting the capacities of social entrepreneurs in improving business models, financial management, risk management in business etc. can have a positive effect on formation of partnerships.
- **Strengthening capacities in marketing.** Developing a marketing strategy and product diversity are key factors at an early stage to succeed at future partnerships and to increase social impact as well as its financial profit. It is essential that social enterprises are perceived as competitive and efficient organizations.

- **Enhancing time and human resources.** Social enterprises in Ukraine, Georgia and Latvia usually are small size companies with up to 10 employees that are working to have a positive impact with limited resources. Often the same employee is responsible for several tasks, therefore, lack of time resources may result in dedicating less effort in taking care of collaborations, building respectful relationships, and developing the partnership further.
- **Treating a partner company as a strategic partner, not merely as a source of financial aid.** In most cases, traditional companies provide one-time non-refundable financial support, building materials, equipment, or other services free of charge. Sometimes traditional businesses offer a possibility to sell the products of social enterprises on their markets or among their staff members. All of these are cases of one-time support. However, building a long-term and sustainable partnership is possible only based on the market value that social enterprise can create for a traditional company. In other words, social value is not the decisive criteria for a long-term partnership with traditional business, it is important to have a strong value proposition that social enterprise can generate to a traditional firm.





TIPS FOR SUSTAINABLE PARTNERSHIPS

- Clear understanding of **collaboration reasons** for all the parties. Knowing the true motives and causes can help to create greater value for potential partners.
- Defining a strong **value proposition**. Any partnership is a part of a business model that strengthens the capacities of both in creating value for their clients. It is essential to suggest the concrete solutions and benefits generated by the collaboration.
- Practice **honesty** and create regular, **clear and direct communication**, give **feedback**.
- **Fair treatment** of your partner, it is not the means to achieve the goals of one party, successful partnership should create value for both parties.
- Follow the initial **agreement** and keep set arrangements.
- **Smart** and respectful **use of social media communication**. The reputation of the company, the image of the entrepreneur and the information and opinions on social media can affect and change the collaboration for better or worse.
- Put the **quality of products and services** first. Social entrepreneurship is a business that creates products and services of a high quality. The status of a social enterprise or WISE is not the most decisive reason for cooperation.

BEST PRACTICE EXAMPLES

Social enterprise 'OWA'

<https://www.owa.lv/>

<https://www.facebook.com/OWAfashion>

Work Integration Social Enterprise that creates fashion products using watercolour and graphic prints transferred onto fabric with the sublimation printing techniques. This technique ensures excellent colour fastness and shade transitions. OWA is a social enterprise with the mission to motivate women in need to improve themselves, to educate themselves and to lead fulfilling lives.

Cooperation partners:

Mostly traditional companies, very rarely state / municipal institutions

Type of cooperation:

- Manufacture corporate clothing
- Organise workshops for schools on textile painting

Remarks:

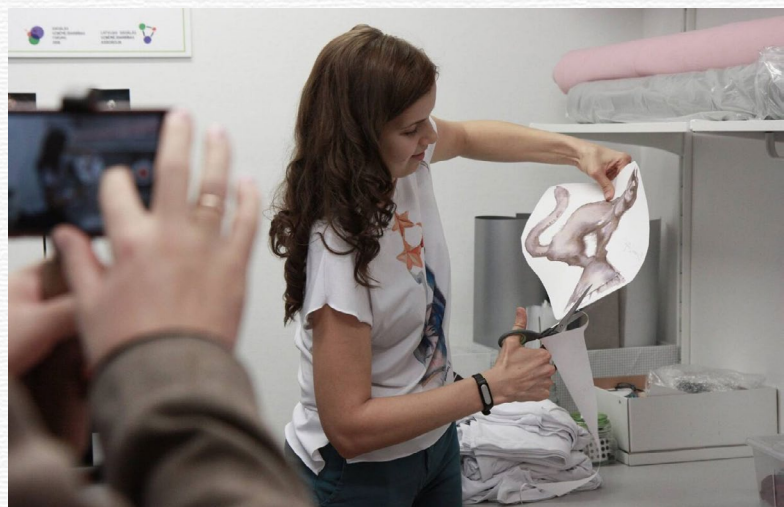
Usually traditional companies find and contact OWA. The status of social enterprise is not the reason for cooperation as most do not know about it at all, the reason for cooperation is the products and their quality.

The wide networks help to develop more partnerships, for example, the guards of the shopping mall where the shop is located or other communities the owner of the shop is part of.

So far OWA has not actively worked to build partnerships, they lack human resources, but they plan to do activities that will expand it such as sending out design samples with a cover letter to different companies.

Recommendations:

The most important thing for WISEs is high-quality products that speak for themselves. It should be chosen for quality, not for pity.



Social enterprise 'GLASSPOINT'

<https://glass-point.eu/>

<https://www.facebook.com/GLASSPOINT.EU>

Social enterprise Glass Point is an open-concept glass design studio, created as a workspace for glass artists and sales platform for locally made glass art products from the Baltics. They offer pre-made design glassware, but mainly take orders for custom pieces from gifts to artistic solutions for interior design. The aim of the social enterprise is to generate lasting positive social impact through creative economic activity to promote cultural diversity and education.

Cooperation partners:

Partners are suppliers, traditional companies from which resources are regularly purchased. Other smaller companies or social enterprises.

Type of cooperation:

- Traditional companies as clients (B2B sales)
- Teaming up with other companies to execute a custom order. Each major project has a whole chain of cooperating companies such as ceramics and glass manufacturers, suppliers, woodworking enterprises and even freelancers.
- Help other smaller or younger companies to get access to various services – share and connect the contacts of their wide network
- Barter - Glass Point gives their premises to their partner who in return provides them with the necessary raw materials.
- Long-term partners provide discounts and shorter deliveries.
- Organise creative workshops

Remarks:

Various collaborations started with the provision of a standard service, then it grew into mutual respect, knowledge of each others' business and a willingness to help by providing support.

One of their long-term successful collaborations is with Līvāni Glass and Craft Centre. It has developed into a sustainable partnership where Līvāni Glass and Craft Centre is giving them the remains of

melted glass.

They have had several meetings about cooperation and implementation of new ideas that have arisen because of their social enterprise status. Unfortunately these partnerships have not been established yet because of partners' change of focus.

Recommendations:

Be open, communicate directly and show genuine interest in the other party. The main thing is to be easy to work with, to trust people. Show your competences - the specific knowledge in product development and the raw materials will help to find yourself among professionals and network with experts of your field.



Social enterprise 'OZERO'

<https://ozero.me/>

OZERO is the first Zero Waste company in Ukraine to help people lead a conscious lifestyle for global change in the world. Today the company has three directions: Zero Waste Shop; Sustainable consulting for business; and Eco-education. Since 2017 they reinvest 100% of their profits in the business.

Cooperation partners:

- The suppliers, which are traditional companies as well as local Ukrainian producers of zero-waste products that supply goods for further retail;
- Marketplaces and companies that provide spaces and services for selling OZERO's products;
- Traditional companies as clients (B2B sales)

Type of cooperation:

Transactional partnerships that foresee integration of OZERO and other companies in each other's value chain creation. Thanks to such a cooperation, the OZERO company creates value for:

- Traditional companies-suppliers through regular purchasing of their products;
- Traditional companies who became more eco-friendly through buying consulting services;
- Smaller Ukrainian enterprises through getting them possibilities to grow and sell their eco-products.

Remarks:

The team of OZERO started to cooperate with traditional businesses from the very beginning of their venture, since they needed partners-suppliers of products, which they wanted to sell. Therefore, such a partnership is the essential one and lies in the roots of their business model.

Now OZERO is a widely recognized brand in Ukraine, and they started to receive requests about cooperation from local enterprises, both those who would like to supply their products or to be the resellers of OZERO's products. Such an increasing interest in partnerships consequently

contributes not just to economic development of business, but also in achieving the social and ecological mission of the OZERO.

Recommendations:

Any partnership with traditional business is possible when a social enterprise creates a significant value for a company. Therefore, before asking for partnership, each social entrepreneur should be able to clearly demonstrate the value proposition for a potential partner.

Each successful and sustainable partnership leads to increasing the interest from other potential partners to cooperate. Therefore, social entrepreneurs should seriously and responsibly take care of relationships with existing partners.



BAKERY & CAFE 21.3

<https://www.perspectiva21-3.org/>
<https://www.facebook.com/social.cafe.21.3/>

Cafe 21.3 was founded by the charitable organization «Perspective 21.3.» This social enterprise aims to help children with Down syndrome to adapt after school and support them in employment. A total of twenty people - teenagers with mental disorders - can work here for three or four hours per day as waiters, assistant chefs, cleaners and baristas.

Cooperation partners:

- Other traditional businesses need as suppliers for the bakery and restaurant business
- Private companies interested in philanthropy and practicing the CSR
- NGOs and charitable funds
- Local government

Type of cooperation:

This social enterprise practices philanthropic and transactional partnerships. The philanthropic partnerships take place when

- Traditional private companies occasionally donate funding or their products or services for the needs of the social enterprise (i.e. providing building materials during the repairing jobs for cafe);
- Organizations and companies who occasionally engage this social enterprise for organizing catering or buying their bakery products;
- Social enterprise cooperates with other NGOs and charitable funds in getting the support for a complex programs for education and training of young people with mental disabilities.

Since 21.3 is also a regular bakery and cafe, it has regular cooperation with suppliers on the one side, and B2B & B2C clients.

Remarks:

Cooperation with business was and still crucial in 21.3 Cafe functioning. The co-founder of this social enterprise is a director of the other «traditional» company, which regularly supports similar initiatives and enterprises. That is why 21.3 can be

seen also as a «product» of cooperation between the social project and the traditional company.

Cafe 21.3 is the third project of its founders. At first, the founders initiated the specialized school for children with Down syndrome. Second initiative was the bakery - when those young individuals could train and gain new skills. So, these three initiatives are functioning together as the key stakeholders in creating favorable conditions for personal and professional development of people with mental disabilities. Such cooperation is possible only thanks to strong partnerships.

Recommendations:

The founders are convinced that each social enterprise should create the market value of its products and services. Social value is an added value for clients and partners. In this regard, social entrepreneurs should start building partnerships not just on the social mission of their enterprises, because it could not be interesting for the business partners. However, when a social entrepreneur is able to create the market value for a business partner, the social value can be a significant benefit of such a partnership.





Social Cafe **MZIURI**

<https://www.facebook.com/cafemziuri>
<https://cafemziuri.ge/en/>

Social Cafe Mziuri is located in Tbilisi City Centre. Mziuri creates a universal space for people with any kind of ability and supports realization of their potential. Mziuri also contributes to the development of green spaces and recreational zones in city centres.

Cooperation partners:

- JSC Silknet, Telecommunication Company in Georgia;
- Joint Stock Company Crystal, Microfinance Organization in Georgia

Type of cooperation:

- Since the first day the internet has been provided for free for the cafe by one of the business companies. This company is also actively involved in the ongoing events and sometimes it is a supporter of the activities held at the cafe.
- Crystal was the organization that gives the interest-free loan for develop.

Remarks:

Furthermore, the benefits obtained by both sides were sustainable and what's important it had a positive social impact for business and the Social Enterprise as well (it was mentioned in the interview that because of this collaboration and understanding the needs of people with disabilities the business company has provided its building with a ramp).



Social Enterprise **DADARI**

<https://www.facebook.com/dadaritoys>

Work Integrated Social Enterprise that produces ecological high quality wooden toys. Their Social Mission is to support people with intellectual disabilities, equip them with necessary skills and employment in order to provide their integration into the society.

Cooperation partners:

Traditional companies

Type of cooperation:

Dadari has started collaboration with a Georgian business company at the very early stage of the enterprise's development. The first partnership started with the purchase of wooden items produced by Dadari and afterwards continued with the same action. It should be noted that the satisfaction of both sides was very high and they consider this partnership as a successful one.





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