Towards an understanding of how a higher education institution can enhance the impact of social enterprises through incubation

Katri-Liis LEPIK
Tallinn University, Tallinn, Estonia
kllepik@tlu.ee

Eliisa SAKARIAS
Tallinn University, Tallinn, Estonia

Abstract. Social entrepreneurship is a relatively new concept in Estonia and measuring the social impact of enterprises is not yet the norm. It has gained more awareness during recent years and therefore several support instruments have been established. The aim of the paper is to provide a framework for impact analysis of an incubator and analysis of the evaluation of the program for social enterprises according to the designed framework. The incubation program itself was piloted at a higher education institution. The paper addresses the concept of social enterprises, new social venture creation, incubation by a higher education institution and its impact on social enterprises. While the development of enterprises is a common topic, the research on social impact incubators is still scarce. The study is characterised by a descriptive and an exploratory study design. The paper explores the social enterprise incubator through mixed-method two-stage content analysis of the applications and self-analysis reports of the participants of the incubator. In the process of the content analysis, qualitative data analysis is used. Finally, the paper concludes that the incubator was successful as it helped the social enterprises to become sustainable and enhanced their social impact. The limitation of the research is the evaluation design which addresses measuring the successfulness of the incubation immediately after the end of the programme and not in the long-term. The study contributes to the literature on measuring the successfulness of incubation processes and on the practice of incubating new social ventures with social impact.

Keywords: social enterprise, higher education institution, impact, incubation, social venture creation.

Please cite the article as follows: Lepik, K.-L., Sakarias, E., (2023), “Towards an understanding of how a higher education institution can enhance the impact of social enterprises through incubation”, Management & Marketing, Vol. 18, No. 1, pp. 36-52, DOI: 10.2478/mmcks-2023-0003.

Introduction
In Estonia, more and more social enterprises are created each year. With the increase of popularity towards the circular economy and finding more environmentally friendly alternatives, people are very familiar with several enterprises in Estonia that have defined themselves as social enterprises, such as Uuskasutuskeskus and Sõbral Tõbrel. They sell...
second-hand items and help their target groups. However, the term “social entrepreneurship” itself is often considered foreign and more often associated with charities and non-profit organisations, run by volunteers with very little (if any) profit and revenue.

All organisations, either public or private, have an impact on the society, either unplanned and unaware or well-planned and measured. The benefits of social entrepreneurship however extend well beyond the primary and sometimes trivial-sounding goal of having a positive social impact. By offering different products and/or services, social enterprises increase the amount of resources invested towards the development of the society. Through purchasing the products or services of a social enterprise, customers are aware and able to control how their investments impact the society. As an independent entity between the public and private sector, social enterprises have the possibility to address social problems very rapidly, which can be difficult for the public sector.

Young people are looking for opportunities to work for a company with a bigger meaning – they care about the ethics and values of the companies and wish to contribute towards a positive impact on the society and its development (Tracy & Hoefel, 2018; Pinzaru et al., 2022). Therefore, the need for monitoring and measuring the social impact as well as entrepreneurial goals of all business activities will increase. In this aspect, social enterprises have a clear advantage. If those organisations regularly carry out studies for mapping their impact, communicate it on the company websites and other marketing materials, the social impact becomes clear and easy to understand, making it a more appealing work environment for young adults.

Although the focus on social value creation might seem irrelevant or even not a realistic entrepreneurial goal, the concept of the impact of new venture creation is not. One of the key elements to entrepreneurial success is knowing how the product/service impacts the customer in comparison with the rest of the market. Therefore, as impact measurement and clarity of the problem that is being solved is highly valued in new venture creation, the social aspect can create hesitance in advancing on this model of entrepreneurship.

A method for promoting and increasing people’s knowledge and appreciation towards social entrepreneurship is to support the creation, overall development and sustainability of such organisations. One of the ways to support the enhancement of social enterprises (SE) and their impact is by providing knowledge and incubation process. It can take place in cooperation with the higher education institutions (HEI) or be conducted by them. Higher education institutions’ engaged research, involving collaborative engagement with communities aiming to address societal challenges, illustrates sharing knowledge for positive societal impact (McDonnell-Naughton & Păunescu, 2022; Dima et al., 2022). It has been identified by Urmanavičienė and Lepik (2022) that the incubation and other support activities should expand beyond the university program including a variety of network partners. In order to support social enterprises better, it is also important to understand the successfullness of the incubation itself. Research on social impact incubators is still scarce (Hirschmann et al., 2021). Therefore the article focuses on social incubators and on how to measure the success of a HEI incubation process of new social ventures.

The article is structured as follows. After this initial introduction, the main concepts are introduced. The theoretical underpinning of this study is then presented, covering the important stages of new venture creation, elements impacting the sustainability of new social ventures and the success factors of the incubation process. This is followed by an explanation of how the social enterprise incubator was piloted, how data was gathered
and impact analysed. The results of this study are then presented and discussed. Finally, the paper concludes and presents suggestions for the future development of similar SE incubation processes.

**Literature review**

*Social enterprise*

The following chapter will give an overview of social entrepreneurship, the process of new venture creation and analyse elements that impact new social venture sustainability in the incubation process.

There is no definitive consensus on the meaning of the term “social entrepreneurship” (Nicholls, 2010). According to Seelos and Mair (2005), what is common for many social enterprises is their social mission. Similarly to traditional enterprises, social enterprises create new products and services that cater to basic human needs that have currently been unsatisfied. However, in the case of social enterprises social value is the primary value created, and economic value is only a by-product, that allows the organisation to be sustainable and self-sufficient (Seelos & Mair, 2005).

Researchers have defined the difference of social entrepreneurship from traditional “business” entrepreneurship through three elements – motivation, opportunities and outcomes: social entrepreneurs have a strong desire to change society by discomfort with the status quo, by altruistic feelings, and by a need to be socially responsible (Bornstein, 1998; Prabhu, 1999); social entrepreneurs might pursue opportunities differently from typical business approaches – they attribute different types of value to opportunities, all other forms of social benefits, not only economic gain, generated by the venture (Eckhardt & Shane, 2003); social entrepreneurs aim to involve both social and economic aspects, they concentrate on social while for-profit entrepreneurs focus primarily on economic wealth creation (Hibbert & Hogg, 2002).

The Estonian Social Enterprise Network defines social enterprises as organisations with a social cause, that use entrepreneurship to achieve their goal. In order to become a member organisation, it must follow certain criteria: the organisation must have a clear social goal and a plan for achieving it, it must measure societal impact, put societal impact ahead of profit when prioritising goals, invest at least 51% of profit into achieving societal impact, and earn at least 35% of income through business activities (Social Enterprise Estonia, 2020). By this definition, a social enterprise is a broad concept – it does not define a specific business format (NGO, for-profit etc), it is rather defined by the societal goal, measurement of social impact, and investments towards creating societal impact and income.

Based on previous literature (Haugh & Talwar, 2016; Gupta et al, 2020; Bansal & Sharma 2019) it can be concluded that one of the main aspects of social entrepreneurship is initiating social change and having a positive social impact. The paper defines social enterprises as organisations that focus on creating social change/wealth measurable with an impact analysis, and that invests profits and/or revenues to increase their social value creation. It can be either a for-profit or a non-profit organisation, depending on the strategy of activities. However, for the value creation to be sustainable, the organisation must be self-sufficient financially - earn enough income through business activities (either commercial or social) to cater for the organisation’s basic needs, and to decrease dependency on support mechanisms like grants, project-based or government funding in a long-term perspective.
New social venture creation

In order for the venture to evolve into a successful enterprise, the new (social) idea must be developed over a longer period of time. As mentioned previously, there are several activities that must be carried out before the actual product or service can be offered to customers. This phase is called the new venture creation process. There are several theoretical models of the new venture creation process. Although there are some differences in assumptions and variables, they do include common elements (Mueller & Thomas, 2001).

Mets, Tranbanskaja and Raudsaar have concluded that the entrepreneurial process of new venture creation can be described through four stages: 1) propositions, 2) idea development, 3) concept development, and 4) business development. These stages are followed by venture growth or opportunity exploitation (Mets et al., 2019). All stages are linked with entrepreneurial acts – artefacts or outcomes. The proposition stage is linked with intention and perceived opportunity, idea development with new venture idea and filtered opportunity, concept development with the business concept and opportunity confidence, and business development with venture launch and opportunity exploitation. The stages are feedback-driven – only the corresponding outcome can close the stage, even though all outcomes might not only result in the specified stage (Mets et al., 2019).

The stages of new venture creation process can be generalized into four stages:

1. opportunity perception;
2. idea development – evaluation, filtering, defining the perceived opportunity;
3. business concept planning and creation – gathering resources, data, and network needed for successful value creation;
4. venture launch – realization of plans and start of value creation.

In comparison with regular venture creation, new social venture creation can be divided into six stages instead of three or four: opportunity identification, idea articulation, idea ownership, stakeholder mobilization, opportunity exploitation, and stakeholder reflection (sequence of stages can vary) (Haugh, 2007). In the opportunity identification stage, the need or opportunity for social change is perceived, this can arise from both internal and external sources for example personal experience or stakeholder suggestion. Idea articulation phase is defined when the idea is verbalized, the idea is discussed with business advisers, local community members, and other relevant people, and focused based on tacit knowledge. In the idea ownership stage, the team or group takes ownership of the idea by sharing information about it. The vision/purpose/mission is determined, and the first documents created, formal meetings begin to take place. The fourth stage – stakeholder mobilization means gathering resources, either human, physical, financial, or technological. A network surrounding the idea starts to take shape, commercial ideas are evaluated, and a feasibility study is constructed. Opportunity exploitation means creating a legally identifiable enterprise and the start of business activities. All activities, such as assigning roles, responsibilities, structures, procedures, and management, contracts with providers, etc, that are essential for the enterprise to function, are set in place. Financing is arranged by defining sources of income, approaching and securing them. The last stage, stakeholder reflection, is the stage for measuring results – collecting feedback from stakeholders, collection of performance indicators, and evaluating outcomes. This stage also concerns strategic decisions concerning the future of the enterprise.

Hence, the process of social venture is in general similar to commercial venture creation. The main differences however are the inclusion of the stakeholders, focus on
vision/purpose and mission from the early stages of venture creation and performance and outcome evaluation in the case of social venture creation.

**Elements impacting the sustainability of new social ventures**

As the creation of a social enterprise is similar to regular new venture creation, the elements impacting sustainability are also relevant in social venture creation. In order to avoid failures considerations around planning, social venture financing and team formation are relevant and those elements need to be present in an incubator for sustaining the new ventures.

**Planning new venture creation**

There are several methods to make sure the planned business venture has value to the customers and that the product or service provided responds to market needs. One way is to involve the potential customer in the development process as early as possible. Another way is to include more stakeholders – experts of the field, who can provide valuable information about the potential customers. Both methods however must be incorporated into the planning phase of the new venture creation.

A method of planning a new venture is by using the Business Model Canvas. The original Business Model Canvas, published by Osterwalder and Pigneur in 2010 (see Figure 1 below), has been used by many in order to better understand the unique qualities of a business idea, as well as assess and plan how the revenue will be created (Nielsen et al., 2017). A more suitable and socially-oriented model, a Social Business Model Canvas (SBMC) has been created by Sergio Sparviero (2019). Sparviero has suggested a model based on five principles: defining and prioritising mission values and objectives; translating them into explicit notions of impact and measurable targets; differentiating targeted and non-targeted stakeholders; defining how targeted stakeholder are involved in the co-creation of value; and considering the main elements of organisation’s governance (Sparviero, 2019). In comparison with the Business Model Canvas by Osterwalder, four building blocks of the SBMC are inherited from the original, five blocks have been redefined to fit social entrepreneurship and five blocks have been added to include all aspects for analysing social enterprises (see Figure 2 below).

![Figure 1. Business Model Canvas (Osterwalder & Pigneur, 2010). White blocks– inherited by Sparviero, grey blocks– redefined by Sparviero (Compiled by the authors)](image-url)
For social enterprises it is recommended to use either both canvases or the SBMC. By analysing the market, finances, and company or organisation in the perspective of achieving a positive impact on the society, there is a higher probability of creating a more successful and sustainable business venture.

**Financing**

As mentioned before, financing plays a crucial role in the sustainability of new business ventures. The issue of finding additional funding can be even more complex for social businesses, as the concept of social revenue is often not as appealing as monetary revenue to banks, investors and other funding institutions.

The ability of the entrepreneur to collect and combine necessary resources in a new business can impact whether the new enterprise comes into existence and if subsequent growth will be achieved afterwards. In this aspect, financial resources have the biggest impact as they are the most basic and flexible type that can also be transformed into other resources when needed (Alsos et al., 2006). Financial capital can also be used to solve possible challenges due to changing environments, wrong decisions, etc (Cooper et al., 1994). Aside from loans, there are several ways to fund a new business venture. In addition to traditional start-up investments social entrepreneurs can also pursue funding from impact investors. In comparison with traditional investments, the focus is on blended value return – both a measurable positive impact as well as financial return (Bugg-Levine & Emerson, 2011). Using multiple sources of funding in the process of establishing and developing a social venture is common. However, many, if not most, social enterprises are not able to fund themselves only through sales or investments (Bugg-Levine et al., 2012). The existence of consistent financial support can greatly affect the sustainability and longitude of providing services/products by a social enterprise.
Team formation
The founding members of a new venture - the size, competences and motivation of the team can have a strong effect on the performance and success of the business venture. Networking or interaction with others for developing professional contacts and information is relevant for the possibility of finding prospective partners, mentors and developing social capital. A bigger social network can help in several steps of new venture creation – validating, getting advice or putting together a team. Having a team of highly skilled and competent specialists can result in a more professional organisation, more likely to have better results. Nearly all start-up teams are composed by members with pre-existing relationships, meaning knowledge of the person and trust is more important than having specific competencies or skills (Aldrich & Kim, 2007). Furthermore, several studies suggest that pre-existing relationships can benefit rather than negatively affect the team performance (Francis & Sandberg, 2000). Therefore, it would be beneficial for new social venture teams to be composed of people with pre-existing relationships.

Incubation by HEIs and its impact on new social ventures
Business incubation is a strategic and value-adding intervention of monitoring and assistance provided usually in a shared office space facility. However, it also provides a network of individuals as well as organisations. In addition, the system tries to facilitate successful new ventures by controlling and linking resources. In short the incubation concept consists of three elements: potential incubates, incubation process and incubated firms (Hackett & Dilts, 2004).

In the case of HEIs, the main role of the incubators is to provide education. This is achieved by three methods – teaching, coaching and knowledge sharing. Teaching methods include workshops, seminars or programs offered by the incubator for free or for a fee (Peters et al., 2004). Potential topics could be insights on business model, sources of funding, social impact and relationship with stakeholders. In coaching, the social enterprises have individual scheduled meetings to meet coaches, tailor-based on the needs of the incubates. Sharing knowledge is enabled through networking of the incubates – sharing experiences, helping others; knowledge of the program organizers; as well as co-creation process during workshops and seminars. In addition to education, incubation programs help incubates to find contacts, both with other social entrepreneurs as well as related stakeholders – funders, investors, local municipality stakeholders, mentors etc (Nchang & Rudnik, 2008).

In order to assess the successfulness of incubators in fulfilling their main objective - helping teams with high motivation and skills to develop new ideas for solving social problems into sustainable solution-providing organisations or enterprises - the success must be defined. Wiggins and Gibson have concluded, that the success of business incubators can be defined through the fulfilment of five tasks: 1) establishing clear metrics for success; 2) providing entrepreneurial leadership; 3) developing and delivering value-added services to members; 4) developing a rational selection process; and 5) ensuring that members gain access to necessary human and financial resources (Wiggins & Gibson, 2003).

Methods
This study aims to increase an understanding of how a higher education institution can enhance new social venture creation and their social impact via incubation. The main research question is: “How to measure the success of a higher education institution’s
incubation process of new social ventures?" While the development of enterprises is a common topic in literature, the research on social impact incubators is still scarce. In addition to firstly understanding how to measure the incubator itself, it is secondly also important to understand how successful the incubator was. Therefore, the sub-question of the research is: “How successful the incubator has been in helping teams to develop new social ventures?

The study is characterised by a descriptive and an exploratory study design. The paper explores the new social venture creation through mixed-method two-stages content analysis of the applications and self-analysis reports of the participants of the incubator. In the process of the content analysis, qualitative data analysis is used. The incubator programme was designed by the authors following the theoretical frameworks of the important stages for new venture creation. The social entrepreneurship incubator was piloted during a 6-months period from September 2021 to February 2022 as part of the project: ‘Kick-starting the nascent social finance market in Estonia (SoFiMa)’. The SoFiMa project consortium included the Baltic Innovation Agency, Tallinn University, Võru County Development Centre, and the Estonian Social Enterprise Network. The project was also supported by AS SEB Bank and the hardware and IoT start-ups accelerator, Buildit. The incubation program was co-financed by the European Commission through the ‘Employment and Social Innovation’ ‘EaSI’ 2014-2020.

As defined before, the elements that impact new (social) ventures’ sustainability the most are planning venture creation, social venture financing and team formation. For the incubator graduates to be sustainable and have a long-term positive effect on the society, the incubator of Tallinn University was created by incorporating these elements into the program. Therefore, if the program was carried out successfully (teams take part in all activities), the graduates of the incubator should be able to provide their products/services sustainably and have a positive social impact. However, the end result is also influenced by the quality of the process.

The evaluation framework for assessing the successfullness of the HEI’s incubator’s pilot was designed by the authors following the theoretical approach of five tasks of Wiggins and Gibson (2003). Based on that framework the authors worked out the desired outcomes and success indicators (see Table 1 below).

<table>
<thead>
<tr>
<th>Tasks (Wiggins &amp; Gibson, 2003)</th>
<th>Outcomes of the incubator</th>
<th>Indicators of success</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establish clear metrics for success</td>
<td>• Teams with high motivation and skills are helped to develop ideas for solving social problems into sustainable solutions (social enterprises)</td>
<td>• Percentage of sustainable social organisations / enterprises, that have graduated the incubation program</td>
</tr>
<tr>
<td></td>
<td>• Incubates think more creatively about solving social problems, they generate new ideas and models and use their knowledge and skills in order to implement them.</td>
<td>• Percentage of teams applying new ideas (with no or little previous development of the idea) for solving social problems</td>
</tr>
</tbody>
</table>
## Tasks (Wiggins & Gibson, 2003)

<table>
<thead>
<tr>
<th>Outcomes of the incubator</th>
<th>Indicators of success</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A comprehensive support program, that assists the implementation of the pilot project of the solution, which is diverse and incorporates knowledge from both private and public sector.</td>
<td>• Percentage of feedback, that incubator trainings, mentorship and events have positively affected the successfulness of the ventures</td>
</tr>
</tbody>
</table>

### 2. Provide entrepreneurial leadership

| Mentorship and support for teams by the consortium members of the incubator | Percentage of feedback, that incubator team has positively affected the successfulness of the ventures |
- | - |
- Provide 6 workshops as well as individual team mentorship (four 1-hour mentoring sessions)  
- Arrangement of a bonus workshop for the top three teams to enhance their pitching skills to present their ideas to the investors | Percentage of feedback, that incubator trainings, mentorship and events have positively affected the successfulness of the ventures |

### 3. Develop and deliver value-added services to members

| Selection process – evaluation of applications | Percentage of the successful applications which result in the enrolment into the incubator |
- | - |

### 4. Develop a rational selection process

| Trainings:  
- team value proposition  
- social business canvas  
- social impact  
- how to find investors and get public funding  
- how to scale social innovation  
- mentorship | Percentage of feedback, that incubator trainings, mentorship and events have positively affected the successfulness of the ventures |
- | - |

### 5. Ensure members gain access to necessary human and financial resources

| Source: Authors' own research. |

Prior to the start of the program, there was an application period of 20 days from 10-30th of August 2021, where applicants were asked to fill in a form on the Google Forms platform. The form included questions about the problem and solution the team was tackling, current development of the idea, impact measurement framework, plans for financing, description of the team, current development needs, expectations and motivation for participating in the program. The participants were found through an open call, information about which was distributed through Tallinn University channels (social media, website) as well as through an existing network of social enterprises, students of Tallinn University Social Entrepreneurship master’s degree program, and networks of partner organisations such as Social Enterprise Network and Startup Estonia. In order to participate in the incubator, the teams needed to fit the following criteria: the idea/enterprise had to solve a social, educational, health or environmental problem; it had to be able to earn its own income or there had to be an initial plan of how the venture will be funded; the main product or service
of the enterprise had to be already developed (and preferably tested) to some extent; and the idea/enterprise had to have at least 2 team members.

The evaluation of the incubation took place after the incubation workshop and mentoring sessions in December 2021. The incubator participants were asked to identify their successes and failures in the incubation process and comment on their obstacles, progress and the support of the incubator. The mentors were asked to give feedback to each of the team they had mentored during the incubation process.

The incubation process

After the selection of teams, they participated in 6 workshops each lasting 2.5-3 hours (plus one bonus workshop for the top three teams) every 2-4 weeks. All workshops were facilitated by experts in that field - either by specialists from Tallinn University or external experts with several years of experience in the corresponding topic. The workshops were carried out online using the Zoom platform. The platform was selected for the possibility of making breakout rooms during the workshops (enabled to separate the cohort into teams for individual work during the sessions) as well as positive previous experience for using it in other Tallinn University workshops. Interactive tasks were carried out in Miro, where the teams were able to work on the same board during all sessions, thus enabling them to easily use materials from previous workshops in their development process. Most of the workshops were very practical and the teams were able to develop their enterprise during the session, making additional changes to previous tasks after the session if needed. The workshops were supported by four 1-hour mentoring sessions. At the beginning of the program each team was matched up with a mentor based on their development needs. The mentors with necessary knowledge and experience were either found from the SoFiMa project consortium members or lecturers of the Tallinn University Social Entrepreneurship master’s degree program. Using this method of consistent mentoring was selected to help teams develop a long-lasting relationship with their mentor and to continuously support them in reaching their goals set for the incubator program. The teams were advised to meet their mentors once a month from September to December and the discussion topics were agreed upon between the mentor and the team. Although, the organising team provided some prompts for the mentors for each of the four meetings in case the team was not very proactive or the mentor needed more support for facilitating the mentoring process.

Based on the self-assessment of goals reached during the first 4 months of the program and feedback about their development from mentors, three teams were selected to move on to the next phase – learning how to present the enterprise to investors. In addition to an additional pitching workshop on the topic, the top 3 teams presented their pitches to a jury of people with (impact) investment experience during a bigger networking event of the SoFiMa project. The teams received valuable feedback from the jury members. Based on the feedback, the partners and jury were consulted about the awards and the suitable prizes mostly in the form of consultancy were awarded.

Results

Incubator’s participants and their ideas
In total nine applications were received by the incubator organisers via the application form – four of which included either current or past students of the Tallinn University Social
Entrepreneurship master’s degree program. Most of the ideas/enterprises were based in Estonia, one was working globally, and one team’s focus was to support refugees in Greece. The teams were evaluated based on the level of maturity of their idea and fit with the participation criteria. Finally, seven of the nine teams were selected to start in the incubation program.

In terms of the profiles of the participating teams, they tackled societal problems from many different perspectives. Solutions for environmental problems were developed by social enterprises, that bring more nature to the urban context in the form of green roofs of buildings as well as bus stops, or provide reusable alternatives with a long lifetime for hygiene products. Some teams addressed problems with people entering the workforce – either by increasing the necessary skills, providing jobs for a specific group of disadvantaged people, easier and more targeted methods for finding employment, or raising awareness about stigmas in employment. Educational topics were also represented by teams through increasing critical thinking or providing tools for organisations to make more knowledge-based decisions.

The development levels of the teams were different. In some cases, the product or service had only been piloted in another country for example, therefore some of the teams had very little first-hand experience prior to joining the program. On the other hand, some teams had already been providing their services/products for some years, so they had an advantage by having the knowledge of their market and customers. On average, the teams consisted of 1-4 active team members.

**Needs, expectations and motivation of the incubator’s participants**

Prior to the program, the participants named the following as their main challenges and/or motivation for participating in the incubator:

- support for impact measurement and scaling up the project (2);
- development of business model (2) and defining/setting a new direction (1);
- access to new market (1), financing (4), or network (1).

The expectations of the participants were mapped in the first workshop. The expectations of the participants about the incubation program were linked to the maturity of their projects and their own experiences.

“We have very few resources, so it is imperative that we tune up our operation and operate in as professional a way as possible so that we can communicate as equals with much larger entities and scale up the project. We believe that achieving the specific goals outlined above are an important part of that process, and that this incubation program will enable us to achieve them” (Team 1)

“Our 3-person team that leads the organisation daily is willing to commit to critically self-reflect and develop a feasible business plan for the next 3-5 years. We consider an asset that each member of the managing team has different strong skills and motivation to contribute to the incubation”. (Team 5)

The expectations of the teams were also driven by the motivation and willingness to create social impact.

---

1 number of teams that named the challenge.
“The motivation is to create a social enterprise that can be part of a chance and example of a new way of solving problems. By applying to the program, we wish to develop the business model and find funding. On a personal level the motivation comes also from opportunities to connect and create networks with different kinds of professionals”. (Team 3)

“We believe it will help us to take us to the next stage, enable us to enter new markets and get in a position where we are investment ready”. (Team 4)

**Piloting of the incubator**

The topics for the workshop sessions were selected based on the previous literature on new venture creation described above as well as the experience of the organising team in mentoring and working with various social enterprises (see Table 2 below).

**Table 2. The stages of new venture creation process compared with the incubator’s topics**

<table>
<thead>
<tr>
<th>The stages of new venture creation process</th>
<th>Workshops in the incubator</th>
</tr>
</thead>
<tbody>
<tr>
<td>opportunity perception</td>
<td>• incubation program kick-off: introduction of teams, defining goals and expectations for the incubation program through co-creation methods;</td>
</tr>
<tr>
<td></td>
<td>• team value proposition: each team member’s personal role in the team, current representation of team roles, team values and mission;</td>
</tr>
<tr>
<td>idea development – evaluation, filtering defining the perceived opportunity</td>
<td>• social business canvas: its practical implementation when starting up or redesigning a social initiative; the canvas as a tool for becoming aware of critical issues and making choices about priorities;</td>
</tr>
<tr>
<td></td>
<td>• social impact: social impact measurement and value proposition to key stakeholders;</td>
</tr>
<tr>
<td>business concept planning and creation – gathering resources, data, and network needed for successful value creation</td>
<td>• social impact: social impact measurement and value proposition to key stakeholders;</td>
</tr>
<tr>
<td></td>
<td>• how to find investors and get public funding: different opportunities of public funding, how to raise capital, sharing investor’s point-of-view;</td>
</tr>
<tr>
<td>venture launch – realization of plans and start of value creation</td>
<td>• how to scale your social innovation: supporting the growth of your social enterprise/project;</td>
</tr>
<tr>
<td></td>
<td>• preparation for meeting the investors: how to make a 3-minute pitch to investors convincing and interesting.</td>
</tr>
</tbody>
</table>

Source: Authors’ own research.
Evaluation of the incubation by participants

In the evaluation forms, the teams brought out their progress: access to additional expertise, networking and new partners for cooperation were also named, as well as new skills in marketing, impact measurement and team development as the main developments/results during the incubation period.

"During the autumn of 2021, our project has evolved from an idea level to a registered association. We have networked and found partners to cooperate with. Our team has learned about social media marketing, and we have started pages on Facebook and Instagram". (Team 3)

The individual mentorship during in-between the workshop sessions was also found to be valuable.

"On a personal level, the online meetings with the mentor helped a lot to get the project’s details easily communicated which otherwise the nature and time-limited Zoom session wouldn’t be able to cover". (Team 2)

“We have had inspiring meetings with our mentor who really has helped us to develop the project from an idea to a registered association by suggesting concrete steps and offering materials”. (Team 3)

“The mentorship sessions have been really good to get an outside view and also a reality check at times and to sense check what we are doing. Our mentor has been really helpful and has been so insightful. It’s easy to get carried away with ideas, but the sessions and mentorship have really helped us have a razor sharp focus”. (Team 4)

The online working environment and the online tools were appreciated and did not create additional difficulties.

“Working with the Miro board has been beneficial and a good choice during times when face-to-face meetings are not possible. We believe the work we have done on Miro board will help us in different phases of the project also in future. Regular appointments have helped us stay on schedule and things have been done on time.” (Team 3).

“I also think the Miro board has been really useful, as it’s allowed us to collate our thinking and share amongst the team and refer back to it in discussions and is good to have as a reference point”. (Team 4)

The small number of the group enabled all participants to be very involved and share their personal opinions as well as discuss challenges of their teams during the sessions therefore encouraging more possibilities for peer-to-peer learning and networking.

“In addition, meeting other teams has been inspiring and we hope the teams will stay in touch in future as well.” (Team 3)

“We believe, thanks to the incubation program, we will be able to make far more social impact and in doing so be able to help lots of others wanting to make social impact.” (Team 4)

Although the long-term impact of the incubation program cannot yet be assessed, the content of the incubation program corresponded to the needs of the participating teams. All of the teams have indicated that they would continue working on their projects.

“We will implement the plan we have developed, under the continued informal supervision of our mentor. The plan includes a 6-month schedule that sees us become financially sustainable (that is, cover our overheads and generate profit), expand our operations in our first international event, and partnering with corporate sponsors”. (Team 1)
“Our plans for the next six months focus on getting investment / funding, so we can build a team that enables us to develop our social enterprise further and scale”. (Team 4)

The sustainability of the projects is also strongly linked to the type of financing they would be able to secure. In the Estonian case it is dependent on the legal form the project teams decide to choose. After receiving the consultancy on various types of funding, some consideration around the legal forms in the teams took place.

“Currently, we are an NGO. However, as the managing team we have seen a potential need for changing the legal status”. (Team 5)

Despite the complications related to the choice of the appropriate legal form, 4 teams confirmed that they were ready to acquire investments.

As a result of the workshops and mentoring, the teams managed to find new ways of funding as well as start working on scaling up their social projects/enterprises.

“As a result of the workshops and mentoring, the teams managed to find new ways of funding as well as start working on scaling up their social projects/enterprises."

“Our biggest development during this period was in creating a financing plan for scaling up our enterprise based on our first year of financial data and identifying new channels for income generation. The lectures and mentoring the program helped us to systematise that data, understand what it indicates, and how we might use that to scale up our operation”. (Team 1)

In order to find out what kind of awards by the financial institutions, partners and impact investors would be most impactful for the teams at the end of the incubator program, the authors investigated the needs of the teams after the incubation ends. The needs could be broadly categorised in three groups:

Financial needs
“Covering our overheads during a 6-month schedule that sees us become financially sustainable. All key financial responsibilities and infrastructure tasks are still in the hands of the museum director, who has a full time job elsewhere.” (Team 1)

“Financing, raising of buffer fund to secure project continuity.” (Team 3)

“We need to accelerate (development) progress, work with more partner organisations, build a team and we need to become sustainable and to do this we need investment or grants to support us at this stage, this fits in with our business case.” (Team 4)

“Resource - we have a very small team, currently two and half people and that makes it difficult to progress at the speed we would like to.” (Team 4)

Networking
“Broader platforms and networking opportunities to develop brand awareness outside of Estonia.” (Team 1)

“We have spent a lot of time developing our networks and reaching out to different organisations but have sometimes found it can be difficult to reach the right people.” (Team 4)

Skills development
“Increase the skills of those working on the project in the field of marketing and project management.” (Team 3)

“The biggest obstacle (or enemy) is time. Our Executive Director and Head of Research are both currently involved in a number of projects and this makes it hard for them to concentrate on developing the organisation and its services. This would be crucial for taking a leap forward, but now they are most of the time trying to “put out the fire”.” (Team 5)
Successfulness of the incubator

In order to evaluate the success of the incubator, the authors developed their framework based on the literature described above. The pilot can be considered successful as 7 teams out of 9 were enrolled into the program and 6 teams out of 7 finished the program with sustainable social ventures. One team which was in a very immature stage applied totally new ideas in its venture changing the original concept. Based on the feedback of incubates the trainings, mentorship and final event had positively affected the successfulness of the ventures.

Conclusion

The social enterprise incubation program was piloted by Tallinn University over 6 months following the main stages of the process of creating new ventures (Haugh, 2007; Mets, Trabskaja, & Raudsaar, 2019) and by fulfilling the main tasks identified by Wiggins and Gibson (2003) bringing success to the new ventures in incubation. Six teams out of seven successfully passed the incubation with the positive feedback by the participants. The organisers observed that the ideas of the participants in the incubation might have different levels of maturity and therefore it would be important to even out the differences early in the incubation program. One of the options for this is to organise social hackathons prior to the program where the teams that take off in the hackathon could proceed in the incubation program. In order to encourage peer learning and provide workshops/tools that would be relevant to all participants it would be beneficial to include participants at similar development levels. Due to a gap in the development levels of the teams, in some cases the discussions during the workshop sessions proved to be more valuable to less developed initiatives, and in other cases for more mature teams. Therefore, due to the development gaps, it can be challenging to facilitate workshops that would create maximum value to all participating teams.

International participants in the cohort increased the knowledge transfer within the group, however during some sessions various locations for the ideas/enterprises made it difficult to facilitate workshops about country-specific topics like legislation and financing (incl. grants, /local government support systems). If the purpose of the incubator is to facilitate growth and give the teams tools for developing their business further, then to ensure knowledge shared in workshops applies to all participants, it would be beneficial to select as many teams as possible that operate from the same country as participants of the incubator. However, in case the primary focus and value to participants is international knowledge transfer, then a diverse group is very beneficial.

Based on feedback from the participants, the mentor’s support was very helpful in their development process during the incubation period. The teams received insight and new perspectives on challenging topics, but they also were more motivated to achieve new progress in between each meeting. In addition to having the continuous individual support, it would be also beneficial to have the possibility to consult experts of different fields in order to get advice on more explicit topics during the program. This would help the teams to alleviate existing gaps in the team members skills and further increase the positive impact of the program on the social idea/enterprise.

The current research on how a higher education institution can enhance the impact of social enterprises through incubation could be beneficial for other HEIs aiming at conducting similar incubation processes of new social ventures. The limitation of the research is the...
evaluation design which addresses measuring the successfulness of the incubation immediately after the end of the programme and hence the long-term impact is not evaluated. There are other external factors beyond the HEIs which could increase the sustainability of their projects after graduation from the incubator. A creation of a program-specific financial tool could increase the sustainability of the enterprises after finishing the incubation program by enabling them to take the next step in their development process. The future research could evaluate the longer-term impact of the incubator’s graduates. The study will contribute to the literature on measuring the successfulness of incubation processes and on the practice of incubating new social ventures with social impact.

References


