SUSTAINABILITY AND POPE FRANCIS’S
ENCYCLICAL ‘LAUDATO SI’ (2015)
THE ROLE OF SOCIAL ENTERPRISES

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Abstract

Pope Francis’s 2015 encyclical ‘Laudato Si’ addresses the environment directly and the many philosophical, theological, and cultural causes that threaten the relationships of man to nature and man to each other in various circumstances. It brings a new emphasis to the relationship between Mankind and Nature and it makes clear that interdependence obliges us to think of one world with a common plan to deal with serious environmental and social problems worldwide. A global consensus is needed and unilateral actions on the part of individual countries are not enough to solve these common issues. This article aims to identify real organizations and strategies that contribute to the fulfilment of these highly relevant objectives. Framed on Stakeholder, Social Responsibility, Sustainability and Social Enterprises theories, an analysis of academic works and case studies is performed. Social Enterprises are studied focusing on the strategies and the social and economic impact of this form of ‘hybrids’ organization. Social Enterprises have been an expression of the civil sector response to local and global challenges, in line with Pope Francis’s encyclical ‘Laudato Si’, by using their resources to pursue opportunities that catalyse social change and/or address social needs. The results of this exploratory research support the propositions that Social Enterprises can contribute to the achievement of Pope Francis’s encyclical ‘Laudato Si’ objectives of a global and collaborative dialogue and actions to deal both with the planet environment and poverty concerns, aiming for an improved quality of human life and a more inclusive and equal society. Enduring social and economic impacts of Social Enterprises can be achieved by: (a) the availability to turn assets that are an apparent disadvantage for generalist work into specialists’ roles and (b) the use of a special type of innovation (sometimes called frugal innovation). This research follows a mixed methodology approach with literature review and multiple case studies used to confirm with replication logic, conceptual insights. The data, success stories and conclusions are in support of the presented propositions.

Keywords: ‘Laudato Si’, sustainability, social responsibility, social enterprises, Christian view

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1. Introduction

The world has seen considerable changes in the last decades with an increased mobility and access to information and a growing economic and financial interdependence. At the same time, we witness a range of global issues, like environmental protection, health improvement, and fight against poverty and an increased demand by stakeholders for organizations to act in a more transparent and responsible way with the aim of achieving simultaneously economic growth with social progress and equity and respect for the environment.


- In the year 2010, world population reached 7 thousand million (billion) people and continues to growth which means world population can reach 9.5 thousand million (billion) people by 2050.
- Reducing both poverty and people’s vulnerability to falling into poverty must be a central objective of the post-2015 agenda. Despite recent progress in poverty reduction, more than 2.2 billion people are either near or living in multidimensional poverty.
- Climate change remains a growing potential to undermine progress in human development and no country anywhere will be immune to the long-term effects of climate change. Climate change affects all (Earth atmosphere doesn’t distinguish the greenhouse effect gases by country) and the consequences of climate change (e.g., less agriculture output, lack of water supplies, the increase of the ocean levels, impacts on biodiversity) threaten the long-term survival of humanity.

In order to overcome these problems and take into account the present political, economic, social, technological, environmental and legal frameworks there is a must for a development model that takes into account economic, social and environmental perspectives and considers the adoption of a multi stakeholder and long term view for achieving sustainable organisational success.

Pope Francis’s encyclical ‘Laudato Si’ [http://w2.vatican.va/content/dam/francesco/pdf/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si_en.pdf] addresses the environment directly and the many philosophical, theological, and cultural causes that threaten the relationships of man to nature and man to each other in various circumstances. This encyclical, from 2015, meaning ‘Praise be to you’, makes it clear that interdependence obliges us to think of one world with a common plan to deal with serious environmental and social problems worldwide. A global consensus is needed and unilateral actions on the part of individual countries are not enough to solve these common issues.
The Pope appeals both for a new global and inclusive dialogue on “about and how to shape the future of our planet” and for “an ecological conversion for all Christians, whereby the effects of their encounter with Jesus Christ become evident in their relationship with the world around them”.

This article aims to identify real organizations and feasible strategies that contribute to the fulfilment of Pope Francis’s encyclical ‘Laudato Si’ highly relevant objectives. This work focus on the role of Social Enterprises (SE), their contribution to sustainability and for social good and identifies possible strategies for SE enduring success by maximizing social impact while being economic sustainable.

The paper starts by addressing Pope Francis’s encyclical ‘Laudato Si’ (2015) and reviewing the concepts of Sustainability and Social Responsibility. The increasing importance of Sustainable Development highlights new opportunities for organizations that can come up with innovative solutions for present and tomorrow challenges. The concept of Social Enterprises is presented, as dynamic processes created and managed by an individual or teams (the innovative social entrepreneur), which strives to exploit social innovation with an entrepreneurial mind set and a strong need for achievement, in order to create new social value in the market and community at large.

The proposition made in this article is that some Social Enterprises have found particular strategies to maximize their social impact while being able to assure enduring economic capacity [1]. Two particular strategies have been identified: of Social Enterprises that have learn to turn apparent disadvantage assets into sources of competitive advantage by realizing that people with disabilities can possess skills that compensate for the disadvantages created by their condition (e.g. in specialized skills); and by Social Enterprises that have managed to reduce the complexity of a good by removing all nonessential features which might make the difference is large emerging markets that have special social dynamics.

The analysis of academic works, international reports and case studies support the propositions that the two mentioned strategies can indeed be a viable solution for Social Enterprises success and can contribute to the achievement of Pope Francis’s encyclical ‘Laudato Si’ objectives for a better planet environment and the elimination of poverty in line with the Christian view.

2. Literature review

The relationships between Humanity and Nature have been considerable addressed by Theology. Saint Francis of Assisi reminds us that our common home is like a sister with whom we share our life and a beautiful mother who opens her arms to embrace us [2]. This topic has also been the subject of several papal statements, but Pope Francis is the first pope to devote an encyclical to environmental issues. Pope Francis’s encyclical ‘Laudato Si’ addresses the significant ecological problems we face today and that include not only problems in the natural environment but also in the human sphere, particularly
among the poorest. The Pope also explains that Science and religion can have a fruitful dialogue and that ecology needs to focus both on Nature and Mankind and his needs. And indeed, Science has practical and moral consequences, if Science identifies factors that may cause considerable harm in the future there is a moral and practical need to address those facts.

Although other authors have studied some relationships between Science and Philosophy [3] or between Science and Theology [4], Pope Francis’s encyclical ‘Laudato Si’ is a recent and most relevant opportunity to reframe sustainability within the Christian view. It focuses on several ecological issues as pollution and climate change, the issue of water, the loss of biodiversity (i.e., the extinction of plants, animals, etc.), the decline in the quality of human life and the breakdown of society and the global inequality. While addressing the need for action (analyses are not enough, proposals “for dialogue and action which would involve each of us individually no less than international policy” are needed) it makes clear that world’s environmental problems should not be blamed on population growth and that the human needs, especially those of the poor, must be taken in consideration.

Within this study, expressions like Social Responsibility and Sustainability are used as ‘umbrella constructs’ as presented by Hirsch and Levin’s [5] and Gond and Crane [6] as “a broad concept or idea used loosely to encompass and account for a broad set of diverse phenomena”. This could include concepts like corporate citizenship from Carrol [7], business ethics from Bowie [8], stakeholder orientation framed by Freeman [9], triple bottom line presented by Elkington [10], and creating shared value from Porter and Kramer [11]. In summary, sustainable progress must cover all three dimensions that affect people’s life chances (social, economic and environmental).

The theoretical framework for this research is based on Stakeholder Theory (original from Freeman), that focus on the importance of a firm’s relationships with critical stakeholders.

Although not yet unanimous, studies have found that the relationship between stakeholders satisfaction and organizational sustainable growth and success is indeed influenced by the importance of a firm’s relationships with critical stakeholders that may lead to better performance, as organisations while integrating business and societal considerations create value for their stakeholders [12].

The increasing importance of sustainable development creates new risks, but also new opportunities for organisations to come up with innovative solutions for tomorrow's markets [13].

Social Enterprises (SE) have been an expression of the civil sector response to local and global challenges, by using their resources to pursue opportunities that catalyse social change and/or address social needs [14]. The concept of SE, in practice, contains a large range of activities that include amongst others [15]:

• enterprising individuals devoted to making a difference,
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- social purpose business ventures dedicated to adding for-profit motivations to the non-profit sector,
- non-profit organizations that are re-engineering by applying lessons learned from the business world,
- philanthropists supporting venture capital-like ‘investment’ portfolios.

Perrini and Vurro [16] after a considerable literature review sustained that Social Entrepreneurs are change promoters in society pioneering innovation within the social sector through the entrepreneurial quality of a breaking idea, their capacity building attitude, and their ability to concretely demonstrate the quality of the idea and to measure social impacts. They define Social Enterprises as "dynamic processes created and managed by an individual or team (the innovative social entrepreneur), which strives to exploit social innovation with an entrepreneurial mind set and a strong need for achievement, in order to create new social value in the market and community at large”.

According to these authors, these hybrid organizations “aim to create an overall vision that embraces both non-profit and business culture. They constantly look for synergy, leveraging transferable skills and best practices, and business or social partners in order to enhance the general impact. These organisations are based on a learning and participatory organizational structure, in order to promote innovative solutions, resulting in an extremely adaptive culture.” [16, p. 4, Table 1] They also appear to have some main common characteristics like Mission, Vision and Organizational Values-driven, strong Entrepreneurial opportunities and innovation characteristics, use of Entrepreneurial models and a major concern for Social outcomes and Social welfare outcomes.

In summary, Social Entrepreneurship offers an appealing proposition by making money by doing good, helping fulfil Pope Francis’s encyclical ‘Laudato Si’ propositions. However, for a Social Enterprise to serve as an enabler for the poor, its own survival is vital so should develop economically sustainable, implementable, localizable and scalable business models that might be serving different markets with different needs, which in itself represents a considerable management challenge.

A feasible strategy for SE competitive success is to reduce the complexity of a good by removing all nonessential features, which is often referred to as frugal innovation [17].

Emerging markets have special social dynamics. This large segment of people also known as BoP (Bottom of the Pyramid), markets [18], represents both a major challenge and opportunity for multinational corporations, SE and governments, to provide affordable solutions that help mitigate poverty and its consequences. Innovation that reduces the complexity of a good by removing all nonessential features might make the difference.

Using apparent disadvantageous assets for its advantage is another potential successfully strategy for SE to maximize its positive social or environmental impacts while being economically viable. Working with disabled people in areas where they can specialize and excel or use goods that are not
desired by most customers’ but maybe valuable to others are two examples of this strategy.

This exploratory research follows a mixed methodology approach in which conceptual analysis is combined with quantitative and qualitative data. The analysis is based upon literature review and multiple case studies used to confirm with replication logic, if SE can indeed contribute to the achievement of Pope Francis’s 2015 encyclical ‘Laudato Si’ objectives of a global and inclusive collaboration, within a Christian view, to effectively address environmental and poverty issues on a global scale.

3. Results

Social entrepreneurship offers an appealing proposition by making money by doing good. However, for a SE to serve as an enabler for the poor, its own survival is vital.

During this research, two possible strategies for Social Enterprises success were identified and analysed: Frugal Innovation and Turning apparent disadvantage assets into sources of advantages.

3.1. Frugal Innovation

Emerging markets have special social dynamics. This large segment of people also known as BoP (Bottom of the Pyramid) markets represents both a major challenge and opportunity for multinational corporations, SE and governments, to provide affordable solutions that help mitigate poverty and its consequences. Innovation that reduces the complexity of a good by removing all nonessential features might make the difference [17]. The following SE claim to have successfully targeted BoP by removing nonessential features and reducing the complexity of goods [19] making the products affordable to consumers within these markets.

Vestergaard [http://www.vestergaard.com/] is an international company dedicated to improving the health of vulnerable people, most of who live in developing countries with game-changing solutions. In order to make their products relevant for the BoP market Vestergaard Frandsen has developed a “specific product design strategy of avoiding the need for complementarities based on the firm’s first-hand experience with many humanitarian products, which become ineffective soon after having been delivered due to a lack of electricity or access to repair and maintenance”. This is a distinct capability from other producers who often take existing products and try to adapt them to the developing world (product example: Award-winning LifeStraw® water filters that make water contaminated with bacteria and protozoa safe to drink).

My Shelter Foundation was founded by Mr. Illac Diaz in the Philippines and is taking sustainable building solutions to the grassroots level - the people who are in most need of low-cost infrastructures. These ideas are easily replicable, scalable, and of course, only use materials that are sourced from local
communities. Take the example of its project ‘Liter of Light’ uses recycled plastic bottles as solar light bulbs. The project provides energy to poor families in the Philippines and enables them to be ‘green’ as the technology is very simple and sustainable and the light is free [http://aliteroflight.org/about-us/].

Mozambiques [http://www.mozambikes.com/] seeks to build a bicycle industry and make better bicycles a commodity in Mozambique. In a low income country like Mozambique, bicycles provide an alternative for people who must walk kilometers to reach the nearest bus and were public transportation availability is poor. By providing an easier commute to their jobs, bicycles can allow people to reach further and potentially better jobs. The competitive advantage of Mozambikes lies in their business model to provide bicycles of higher quality at lower prices to all provinces in Mozambique.

3.2. Turning apparent disadvantage assets into sources of advantages

From a social point of view, traditional employers that want to create positive social impact by helping people that are at risk of permanent exclusion from the labour market (such as for example severely limited social skills, blindness, or a lack of education), would consider them a less capable resource. To avoid cost increases, these employers would use these people in a position where their disadvantages could be less harmful to overall performance (e.g., supporting functions).

On the other hand, some Social Enterprises have taken a different strategy by creating employment for people with disabilities or other severe disadvantages in finding employment. This type of Social Enterprises have a quite different approach than business as usual, since they are focused on using the very same assets that are their reason to exist and are aligned with their mission, vision and values, even if apparently they might appear to represent a potential disadvantage in a usual much competitive market place. In order to achieve that goal and at the same time gain competitive advantage, the proposition made in this article is that some Social Enterprises have learn to turn apparent disadvantage assets into sources of competitive advantage by realizing that people with disabilities can possess skills that compensate for the disadvantages created by their condition, e.g. in specialized skills. If given the opportunity, these specialists can outperform the majority of job seekers in those positions that rely on the specialist capabilities of the hybrid’s beneficiaries. For example, blind people, tend to have much more evolved auditory and sensory skills than non-blind people, so can be of great value in jobs that require special auditory and/or sensory skills [1].

There is a substantial lack of detailed, up-to-date and comparative information about the employment situation of disabled people in European countries. However, there is evidence of multiple exclusion for particular groups of disabled people in European labour markets, including disabled women and older disabled workers. Particular attention should be paid to opportunity for
people with intellectual impairments and those with mental health conditions [20].

According to a 2014 UK Government report, disabled people and people with health conditions nearly 7 million people of working age in the UK are disabled or have a health condition [United Kingdom Government, Department for Work and Pensions, Guidance Employing disabled people and people with health conditions, London, https://www.gov.uk/government/publications/employing-disabled-people-and-people-with-health-conditions]. Historically there has been a significant gap between the proportion of disabled people employed compared with non-disabled people. Encouraging applications from disabled people is good for business, since it increases the number of high quality applicants available; creates a workforce that reflects the diverse range of customers it serves and the community in which it is based; brings additional skills to the business, such as the ability to use British Sign Language (BSL), which could result in large savings.

Table 1. Examples of disabilities and how disable people can excel.

<table>
<thead>
<tr>
<th>Examples of disability</th>
<th>Situation in the UK</th>
<th>How can this people excel</th>
<th>Adjustments</th>
</tr>
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<tbody>
<tr>
<td>Autistic spectrum conditions (ASCs)</td>
<td>In the UK, half a million adults are thought to have an ASC. They may have difficulties with communication, understating others, meeting new people.</td>
<td>People with an ASC may also have high levels of accuracy, attention to detail and a good memory for figures.</td>
<td>Maintaining a structured working environment and routine; avoiding language which is hypothetical or abstract; avoiding making statements which could be taken literally.</td>
</tr>
<tr>
<td>Dyslexia</td>
<td>About 10% of the UK population are thought to be affected by dyslexia. It affects many more men than women. People with dyslexia have difficulties with reading, writing and spelling. They may struggle with tasks such as writing or structuring documents, remembering instructions, note taking.</td>
<td>Potential strengths of people with dyslexia include creative and innovative thinking and good communication skills.</td>
<td>Providing text-to-speech or speech-to-text software allowing meetings to be recorded; giving instructions verbally; providing written information on coloured paper.</td>
</tr>
</tbody>
</table>

Source: author, adapted from Guidance Employing disabled people and people with health conditions (UK Government).
Also, the costs of making reasonable adjustments to accommodate disabled employees are often low and the benefits of retaining an experienced, skilled employee who has acquired impairment are usually greater than recruiting and training new staff. It is also good for the individual.

This report also gives some examples, presented in Table 1, to support this paper proposition of turning apparent disadvantage assets into sources of competitive advantage.

Hockerts [19] identified several Social Enterprises that followed the above strategic patterns and were able to turn apparent disadvantage assets into sources of competitive advantage.

Since 1929, Blinds Arbejde mission is to provide work for blind and partially sighted. These people are engaged in trying among other dishwashing brushes and brooms, weaving, handmade baskets, chair seats and shop work. Source of Competitive Advantage include handmade brooms of superior quality that are less prone to falling apart than mass made products [www.blindesarbejde.dk].

Specialisterne, which translates from Danish as ‘The Specialists’ is a socially innovative company where the majority of employees have a diagnosis on the autism spectrum (ASD). Specialisterne has operations in numerous locations around the world. As Source of Competitive Advantage, Specialisterne Employees work as business consultants on tasks such as software testing, programming and data-entry for the public and private sectors. ASD employees excel at the software related tasks (software management, data logistics, software testing and registration) that most creative programmers find uninteresting and boring. They harness the special characteristics and talents of people with autism (like the attention to detail and a repetitive work) and use them as a competitive advantage, and as a means to help people with autism secure meaningful employment [http://specialisterne.com/].

During the research additional cases of SE that were able to turn apparent disadvantage assets into sources of competitive advantage have been found.

ColorADD [http://www.coloradd.net/] from Portugal also aims to help blind people fulfilling their aspirations with a unique, universal, inclusive and non-discriminative language that enables the colour blind to identify colours, with a wide infinite spectrum of use on companies/entities whenever colour is a factor of identification, orientation or choice.

Blue Sky mission [http://www.blueskydevelopment.co.uk/] is offender rehabilitation and involves winning commercial contracts from local authorities and private companies and then fulfilling the work by employing ex-offenders. As well as a full-time, fully-paid job they offer each of their employees a personalised package of supervision, mentoring and resettlement support. Since 2005 they have employed and supported over 1,000 ex-offenders and only 15% have re-offended, a quarter of the national average. Some feedback about Blue Sky competitive advantages: “Just look at Blue Sky. It’s the only company in the country where you need a criminal record to work there”, David Cameron (UK Prime Minister); “Ex-offenders’ chances of getting interviewed for vacancies are
slim once they disclose their records. A further obstacle is that they tend to lack the people skills and the recent employment experience that would improve their chances of getting hired. Blue Sky has an answer to these problems. Their jobs are eminently suitable for men and women who genuinely want to fight for a second chance”, Jonathan Aitken, author, broadcaster, columnist, lecturer, campaigner for prison reform and Blue Sky Patron.

Dyslexia Pathways CIC [http://www.dyslexiapathways.com] mission is to enable people with dyslexia to unlock their potential and achieve according to their abilities within education, employment and training for employment. Sources of competitive advantage: Dyslexia is not a disability; it is a difference that reflects the diversity inherent within humanity. The objective of the Unique Dyslexic Project is to support, promote and celebrate the creative talents of dyslexic individuals across the full range of creative spectrum including: actors, animators, sculptures, artists, comedians, chefs, dancers, dreamers, engineers, entrepreneurs, games designers, improvisers, information technology geeks, inventors, film makers, musicians, photographers, poets, song writers, story tellers, writers and visionaries.

Fruta Feia (‘beautiful people eat ugly fruit’) cooperative [http://www.frutafeia.pt/en]: According to FAO, developed countries waste more than 1,3 thousand of million tons of food every year, enough to feed 925 million people that are starving worldwide. In Portugal, the waste goes up to 1.7 million tons per year, according to PERDA (2002). There is waste along all the links of the food supply chain and, in addition major distributors have a preference for fruit and vegetables that are ‘perfect’ in terms of shape, colour and size, which ultimately restrict the consumption of foods that meet certain aesthetic standards. Such demand results in a waste of about 30% of what’s produced by farmers. Fruta Feia is a Portuguese Co-operative that aims to change these food trends and consumption patterns creating an alternative market that values ‘ugly’ fruits and vegetables. A market that values farmers and consumers, and that can prevent food waste as well as the unnecessary use of resources to their production.

4. Conclusions

The case studies presented of Social Enterprises support the propositions that these hybrid forms of organizations can maximize their social impact and achieve enduring success. They can do it either by turning apparent disadvantage assets into sources of advantages with specialization or by reducing the complexity of goods by removing non essentials features which can be can be a major source of competitive advantage for the sustainable success of this type of organisation in BoP markets. Since these SE come from different countries, with diverse cultures, we can conclude that SE can be successful in different culture environments, the social mission orientation, the ethics, values and commitment of the entrepreneurs and the strategy formulation and implementation being most relevant for their success.
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Supported by the theoretical analysis and the multiple case studies we can state that Social Enterprises can contribute to the achievement of Pope Francis’s encyclical ‘Laudato Si’ objectives of a global and inclusive dialogue. They are action oriented and can deal effectively both with the planet environment and poverty concerns within a Christian view.

Major contributions of this work are evidence of the relevance and actuality of the relationships between Humanity and Nature both for Theology and for Management, Environmental and Social Sciences. From a management point of view, it was highlighted the existence of new opportunities for businesses (e.g., large BoP markets) that can be addressed by SE able to provide affordable solutions that help save the environment and mitigate poverty and its consequences. Innovation reducing the complexity of a good by removing all nonessential features or using apparent disadvantage assets as a source of advantages can make the difference for SE competitive success, fostering social and environmental impacts with economic sustainability. Using people with disabilities to perform value activities can be a major source of realizing these people personal fulfilment, generating positive social impacts, happiness and common good.

SE can indeed be a step to the fulfilment of Pope Francis’s encyclical ‘Laudato Si’ highly relevant propositions aligning the Theological and Science views for a better and more inclusive Mankind, with improved environment and quality of life and a more inclusive and equal society.

There are considerable opportunities, both for Catholic believers and non-believers, for further research to better understand and apply Pope Francis’s 2015 encyclical ‘Laudato Si’ and this study is a first step into that direction.

References