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INTERNATIONALISATION PROCESSES  
OF CATALAN SOCIAL ENTERPRISES

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## ABSTRACT

The existing scientific literature within the field of social sciences has already a solid number of studies centered on analysing the internationalization of standard enterprises. Instead, it seems that social enterprises have not been given the same attention. For this reason, it was decided to explore the international potential of this kind of organizations, focusing on the Catalan region and on the period after the outbreak of the Covid-19 pandemic.

A qualitative analysis was designed accompanied by a communicative methodology vision. Representatives of four Catalan social enterprises and experts from four of the most relevant institutions of the ecosystem were interviewed. The outcome obtained was a SWOT diagnosis, complemented by a PESTLE diagnosis, and finally a CAME proposal in relation to the previous results.

Although these organizations are strongly rooted in the territory, the conclusions indicate that their internationalisation processes must be understood in various dimensions. On the one hand, as the promotion of the business model by sharing experiences with foreign agents. On the other hand, as the internationalisation of the economic activity, considering certain limitations. In both cases, social inclusion is generated, and social awareness is spread beyond national borders.

**Key words:** Internationalisation, social organizations, exports, European networks.

## RESUM

La literatura científica existent en l'àmbit de les ciències socials compta ja amb un sòlid nombre d'estudis centrats a analitzar la internacionalització d'empreses estàndard. En canvi, sembla que les empreses socials no han rebut la mateixa atenció. Per aquest motiu, es va decidir explorar el potencial internacional d'aquest tipus d'organitzacions, enfocant el territori català i el període posterior a l'esclat de la pandèmia Covid-19.

Es va dissenyar un anàlisi qualitatiu acompanyat d'una visió metodològica comunicativa. Es van entrevistar representants de quatre empreses socials catalanes i experts de quatre de les institucions més rellevants de l'ecosistema. El resultat obtingut va ser una diagnosi DAFO, complementat amb una diagnosi PESTLE, i finalment una proposta CAME en relació als resultats anteriors.

Tot i que aquestes organitzacions estan fortament arrelades al territori, les conclusions indiquen que els seus processos d'internacionalització s'han d'entendre en diverses dimensions. D'una banda, com la promoció del model de negoci compartint experiències amb agents estrangers. Per altra banda, com la internacionalització de l'activitat econòmica, tenint en compte certes limitacions. En ambdós casos, es genera inclusió social i la consciència social s'estén més enllà de les fronteres nacionals.

**Paraules clau:** Internacionalització, organitzacions socials, exportacions, xarxes europees.

## RESUMEN

La literatura científica existente dentro del campo de las ciencias sociales cuenta ya con un sólido número de estudios centrados en analizar la internacionalización de empresas estándar. En cambio, parece que las empresas sociales no han recibido la misma atención. Por este motivo, se decidió explorar el potencial internacional de este tipo de organizaciones, focalizando el territorio catalán y el periodo posterior al estallido de la pandemia Covid-19.

Se diseñó un análisis cualitativo acompañado de una visión metodológica comunicativa. Se entrevistaron a representantes de cuatro empresas sociales catalanas y a expertos de cuatro de las instituciones más relevantes del ecosistema. El resultado obtenido fue una diagnosis DAFO, complementado de una diagnosis PESTLE, y finalmente una propuesta CAME con relación a los resultados anteriores.

Si bien estas organizaciones están fuertemente arraigadas en el territorio, las conclusiones indican que sus procesos de internacionalización deben entenderse en varias dimensiones. Por un lado, como la promoción del modelo de negocio compartiendo experiencias con agentes extranjeros. Por otro lado, como la internacionalización de la actividad económica, considerando ciertas limitaciones. En ambos casos se genera inclusión social y la conciencia social se extiende más allá de las fronteras nacionales.

**Palabras clave:** Internacionalización, organizaciones sociales, exportaciones, redes europeas.

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## 1. INTRODUCTION

There are endless possibilities to start scientific research, however, the one I have chosen begins from a brief etymological analysis that will help us to mark the narrative thread of the project. In this sense, before deeply entering our object of study –Internationalisation Processes of Catalan Social Enterprises– I believe it is appropriate to define, in general terms, the social and economic context in which I focused.

Let's pay attention, firstly, on the origin of the word "*international*". If we break it into two parts, it will be easier to correctly understand its meaning: on the one hand we have the prefix "*inter-*", which means "*among*" or "*between*"; in the second part we find "*nation*", we could define it as a group of people who share a common culture. For this reason, we can assume that "*international*" literally means "*among or between nations*". From a macro perspective, my broader context that will delimitate what happens "*among or between nations*" is going to be the European one. Nowadays, European numbers<sup>1</sup> show that there are 2 million of social enterprises constituted, which represent 10% of all businesses; more than 11 million of people work for these organizations demonstrating the relevance of the sector. And not just relevance, other indicators<sup>2</sup> reflect that almost 9% of European social enterprises were boosted during the Covid-19 pandemic, and that approximately 60% helped other organizations via supportive measures in the crisis period, establishing the evidence of its resilience and versatile capabilities.

If we reduce our context a bit more, we must underline that Spain has become a European leader in relation to the empowerment of social enterprises in the last years. In fact, it has been one of the first countries to establish a specific law that defines social economy as "*a set of economic and business activities that, in the private sphere, are carried out by those entities that pursue a general social and/or economic interest*". In Spain can be found a large variety of social enterprises, depending on their size, on their social impact, or on their various legal forms of constitution (cooperatives, mutual societies, insertion companies, fishermen's guilds...). The business strategies applied by these organizations generate solidarity and social cohesion, but at the same time, are responsible for covering diverse sectors of activities. According to a study<sup>3</sup>, 46% of their activities correspond to jobs in the service sector; 30% to multisectoral activities; 19% to the agriculture,

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<sup>1</sup> Interreg Europe (2020).

<sup>2</sup> European Social Enterprise Monitor (2022).

<sup>3</sup> Confederación Empresarial Española de la Economía Social (2021).

livestock, forestry, and fishing sector; and 4% to the industry. Another report<sup>4</sup> highlights the relevance of Spanish social enterprises functions by showing that the net turnover of the entire social economy of the country is equivalent to 8% of the total Gross Domestic Product (GDP).

Lowering even more our context glass, we discover that in the autonomous community of Catalonia social enterprises have been playing a vital role for years. If we review the major historical antecedents (Faura, 2016), we observe that the region has been the cradle of southern European social economy. Some of the basic economic needs of Catalan popular classes were already solved by consumer and production worker cooperatives during the 19th century. Later, mutual organizations were mainly responsible for ensuring citizens social security in the 20<sup>th</sup> century. Currently, social enterprises are working narrowly in collaboration with the public sector to offer social services to vulnerable groups.

A survey<sup>5</sup> carried out just before the pandemic showed that Catalan social enterprises can be categorized as mature, since more than half of the existing ones had been founded before 2007; besides, most of them are located in the metropolitan area of Barcelona and 70% are service providers. All these organizations have become an engine of transformation towards a new economic model. Nevertheless, the sector seems not fully satisfied with the accompanying measures offered by the government. Perhaps for this reason, since 2020, a law is being developed through a process of collective construction that incorporates the values of the Catalan social and solidarity economy, such as feminist social transformation or limited distribution of surpluses. Thanks to this law, it is expected an improvement on the flexibility to receive public aids, as this is one of the most recurring demands of the sector (36%) according to another investigation<sup>6</sup>.

Generally speaking, and taking into account these three territorial levels (Catalonia, Spain and Europe), this would be the context in which the social enterprises analysed carry out their social and economic activities.

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<sup>4</sup> Portal CIRIECSTAT (2022).

<sup>5</sup> Interreg Europe (2018).

<sup>6</sup> Associació Economia Social Catalunya (2020).

## 2. STATE OF THE ART

The existing scientific literature within the field of social sciences has already a solid number of studies focused on analysing the internationalisation of standard enterprises. Instead, it seems that social enterprises and their expansion processes have not been given the same attention. This typology of organizations possesses some characteristics that make them unique entities within the economic markets. Accordingly, they are clearly an object of study worthy to explore.

Before anything, it must be exposed that our social reality nowadays has been altered by the Covid-19 crisis. There has been a shift on business perspectives due to the uncertainty spread inside the markets and, in that regard, the review of business models and the need to access new markets has become a real challenge for social enterprises who pursue competitiveness. To understand the decisions that drive them to take actions in foreign markets, the perspective shown by the organization theory could be truly effective. Bearing in mind that markets are social structures, it must be underlined that institutional barriers to these markets are just as economic or financial barriers (Robinson, 2006). Consequently, we could suppose that these decisions might be influenced by institutional factors, which are structures that both create barriers to entry, but also offer opportunities to those organizations with sufficient knowledge or experience to take advantage of them.

But, how did social enterprises manage to solve the problems generated by those barriers during an unusual context? Their social identity and values could have exerted a conditional force regarding the previous issue. When expanding their activities in a different country, their decisions might be apparently influenced by the justification of specific moral codes, and not only using a rational economic thinking like standard enterprises. However, some researchers argue that what we could call “hypernorms”, that serve to legitimize the decisions aimed at, for instance, obtaining a social impact, do not really exist (Schröder, 2013). On the other hand, they explain that what does exist are actions that take, for example, local justice into account. And consequently, a specific context governed by industrial hierarchies and composed by a framework of institutions.

The *modus operandi* of social enterprises also seemed capable of crossing certain limits. These organizations are sometimes responsible of carrying out a sensibilization effect in our societies by influencing the decision-making processes of individuals. Because of this issue, I believe it is necessary to remark the term of “responsive community”. Experts

point out that individuals are not properly formed until they are part of this kind of “collectivities” (Etzioni, 1988). This school of thought defends that we tend to select means, not simply mere objectives: so, that we care about the ways in which we produce, consume or recycle. For this reason, we could consider that social enterprises possess the power to establish links beyond business channels that could change our way to understand the social reality.

Apart from an organization theory perspective, a social network approach should also be considered to correctly identify changes at different institutional levels during the research: from international alliances within social enterprises to face new markets, to national innovation proposals promoted by governments to develop this idiosyncratic ecosystem. Networks established by social enterprises could respond to certain attitude patterns, as their social behaviour could be able to generate dynamic systems that end up having an influence on the employees of the sector, or on the investors of the projects, or on the concrete communities in which they generate a social impact (Knoke, 2019).

It was also interesting to reflect, in advance, on what should be the role of the public sector in the framework. State-funded organizations are just as capable of generating innovation as private sector organizations. In fact, there are researchers who state that the economic triumph of the United States as a leading world power is due to the strategic binomial resulting from the merger of state funded investments in technology and innovation, and not so much as the effects of the free-market doctrine, that many times receives the merits for having formed a prosperous economy (Mazzucato, 2011). Considering the context of the project, we could observe a parallelism between this approach and the methodology in which the Catalan government<sup>7</sup> promotes the economic development of the business ecosystem, both in the social and solidarity economy and in the general arena. Apart from encouraging innovation, internationalisation is also a key aspect in their policies, as it is the need of attracting foreign investment or promote local or regional economic development.

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<sup>7</sup> The agency in charge of applying and managing these policies is Catalonia Trade & Investment (ACCIÓ), which has territorial delegations and a network of foreign offices to properly advise enterprises.

### 3. THEORETICAL FRAMEWORK

To remain competitive in the market, the internationalisation of products or services can be one of the most attractive options for standard or social enterprises, as it has the potential to bring numerous advantages: from the increase of new clients to the consolidation of the brand in the domestic and in the international arena. The authors, to this day, who have devoted their time to research on topics related to internationalisation are practically incalculable. We could find so many theories that try to dismantle the mechanisms by which this process is governed. The construction of a theoretical background over internationalisation may seem simple, but the task of selecting the most appropriate theories became a real challenge. In my case, I thought it convenient to give special relevance to those that were aimed at explaining the Spanish panorama in order to get closer to the dynamics of the Catalan region.

I will start with the conclusions extracted from a study (Bretos, Díaz-Foncea, Marcuello, 2018) carried out over the period of economic crisis between 2010-2013 and focused on Spanish cooperatives, which are one of the best-known types of social enterprises in the country. Through the results, the authors were able to demonstrate that internationalised cooperatives developed a better economic evolution during the crisis, compared to those cooperatives that only operated within the domestic market. In addition, they also pointed out that there were significant differences between the degree of international commitment between sectors. This fact seemed to respond, among other factors, to the structure of the sectors, and to the nature of the activities based on their transferability to foreign markets.

On the other hand, an investigation (Fayos, Calderón, 2013) executed also over Spanish cooperatives exposed some of the barriers that social enterprises face when they decide to get internationalised. At an external level, and leaving aside the competitors of the sector, the researchers stated that the distribution of the market structure was a clear obstacle to pursue these processes. Internally, barriers were mainly composed by the lack of economic or financial resources due to the difficulties that banks cause to obtain credit. To face the challenges, the authors suggested that social enterprises should associate and integrate with each other, create joint ventures with local producers in target countries and develop strategic alliances with exporters.



Internationalisation processes are improved through a learning path based on the accumulation of knowledge. Therefore, the experience gained through taking actions in foreign countries plays a fundamental role for social enterprises. In that regard, the integration of this knowledge can be one of the most useful tools for these organizations. In fact, the Uppsala Model<sup>8</sup> theorizes that when a company decides to operate abroad, it prefers to do so via actions that involve a low level of commitment (exports, licenses...). As knowledge is gained and the perception of risk decreases, this perspective indicates that companies decide to incorporate other methodologies with a higher level of commitment (subsidiaries, joint ventures...). Other studies argued that Spanish social enterprises also obey this pattern (Pérez-Suárez, Espansandín, 2014). Initially, they start exporting the selected product or service domestically, since the risk is much lower. Gradually and in parallel, other operations abroad are developed.

The social enterprises that we could encounter in the Catalan ecosystem were going to be, for the most part, small and medium enterprises (SMEs). So, it was also necessary to analyse what the SMEs literature defends in relation to internationalisation. Some studies explain that dynamic capabilities and environmental dynamism have a significant impact on the geographical scope SMEs are capable of covering (Ali, Yunhong, Chen, 2020). Other factors, such as size or age, do not seem to be so important. Abilities like the disposition of sensing and reconfiguring skills are essential to identify opportunities abroad.

Finally, it should be mentioned that it was also possible that we encountered social enterprises of a considerable size that used various entry methods abroad, as its greater capacity enables them to apply methodologies with different levels of commitment in the foreign territory. In these cases, studies show that social enterprises face internal contradictions in order to maintain their social values during internationalisation and end up responding to market pressures by creating two types of new organizations abroad: mixed cooperatives, or an extension of the corporate management model (Flecha, Ngai, 2014).

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<sup>8</sup> Theory developed through the empirical findings of Swedish firms' activities during the 1970s based on four concepts: market commitment, market knowledge, current activities and commitment decisions.

#### 4. QUESTION & OBJECTIVES

The research question that guided the research was quite general, with the purpose to cover different scenarios and capture various results. The justification for having used this perspective is found in the fact that this was an exploratory investigation, which did not intend to analyse a well-defined problem, or test a specific hypothesis, but rather aimed to understand a context for pushing some organizations to perform better in it. Having said that, the question I posed was the following one: How did Catalan social enterprises execute processes of internationalisation since the outbreak of the Covid-19 pandemic?

The primary objective was to design a multi-dimensional model capable of evaluating and improving the international potential of this kind of organizations. The first part of the model had to present the internal and external conditions that affect social enterprises through a SWOT<sup>9</sup> diagnosis. Next, to complement the external analysis, the model had to continue with a PESTLE<sup>10</sup> diagnosis. Finally, considering the first two parts of the model and in order to duly legitimize the analysis, a CAME<sup>11</sup> proposal was expected to be designed with the key points that could ameliorate its international potential.

To achieve the objectives, the research consisted of a qualitative analysis accompanied by a communicative methodology vision (Puigvert, Flecha, 2011), which aims not only to describe social reality, but also to provide scientific knowledge of how this social reality can be changed. It is based, mainly, on the intersubjective dialogue between the researcher and the researched. Not all the participants were planned to be involved in the creation of the hypotheses, but they would have the opportunity to take part in the design of the methodology and results during the online interviews.

It was decided to apply a qualitative technique due to the lack of resources and time to obtain a sufficiently interesting heterogeneous sample. This master's research could be considered as a preliminary stage to identify discourses that serve to design a quantitative exploration in the future.

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<sup>9</sup> Strengths, Weaknesses, Opportunities, Threats (SWOT).

<sup>10</sup> Political, Economic, Social, Technological, Legal, Environmental (PESTLE).

<sup>11</sup> Correct, Adapt, Maintain, Exploit (CAME).

## 5. HYPOTHESIS

The main hypothesis from which the project began was that internationalisation processes of social enterprises greatly differed from those of standard enterprises. Because of their characteristic attitude, that generates a strong connection to the territory due to their local commitment, the disengagement from there could become an obstacle to pursuit an international experience.

At the same time, it was believed that it was not simple for them to offer competitive prices in the national market, and probably not at the international level either. In many of these organizations work people at risk of social exclusion, such as people with disabilities, generating high operating costs that hinder the organization's financing process and competitiveness. In the same line, it had to be mentioned that they could also find difficulties in acquiring production processes easy to execute for people with disabilities. The incorporation of machines in production systems that could not be used by disability groups, could also become a threat because automation might allow competitors to be much more productive and offer lower prices.

On the other hand, I must underline that at an international level, import or distribution agents are usually organizations deeply integrated into the dynamics exerted by capitalism. This fact could cause problems for social enterprises when establishing agreements abroad, since the new contracts could affect the values by which social enterprises are ruled, especially for cooperative organizations. Considering this point, we could think that their international opportunities are limited, due to the morality that justifies its existence.

Finally, and as a point in favour for social enterprises, it was also known that they are generally resilient and motivated. Likewise, the products or services they offer could have an intangible added value appreciated abroad. As we observed in the literature review, their social behaviour could generate synergies and common knowledge through association. It was raised as very interesting to discover if this type of integration was also developed in Catalonia, Spain or Europe, and what kind of chances the international networks provide to Catalan social enterprises, especially beyond business lines.

## 6. METHODOLOGY

### 6.1 SOCIAL ENTERPRISES

To create the SWOT diagnosis, four Catalan social enterprises were interviewed. The common denominator of the organizations was that groups of vulnerable people work in all of them: mainly people with disabilities, but also people at risk of social exclusion such as ex-convicts or victims of gender violence. Another aspect that defined the profile of the enterprises was that they exported products to European markets just after the pandemic (some of them had already done it before, others not). The greatest difficulty of the research was being able to reach the most suitable profiles to answer the questions and schedule the appointments. The interviewees were general, export, sales and marketing managers.

The questions raised to the enterprises were focused on international competitiveness and strategy, but also on their organizational relationships to understand non frequent connections beyond business channels. The interviews were developed via videoconference and followed a semi-open structure. The information extracted allowed to create a diagnosis for each enterprise to finally construct the aggregate SWOT. It is important to mention that some results were systematised, just to execute a better comparison by applying fractions to the end of each factor. It was decided to apply this kind of framework because it enables to exhibit what is good and bad for an organization in the present, and what can be better and worse for it in the future (Gürel, 2017). Through the results obtained, the organization's business strategy can be reoriented to adapt capabilities to the latest market trends.

#### - INTERVIEW PROTOCOL

##### *Internationalisation process*

- What makes you, or prevents you, to be competitive locally/nationally/internationally? (Threats such as the automation of productive processes, difficulties in achieving economies of scale, appreciation of the intangible value of the product...).

- For what reasons did you decide to go international? For what other reasons would you not have done it? (Brand consolidation, product diversification, research of new customers, effects of the coronavirus...).

- How have you detected business opportunities abroad? What skills do you think are essential to be successful in another country? (Experience, market knowledge, dynamic skills over the environment, use of public/private resources...).

- What were the main entry barriers that you encountered abroad? How did you overcome them? (Institutional (laws, bureaucracy, policies...), structural (market), economic (financial), strong local commitment (rootedness as an exit barrier)...).

#### *Organizational relationships*

- Have you used the same distribution channels abroad as in the domestic market? Have you used the same commercialization channels abroad as in the domestic market? (Business adaptability in a different environment...).
- What strategies did you follow to identify and filter potential partners abroad? Were they similar to the methodologies used in the domestic market? (Need to apply new methodologies...).
- What type of agreements have you established abroad? How do you structure this decision-making process? (Hypernorms, contradictions with social values, complexity of decision-making processes...).
- Have you created alliances with international partners beyond business channels? Are you integrated into European networks that allow you to generate social impact abroad? ("Social collectivities", Erasmus Programs...).

#### *Bonus*

- What would you ask to public/private institutions to be more competitive abroad? (Taxation flexibility, subsidies to receive specific business advice, reduction of bureaucracy...).

## - SAMPLE DESCRIPTION

### SOCIAL ENTERPRISE 1: OBRADOR EL ROSAL

- **Constitution:** Special employment centre (Associació Alba)
- **Foundation:** Tàrrrega (1920)
- **Economic activity:** Production of handmade cookies. Its products are quality gastronomic details, and it offers sweets for all kinds of palates. In addition, it possesses attractive and original packs.
- **Social initiative:** Improvement of the quality of life of people with disabilities and mental illnesses, by offering employment and comprehensive care in all areas of their lives: from a special care school, through housing services.
- **Internationalisation process:** Internationalisation was not part of the business strategy initially, but the Catalan Administration proposed, in 2021, to start an expansion project abroad via a totally subsidised project<sup>12</sup>. The markets explored were Belgium and the Netherlands and finally distributors were reached to sell the products in local stores. Moreover, orders from Portugal have been received recently thanks to word of mouth.

### SOCIAL ENTERPRISE 2: L'OLIVERA

- **Constitution:** Cooperative
- **Foundation:** Vallbona dels Monges (1974)
- **Economic activity:** Project in the rural and peri-urban world, where vineyards and olive trees are grown to produce organic wines and oils. It maintains manual work on by labelling by hand and numbering the bottles one by one.
- **Social initiative:** It incorporates vulnerable groups throughout the productive process, generating opportunities for people in risk of exclusion and for young people with special needs.
- **Internationalisation process:** In 2010, its intra-community sales began, but in 2019 an international strategy was implemented. Firstly, it promoted a campaign to export to the United Kingdom. Then, it introduced its wines in the Netherlands, Germany, Poland, and Switzerland. In 2022 it doubled its international presence thanks to the Catalan Administration subsidised service.

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<sup>12</sup> International Social Economy: The Catalan Administration (ACCIÓ) facilitated the internationalisation of social enterprises established in Catalonia through a service addressed to cooperatives, foundations, associations of the third social sector with economic activity, labour societies, insertion companies, special employment centres.... There were offered 120 totally subsidised consulting hours for an expansion project.

### SOCIAL ENTERPRISE 3: GRUP COOPERATIU TEB

- **Constitution:** Group of cooperatives
- **Foundation:** Barcelona (1968)
- **Economic activity:** Provision of quality industrial services (packaging, handling, interlocking, assembly...), services to companies/individuals (gardening, cleaning...), but it also offers own products (mushrooms, paintings, and odour removers).
- **Social initiative:** It encompasses special employment centres, housing services, sports clubs.... to provide employment to 650 people, of which 500 are people with intellectual disabilities.
- **Internationalisation process:** Between 2014-15 it started exporting the paintings segment. Nowadays it has been consolidated in Eastern Europe and it also exports the food segment, among others, to Germany. It has also participated in projects with ACCIÓ.

### SOCIAL ENTERPRISE 4: FIT TEXTIL

- **Constitution:** Insertion company (Fundació Formació i Treball)
- **Foundation:** Barcelona (2002)
- **Economic activity:** Selective collection of used clothes, household linen, shoes, and other textile waste for their re-evaluation through reuse and recycling, through an efficient productive process.
- **Social initiative:** The business model encourages the social integration of people, it facilitates the recruitment of people at risk of social exclusion, and at the same time, it reduces the volume of municipal waste that is sent to the landfill.
- **Internationalisation process:** Since its foundation, it has exported textile products to be recycled and to reused to regions with a lower textile quality threshold. In Europe, it has recently developed a high volume of business through wholesale distributors in Eastern countries (Slovenia).

## 6.2 SOCIAL INSTITUTIONS

In an interspersed form, I conducted interviews with four representatives of the European social ecosystem to extract the necessary information to create the PESTLE diagnosis. It is a tool that enables to present the macro-environmental factors that should be considered for the strategic management of organizations (Buye, 2021). The difficulty in reaching the organizations and arranging the interviews was even greater. This fact slowed down the research considerably. However, the waiting time was worth it since the profiles of the interviewees were made up of real experts: three of them held the position of director.

The questions raised here were based on information gathered from newspapers, reports, and other updated economic and social sources. They were oriented to explore the context in various dimensions and to identify the actions or decisions that the social institutions take, or could take, to promote the internationalisation of social enterprises. The data obtained was organized according to two categories (Puigvert, Flecha, 2011): elements that reduce barriers (T=transformative dimension); and elements that reproduce them (E=exclusionary dimension). This distinction made possible the essential identification of breaks and boosters of the sector. It should be noted that the results here were not systematised, as different institutions were treated with unique perspectives and fields of action. For this reason, fractions were not added at the end of the factors.

## - INTERVIEW PROTOCOL

### *Ecosystem*

- **Political:** Has the rivalry between China and the United States, or the conflict between Russia and Ukraine, generated consequences for the Catalan business social ecosystem (geopolitics)? How do political tensions between Catalonia and Spain affect it (nationalism)?
- **Economic:** What is the impact that the current and constant inflation is exerting on the ecosystem (greenflation)? How is it being affected by the supply chain crisis (globalization)?
- **Social:** Do modern societies consider the essential function of the ecosystem (social awareness)? Is it necessary to implement awareness-raising actions to promote social entrepreneurship (business cooperation)?
- **Technological:** Does the ecosystem have the potential to adapt to the new digital society that is being formed? What technological threats and opportunities will it encounter in the coming years? (AI, blockchain, cybersecurity...).
- **Legal:** Does the current legislation favour the internationalisation of the ecosystem? What legal/fiscal measures should be applied to help it to be more competitive abroad? (Distrust of the Administration, legal uncertainty, hiring advantages...).
- **Environmental:** How is the green transformation affecting the ecosystem (circular economy)? What is the position that agricultural organizations will have to follow to face new production strategies ("foodtech")?

### *Actions*

- **Ecosystem-Institution collaboration:** How could the relationship between the ecosystem and the institution be improved?
- **Internationalisation process:** What actions do you implement, or could you implement, to promote the internationalisation of the ecosystem?

### *Bonus*

- What are the essential requirements that social enterprises should fulfil to be exploit all its international level? (General characteristics (size, turnover...), growth strategies...).

## - SAMPLE DESCRIPTION

### SOCIAL INSTITUTION 1: FEDERACIÓ CATALANA DE LA DISCAPACITAT INTEL·LECTUAL (DINCAT)

- **Constitution:** Federation of entities
- **Foundation:** Barcelona (1973)
- **Purpose:** It works for the defence and the full exercise of the rights of people with intellectual disabilities and their families. It stands for a strong commitment to vulnerable people and their life project, for dignity and equality of rights and opportunities, for collective participation in decision-making, and for transparency in the management of entities.
- **Justification:** The institution was selected as it is the major representative of the labour force of the social enterprises analysed. In addition, its activity extends throughout all the Catalan territory.

### SOCIAL INSTITUTION 2: CONFEDERACIÓ DE COOPERATIVES DE CATALUNYA (COOPCAT)

- **Constitution:** Group of federations
- **Foundation:** Barcelona (1984)
- **Purpose:** Its strategic lines of action are defined based on complementarity and cooperation with the actions of the associated federations, the promotion of the cooperative model through the dissemination of its values and the recognition of the social economy as a social economic agent.

- **Justification:** The reason for having chosen this institution lies in the fact that it is the maximum dialogue entity of Catalan cooperatives. As two of the social enterprises examined were cooperatives, the incorporation of the institution was essential for the research.

#### SOCIAL INSTITUTION 3: CONFEDERACIÓN EMPRESARIAL ESPAÑOLA DE LA ECONOMÍA SOCIAL (CEPES)

- **Constitution:** Business organization
- **Foundation:** Madrid (1992)
- **Purpose:** It represents the interests of cooperatives, labour societies, mutuals, special employment centres, associations in the disability sector... It is a dynamizing entity of the Spanish social business reality.
- **Justification:** With the purpose of being able to cover the perspectives of the most powerful social organization at the Spanish level, it was introduced this institution, that is the main interlocutor for the construction of public and social policies for the promotion of the social economy.

#### SOCIAL INSTITUTION 4: ENTERPRISE EUROPE NETWORK (EEN)

- **Constitution:** Network
- **Foundation:** Brussels (2008)
- **Purpose:** It helps enterprises to innovate and grow on an international scale and it brings together experts from member organizations recognized for their excellence in business support, such as: chambers of commerce and industry, regional development organizations, universities and research institutes or innovation agencies.
- **Justification:** As it is the world's largest support network for SMEs with international ambition, and the four social enterprises examined fall into this category of businesses, this institution was also mandatory to be included, and also to cover the European territorial dimension.

### 6.3 ACTION PROPOSAL

In parallel to the previous phases, the CAME proposal was constructed with those elements that responded to the issues detected. Through this framework, it was intended to propose real actions, at an internal and external level, that preserved the key points of social enterprises and of the ecosystem, and also improved those elements that were not so beneficial to allow them to take advantage of all its international potential. For example, I tried to correct its weaknesses, address its threats, maintain its strengths, or exploit its opportunities (Parra & Camarero, 2020). There were different strategies to develop this point, such as survival, reorientation, defensive or offensive outlooks. I selected a combination of all of them to achieve a more holistic result.

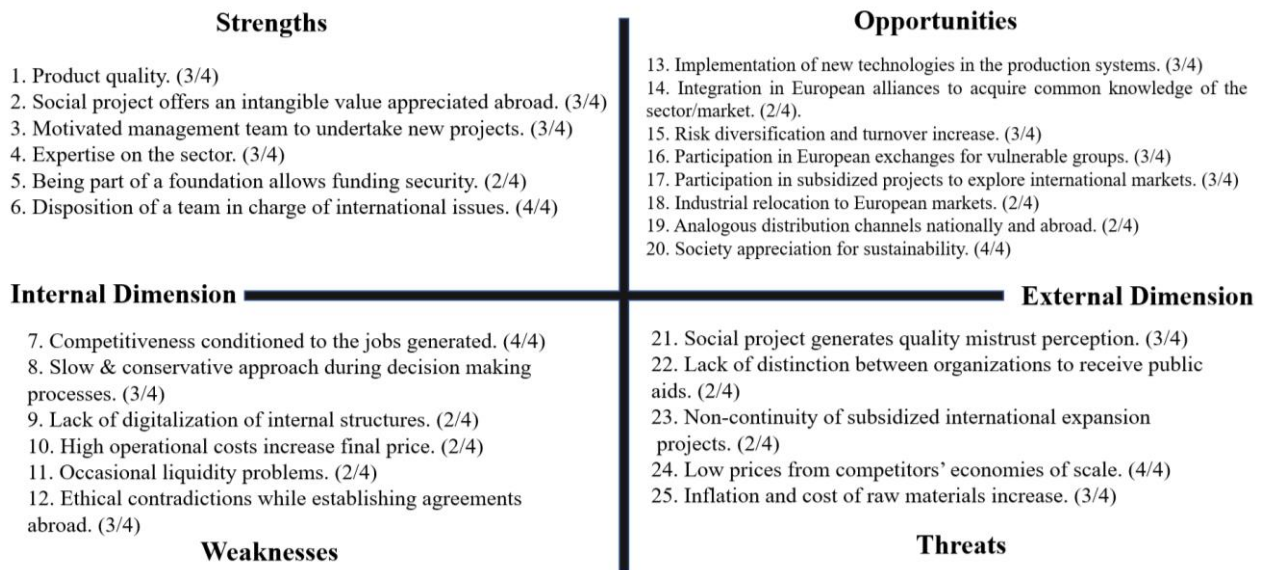
During the interviews, the subjects were asked about the solutions that they believed to be the most convenient. In this sense, a collaborative solution was formed between the different actors. Furthermore, in the strategy presented in this final part, the theoretical knowledge applied considered the social values of the investigated organizations. As a note, I should mention that I used a direct and selective transcription methodology during the analysis of the interviews.



## 7. RESULTS

### 7.1 INTERNATIONAL SWOT

*Graph 1: International SWOT*  
( / ) = Fraction of enterprises represented by the factor



Graph 1 shows the aggregate result of the four previous SWOTs designed. It should be considered, before commenting the results, that two of the enterprises are part of the industrial sector, and the other two of the food sector. However, this fact did not exempt us from being able to compare them.

One of the fundamental strengths identified has been the quality of the products offered, partially thanks to the sector experience. Although people with disabilities are incorporated during the production process, the enterprises can guarantee a high level of quality. We find a proof of it in their consolidation at a national (Catalan) level, but also in the feedback received from international partners or customers. In addition, it has been discovered that the social project carried out is generally appreciated abroad as an intangible value. However, it is not always easy to explain it. In some cases, the business model is associated with a poor quality of the product due to the lack of trust in the workforce of vulnerable groups.

The price of the products is definitely not a fortress, neither at a national or international level: only one of the enterprises could offer competitive prices abroad. The high operational costs to which these organizations face, since they do not possess large industrial automatisms, increase the final price and at the same time can cause occasional liquidity problems. To this fact must be added the current inflationary issues and the rise of the cost of materials and energy. Nevertheless, it has been found out that two enterprises are part of associations or foundations of considerable size, and this fact gives

them an essential economic support. As a point in favour for them, it has been detected also that some enterprises are just beginning to use advanced technologies<sup>13</sup> in their production processes without jeopardizing the number of jobs.

Another interesting point to highlight is the internal decision-making process during the expansion to new markets. It has been perceived that tend to be conservative, as it is fundamental that the managers guarantee the level of jobs. In this sense, operational decisions cannot involve elevate risks. This factor slows down decisions related to foreign markets. Although social enterprises encounter these difficulties, the pandemic prompted them to pursue international experiences so as not to depend solely on a few markets and to grow in billing volume.

The representatives of each enterprise were asked if they had confronted internal contradictions while executing international sales or while establishing agreements abroad. One of them commented not since the enterprise did not possess enough bargaining power to reject offers. But on the other hand, the other three had found themselves in those situations. For example, some distributors put too much pressure with demands that could not be met due to the particularities of the social project, or ethical dilemmas were faced regarding the working conditions offered to the partners' employees (especially in enterprises located in Eastern Europe).

Two truthful motivated international profiles have been identified within these organizations: some professionals are in charge of the international market strategy and commercialization, and others responsible for institutional tasks abroad. Through these profiles, some of the enterprises have been incorporated into international alliances that allow them to obtain market knowledge. For instance, lists of potential customers. It has been observed that these alliances can also foster rivalries, since competitors of the sector are also integrated into them.

Beyond business channels, it has been found out that these organizations not only get internationalised via exporting products, but they also participate in European social mobility exchanges for workers with disabilities (Erasmus+ Programs).

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<sup>13</sup> The European Union offers financing to implement these technologies through development and innovation programs.

## 7.2 SOCIAL ECONOMY PESTLE

*Graph 2: Social Economy PESTLE*  
(T) = Transformative Dimension - (E) = Exclusionary Dimension

**Political:**

- 26. Close collaboration between Catalan and Spanish social entities. (T)
- 27. Previous national conflicts have caused a delay in approving grants. (E)
- 28. Previous national conflicts of political power do not allow an efficient cooperative long-term management. (E)

**Economic:**

- 29. Industrial relocation favors the development of simple manual tasks that can be executed in special employment centers. (T)
- 30. Economic recessions delay the granting of public subsidies for social projects. (E)
- 31. Cooperatives suffer more economic instability. (E)

**Social:**

- 32. Social awareness can slow down the replacement of people with disabilities by machines. (T)
- 33. Globalization makes possible to exchange experiences and success stories through international collaboration networks. (T)
- 34. Catalonia is a European leading region where social awareness is strongly established through local networks. (T)
- 35. Spain possesses powerful social entities that help to visualize vulnerable groups and promote social awareness. (T)

**Technological:**

- 36. The social side of technology generates chances to promote democratic governance in organizations (open source). (T)
- 37. Application of particular technologies can multiply job opportunities for people with disabilities. (T)
- 38. Industrial automation puts at risk some manual tasks executed in special employment centers. (E)

**Legal:**

- 39. The legal forms of social enterprises are not an impediment to internationalisation. (T)
- 40. Transparency controls and extensive grant applications hinder the beginning of expansion projects. (E)
- 41. The cooperative model is not fully recognized by the Administration (difficulties to apply for some grants). (E)
- 42. Fiscal obligations are a barrier to achieve competitiveness. (E)

**Environmental:**

- 43. Social enterprises are slowly participating in the ecological transition. (E)
- 44. Multinationals are manipulating social consciousness to take advantage of the ecological transition. (E)

Graph 2 is made up of the different external factors that currently affect the social business ecosystem. As we observed in the literature review, it encompasses a wide variety of organizations. Even though social enterprises operate in the same economic markets as other companies and are conditioned by similar mechanisms, they also get developed in a unique ecosystem and this framework tries to unmask this issue.

Regarding the political dimension, it should be noted that there is a proper collaboration between the Catalan and Spanish Administration nowadays to promote the international competitiveness of social enterprises. Private institutions also work together to defend the interests of the sector. In fact, it exists a direct association between them at the national and international level. It is also necessary to mention that the conflicts derived from the Catalan independence process, just before the pandemic, have slowed down the approval of public budgets. This fact has not allowed an effective long-term management on the ecosystem and has decreased competitiveness, since lots of organizations depend on subsidies and have not been allowed to prepare an accurate operational planning.

In relation to the economic dimension, and as we have already seen in Graph 1 “opportunities”, it must be said that the process of industrial relocation to Europe, caused by the decline of China, favours social enterprises. Specially in special employment centres for people with disabilities this phenomenon can be considered as an economic opportunity. Simple manual production systems can be implemented there to replicate the Chinese economic model. On the other hand, it must not be forgotten that economic

fluctuations represent great threats for the ecosystem, even greater than for the rest of the companies of the market, as they accentuate financing or liquidity problems and decrease its investment capacity for expansion projects, which is already limited.

The social dimension has been one of the most interesting to analyse. Here, it has been verified that Catalonia and Spain occupy an advanced position in the development of the sector thanks to the institutions that help to promote the social business model via the visibility of vulnerable groups. This factor generates a social conscience very similar to the one established in Nordic countries. For this reason, we can assume that the internationalisation of Catalan enterprises in these markets can be favourable, as these markets are socially and ecologically sensitive. So, we can argue that social awareness varies depending on the country in which we find ourselves. This factor should be considered when prioritizing countries in a strategic internationalisation plan.

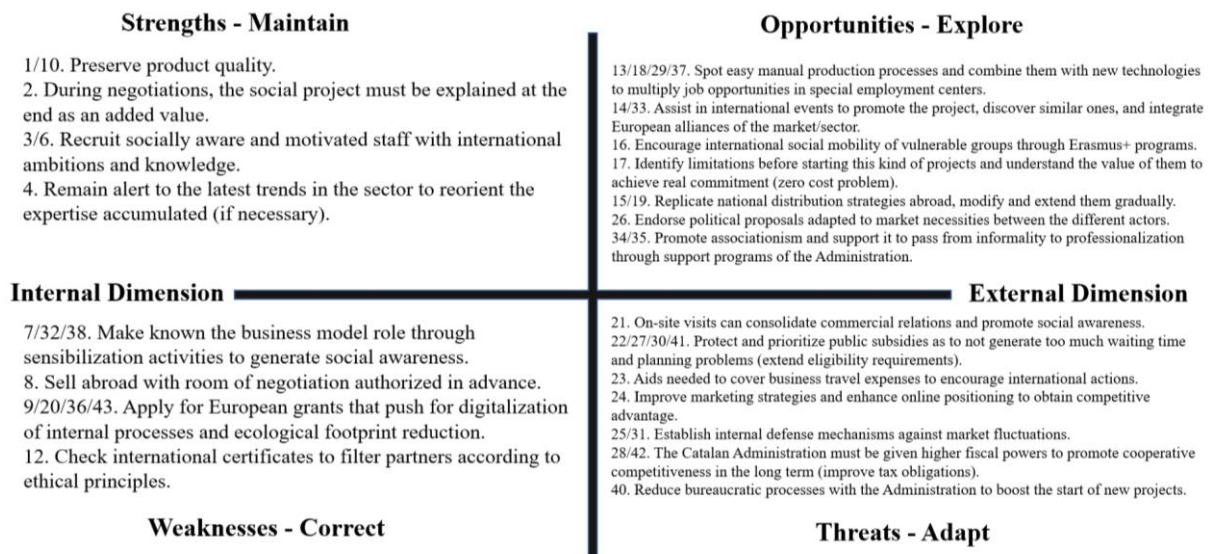
Technology plays a fundamental role in the sector, especially for enterprises that employ people with disabilities. It has always gone hand in hand with this group of people and we should not perceive it as an enemy because it puts some production processes carried out at risk. Technology is also capable of multiplying job opportunities: sensors and other types of artificial intelligence are currently being incorporated to facilitate the day-to-day work of people with disabilities.

Albeit the legal constitution of social enterprises has not been identified as an impediment to internationalisation, other related factors can hinder their competitiveness during expansion processes. Social enterprises face many transparency controls because they are recipients of public funds. The tax obligations they face, the bureaucratic requirements to apply for some grants, or the insufficient bonuses received for offering employment to vulnerable groups, do not incline toward their competitiveness either.

In the environmental dimension, it must be highlighted that sustainability is a current market trend. This gives a competitive advantage to many social enterprises that base their business model on the circular economy, or that try to reduce their ecological impact. Nevertheless, some standard enterprises are taking advantage of this phenomenon to clean up its image through much more attractive marketing strategies for consumers. Finally, and although some social enterprises are already part of the green transformation process, a large part has not been able yet to do so. As mentioned above, their investment capacity is usually limited, and they tend to prioritize the human part.

### 7.3 CAME

Graph 3: CAME



Graph 3 relates the factors mentioned above and tries to give an answer to them through concrete actions. Firstly, to address international markets, social enterprises must be able to offer a high-quality product; consumers are willing to pay a bigger price only if basic price quality is guaranteed. Otherwise, the consumption of the product is limited to one time. Finding partners to reach consumers is a difficult task. However, some of the internal contradictions detected when agreements are established abroad can be avoided if the research for these profiles is carried out sensitively: international certificates can be useful to verify the ethical principles of potential clients. Replication of national distribution strategies abroad is usually effective (depending on the sector), although it is recommended to adapt and extend them gradually considering the market dynamism.

Attending international events can be advantageous to present products and promote the business model, as well as to integrate into networks of peer organizations and share experiences, such as European mobility programs for people with disabilities. Besides, it has been observed that reverse business missions can be profitable to consolidate relationships and generate social awareness abroad: on-site visits help to transmit the intangible added value of the social initiative. Intelligent marketing strategies can generate these effects as well, especially those that currently use digital tools to tell stories in an intuitive way to improve online positioning. During negotiations with foreign partners, the social project must be mentioned at the end to not generate quality negative perceptions and be filtered in advance. Social enterprises also must be able to contemplate negotiation margins to react quickly in a way that does not generate a loss of commercial opportunities.

Social enterprises with expansionist perspectives should bet on hiring motivated staff with international knowledge (European institutions, mastery of languages...). If they want their expertise to be useful, those in charge of making decisions regarding the evolution of international markets must possess skills capable of detecting changes in the environment. One of the most far-reaching changes in the current environment is industrial relocation. It may be interesting that social enterprises that employ people with disabilities try to replicate productive artisanal models from China, combining them with new technologies to multiply job opportunities. In relation to other market fluctuations, it has been observed that their ethical principles generate resilience, but it is also necessary to set out internal protection mechanisms, such as contingency funds.

On the other hand, it has been proved that Catalan and Spanish social institutions are in charge of spreading awareness messages about the social business model. Public institutions should take more responsibility for this matter. Thanks to social enterprises, public expenditures are reduced, since they directly contribute to vulnerable groups' social inclusion. For this reason, a reduction on the corporate tax or a bonus increase in vulnerable groups' salaries should be considered. To correctly apply the measures, the Catalan Administration should be given higher fiscal powers to promote cooperative competitiveness in the long term via political proposals flexible to market needs. One of the main objectives of new policy proposals should be developing associationism in local networks to pass from informality to professionalization through support programs.

Difficult procedures to apply for grants are an impediment to obtaining financing: so bureaucratic tasks should be reduced. Moreover, aids must be aimed at digitalizing internal structures<sup>14</sup>, and covering business travel expenses<sup>15</sup> to encourage international commercialization (first actions are complicated due to territory rooting). Although the Catalan Administration is obtaining results from fully subsidised international punctual projects, constant support services over time are needed. On the part of enterprises, they must be aware of their own limitations before starting these projects and understand their value to achieve real commitment. On the part of the Administration, it is necessary to prioritize these projects to not generate too much waiting time and planning problems.

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<sup>14</sup> Internal accounting must be digitalized, websites correctly developed, and order processes automated.

<sup>15</sup> Many of the meetings with potential clients are currently held online, but international appointments are useful if a commercial agenda is prepared beforehand and if executed in an aggregated way to reduce costs.

## 8. CONCLUSIONS

The internationalisation of Catalan social enterprises after the Covid-19 pandemic must be considered in different dimensions. The first one, and to which most social organizations of the territory could be applied regardless of their *raison d'être*, is the international promotion of the business model by sharing experiences with foreign agents. Participation in international events of the sector, or memberships in European platforms of the social ecosystem are useful tools to develop this dimension. For this reason, we can argue that the solidarity behaviour of social enterprises can generate social awareness beyond borders through international networks (Knoke, 2019).

Another dimension is the internationalisation of the economic activity through export-based methods, that must consider certain limitations. For example, cooperatives are generally created to cover the basic needs of its members, so there are certain models that do not aspire to internationalisation because their purpose is focused on the needs of the territory, and not on the needs of foreign markets. However, the needs of the territory can sometimes be achieved from an international perspective. Those social enterprises that employ vulnerable groups, such as people with disabilities, can assess the internationalisation of their products as a source to maintain, or even increase, their level of employment and generate more social inclusion. In this sense, it is compatible that social enterprises are rooted in the territory but that they operate in international markets. The Catalan social agri-food sector is an example of a similar outlook, since local entrepreneurs are associated to jointly transform or commercialize products abroad.

The most relevant challenge faced by social enterprises that want to export, and specifically for those possessing a close profile to the ones analysed, is the difficulty in explaining the business model abroad. Although they can offer quality products and reach partners (“collectivities”) with sensitive eco-social interests who appreciate the intangible value by selecting means, not simply mere objectives (Etzioni, 1988), it is not always easy to transmit the value proposal.

On the other hand, some social enterprises encounter internal contradictions due to the ethical principles of some partners while selling or establishing agreements abroad. Anyways, in general they end up adapting to market pressures. Consequently, we cannot conclude that there are truly “hypernorms” (Schröder, 2013) by which internationalised social enterprises are governed. The decisions of these organizations try to adapt to the

influences of the market in order to survive and develop economically. In a very similar way to organizations implanted internationally through mixed cooperatives, or through the extension of the corporate management model (Flecha, Ngai, 2014). But on a smaller scale since exports involve a lower level of commitment. In the worst-case scenario, it has also been discovered that commercial international conflicts provide also a chance to strengthen business relationships and generate social awareness.

It has been possible to verify that decisive abilities that support the execution of internationalisation processes are the disposition of sensing and reconfiguring skills: they are essential to identify market opportunities (Ali, Yunhong, Chen, 2020). In addition, another determining booster for social enterprises are the chances offered by technology. It should not be seen as an enemy, even if it allows other organizations in the sector to be more competitive and achieve economies of scale. It has been observed that it is already being used to improve production processes in special employment centres.

The collaboration between public and private institutions in the sector at the Catalan, Spanish, or European level is positive. Nevertheless, as it was already detected in the literature review, an attempt should be made to reduce institutional barriers, which are equally determinative as financial or economic barriers (Robinson, 2006) that social enterprises encounter when they go international. New policies should be oriented regarding this aspect, and above all, to bureaucratic facilitation to obtain public aids to promote competitiveness via internationalisation or innovation.

For future research, it is proposed to analyse a dimension of internationalisation that has been identified during the project, but that has not been possible to delve into it. It is the internationalisation seen as an opportunity to obtain financing, for example by applying to European economic development programs. It could also be interesting to explore different profiles of social enterprises, as their various legal forms of constitution convert them in an attractive object of study to continue investigating. If the adequate budget was available, as the author of this research, I would be willing to undertake a new project that make it possible to face new aspects through a better impact. In addition, a more dialogical point of view could be incorporated by proposing a greater participation of the different actors, for instance via a previous accurate Delphi study that collected the quantitative needs of the sector.



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## 10. ANNEX

DATA SHEET: OBRADOR EL ROSAL

- Representative: General Manager

DATA SHEET: L'OLIVERA

- Representative: Production & Export Manager

DATA SHEET: GRUP COOPERATIU TEB

- Representative: Sales & Marketing Manager

DATA SHEET: FIT TEXTIL

- Representative: General Co-Director

DATA SHEET: FEDERACIÓ CATALANA DE LA DISCAPACITAT INTEL·LECTUAL (DINCAT)

- Representative: Director

DATA SHEET: CONFEDERACIÓ DE COOPERATIVES DE CATALUNYA (COOPCAT)

- Representative: Director

DATA SHEET: CONFEDERACIÓN EMPRESARIAL ESPAÑOLA DE ECONOMÍA SOCIAL (CEPES)

- Representative: Director

DATA SHEET: ENTERPRISE EUROPE NETWORK (EEN)

- Representative: Chair of Proximity & Social Economy Sector

