

The Face of Social Enterprises in North Carolina

North Carolina Social Innovation
2014 Survey Report



COLLEGE OF
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Public Policy

USC Price

*Sol Price Center for
Social Innovation*



NC Fourth Sector Resource Project

Connecting you with local resources to start and grow your fourth sector business

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Key Findings and Policy Recommendations

Overview

This report is the second in a three-part study looking at the social innovation behaviors of organizations across North Carolina.

Round 1 of the NC Social Innovation Survey was conducted in 2012. The analysis focused on differences between rural and urban areas of the state. Respondents were asked about impacts and recovery from the 2008-2009 recession, as well as business innovation, social innovation, and a wide range of social practices. The report looked at responses from 743 for-profit, nonprofit, and hybrid organizations across 71 North Carolina counties. Significant business innovation and social innovation were evident within organizations across North Carolina, spanning geographic, industry, and legal structure boundaries.

Round 2 of the NC Social Innovation Survey was conducted in 2014. The analysis presented in this report focuses on differences between organizations across the nonprofit, for-profit, and hybrid dimensions. Respondents were again asked about impacts and recovery from the economic recession, as well as business innovation, social innovation, and a wide range of social practices.

Follow-up Interviews to the NC Social Innovation Survey were conducted in 2016 and 2017. These interviews document the impact socially innovative organizations are having on their communities, as well as the barriers and challenges they face. Additional interviews were also conducted with support organizations that assist social enterprises to understand their role.

Key Findings

Socially innovative organizations exist across the state of North Carolina: in rural, suburban and urban areas, across industry fields, and across the nonprofit, for-profit, and hybrid legal sectors. Our sample consisted of 636 for-profits, 253 nonprofits, and 55 hybrids firms. Survey respondents came from 89 of the state's 100 counties.

More organizations are balancing being profit-driven with a social mission.

- In our sample, approximately 1/3 of nonprofits identified as *Nonprofit with Heavy Earned Income*. Approximately 1/3 of for-profits identified as *Provide Social Good while being For-profit*.
- Nearly 3/4 of respondents across legal sectors reported favoring local suppliers and a majority of respondents across sectors favor suppliers with good environmental & social practices.
- Over 2/3 of nonprofits reported earned income revenues, accounting for an average of 40% of their revenues.

Despite this convergence, hybrids do show evidence of being a distinct form.

- Hybrids are most likely to have social practices embedded into their operation.
- Overall, hybrids were most likely to report a desire to try to incorporate more social practices.
- Roughly 2/3 of the hybrids in our sample had women in leadership roles. Approximately 20% of both nonprofits and hybrids reported minorities in leadership roles.
- Over 2/3 of hybrids identified as either *Nonprofit with Heavy Earned Income* or *Provide Social Good while being For-profit*.

The legal structure of an organization may have implications for the organization's impact in the community. While there are nuances, our sample suggests some interesting trends.

- For-profit respondents were likely to report increased benefits to employees, increased environmental efforts related to reducing costs, and formal measurement of their environmental efforts outcomes.
- Nonprofits helped their communities in multiple ways, but overall, were less likely to focus on the organization's environmental practices.
- Hybrid organizations had community and environmental practices built into their operations but did not offer as many benefits to employees.
- When respondents were asked how they would use a cash windfall, *Provide a Reserve or Cushion*, and *Purchase Equipment & Supplies*, or *Expand* were among the top three most likely uses across all three sectors. For-profits were also inclined to say *Repay Debt*, while nonprofits and hybrids both intended to *Fund Community Projects/Donate to the Community*.

Hybrids are more likely to be located in areas where the local economy is strong.

- Respondents were asked if they felt their organization has recovered from the economic recession of 2008-2009. Nonprofit respondents were less likely to report they had recovered, while hybrids were least likely to say they had not recovered.
- In the sample, no hybrids perceived their local economy as declining
- Hybrids were also most likely to have formed post-recession.

Manufacturers, including Breweries & Wineries, are also engaging in social practices while growing the local economy.

- Roughly ¾ of manufacturers attempt some sort of environmental outcomes measurement.
- Over half of manufacturers describe themselves as balancing social mission with profit.
- Over half of manufacturers in the sample reported business innovation attempts, while 20% of reported social innovation attempts.
- Together, the sample of 34 Wineries & 27 Breweries was responsible for over 1200 local jobs.

Policy Recommendations

Increased small business support and research

- The L3C structure, while short lived, was viewed positively by its users. However, it is unclear how it was useful, given these firms did not use it to obtain new avenues of capital. More research is needed to understand the value of these hybrid legal structures.
- Nonprofits requested more information about earned income options and how best to incorporate these revenue streams.
- Local support organizations should expand their social enterprise content and reach to help firms across legal structure incorporate social practices more effectively.

Section 1 Social Enterprises in North Carolina

Overview

North Carolina's history includes social innovations ranging from the development of the Research Triangle Park to experimentation with hybrid legal structures, ground-breaking social entrepreneurship programs at the state's academic institutions, and a growing number of socially-minded business incubators and support organizations. Numerous nonprofit sector and for-profit sector organizations across the state's 100 counties are a testament to the fact that North Carolina is a breeding ground for social innovation.

This report assesses the growing number of organizations whose work spans beyond the traditional for-profit/nonprofit sector divide. By implementing social practices and tactics, they improve their local communities, as well as their local economies. The North Carolina Social Innovation Survey was conducted twice – Round 1 in 2012 and Round 2 in 2014 - the latter of which serves as the basis for this report.

As documented in the Round 1 report, organizations are transcending traditional sector boundaries to blend business principles with social missions to produce social innovation. *Social Innovation* is a general term for implementing novel approaches to alleviate social problems or provide public goods. *Social Enterprises* are hybrid entities that blend for-profit methods with nonprofit missions with the aim of generating social innovation. While both terms have many definitions, we use these more inclusive boundaries to broadly study their prevalence.

“Social Innovation is a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals.” *Stanford Social Innovation Review*

Social Enterprises are organizations that aim to solve a social problem, or to create social innovation following some for-profit or entrepreneurial practices.

Dees 2008 and Martin & Osberg 2007

North Carolina has a variety of legal structures available to firms, including traditional for-profit and nonprofit entities that allow for hybrid activity (See Appendix B for a full list of options). The State has also experimented with formal hybrid options that aim to serve social enterprises.

North Carolina enacted the Low Profit Limited Liability Corporation (L3C) in August 2010 under Senate Bill 308. However, the legislature voted to repeal the designation in June 2013, effective January 2014, under Senate Bill 439. The legislature felt it would be challenging to monitor this low-profit status. Organizations that had previously registered as L3Cs are able to maintain the status, but no new organizations may register under it. The L3C structure is a for-profit company with an explicit social mission. There is no tax benefit from the status; instead the benefit lies in new access to capital through private foundation funding to further their social mission. L3Cs were surveyed in both rounds of the survey, but in the second round an additional set of questions was targeted to L3Cs to assess the impact of this change in legislation.

North Carolina has repeatedly attempted to implement the Benefit Corporation status. It failed in 2011 under Senate Bill 26 and again in 2014 under Senate Bill 99/House Bill 440. The bill was reintroduced in April 2015 under House Bill 534 but has failed to pass to date. The Benefit Corporation status is similar to the L3C in that it is a formal legal structure for for-profit firms with an explicit social mission while conferring no tax benefit. Its goal is to protect the firm's desire to support its social mission, even at the expense of a decrease in profits. The status is lobbied for by B-

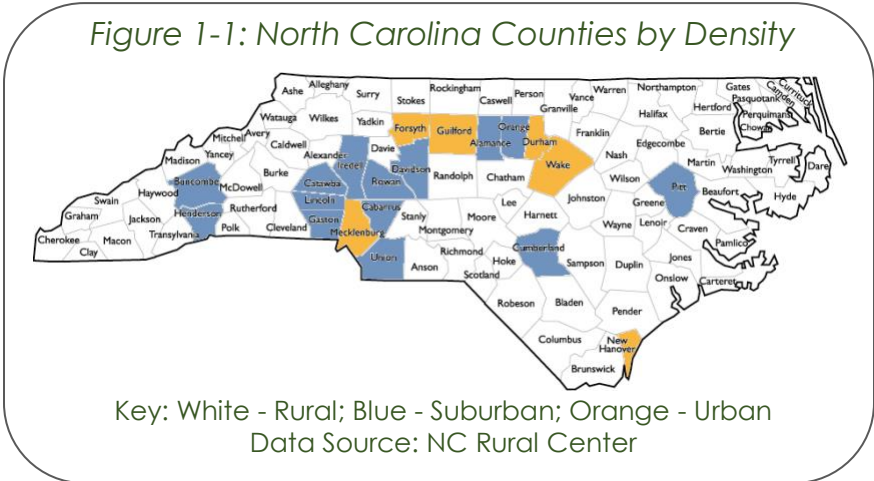
Lab, a nonprofit company that monitors and registers B-Corps. B-Corps are part of an association but not a distinct legal structure. As of June 2018, there are 45 B-Corps in North Carolina (B-Lab).

Finally, North Carolina allows for the creation of cooperatives. Although cooperatives are often overlooked when discussing social enterprise, many in North Carolina have utilized this legal structure for their socially innovative organizations. An organization may form as a formal cooperative association or use another legal structure and add a cooperative operating agreement. Either structure provides a membership-based ownership system to share in both decision-making and profits. The 2014 Survey provided a subset of questions for cooperative organizations.

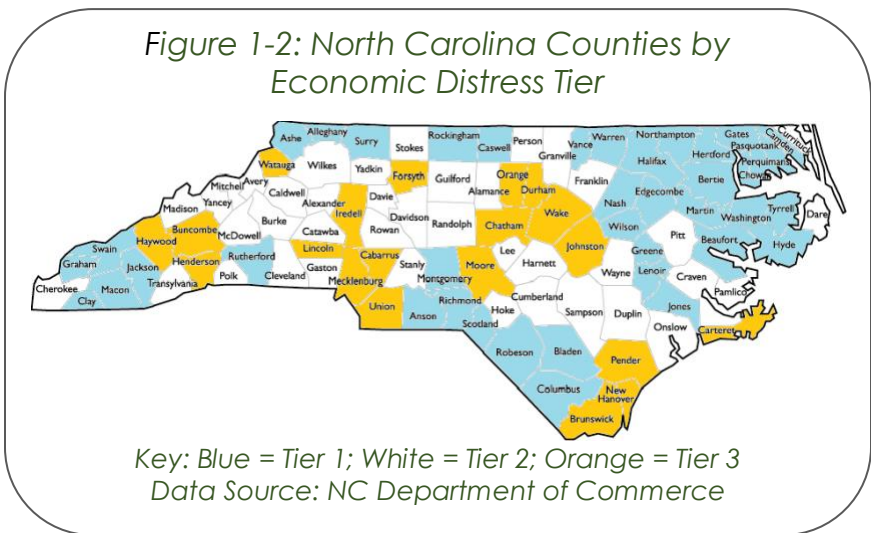
North Carolina Economic & Geographic Variation

North Carolina is the 9th largest state in the US with a population of over ten million (US Census). As of 2014, the state has a median household income of \$41,524, with 20% having income below the poverty level, and a 7% unemployment rate (See Appendix Table C-1 for more detail).

The state is divided into 100 counties. Six are classified as *Urban* with population densities of at least 750 persons per square mile. Fourteen counties are classified as *Regional Cities or Suburban* with densities between 250 – 750 persons per square mile. The remaining 80 counties are *Rural* with densities less than 250 persons per square mile (NC Rural Center). Figure 1-1 maps the distribution across the state.



Most data on social innovation and social enterprises in the US has focused on urban areas. However, it is well documented that urban and rural areas differ in many respects, especially with respect to economic development. North Carolina’s variation allows us to assess how social enterprises and social practices vary across this dimension.



North Carolina also classifies each county into one of three Economic Distress Tiers. *Tier 1* includes the 40 most economically distressed counties, *Tier 2* the next 40, and *Tier 3* the 20 least distressed. The North Carolina Department of Commerce ranks each county annually based on a series of economic well-being indicators, including unemployment rate, median household income, population changes, and property values. The tier designations have been used for many state programs. For this report, 2015 classifications are used as the data they are based on is from 2014, the year of the survey. Figure 1-2 maps the tiers across the state.

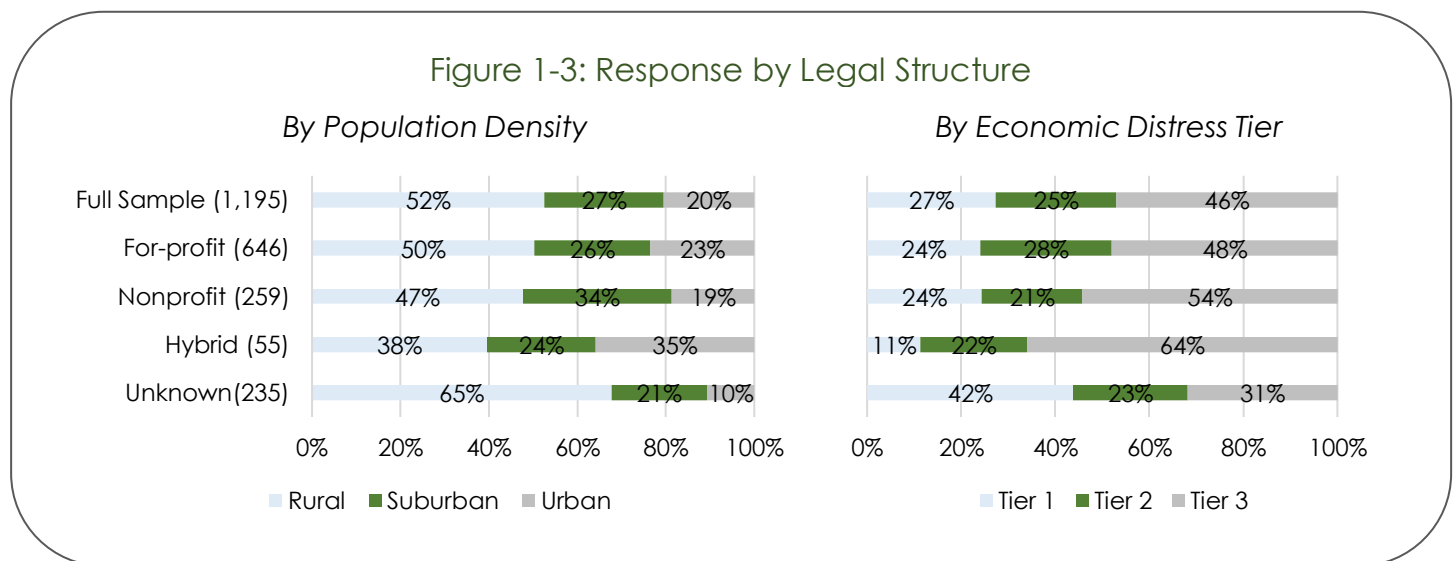
Median household incomes are highest in *Urban* and *Tier 3* counties, while *Rural* and *Tier 1* counties lead in poverty rate. However, unemployment rates and high school graduation rates are fairly consistent across the state, ranging from 6-8% and 79-83%, respectively. (See Appendix Table C-1).

Survey Implementation and Responses

The Second Round of the NC Social Innovation survey was conducted in the fall of 2014. The survey was distributed through fourteen lists targeted to reach organizations across sector, geography, and distress tier. The survey collected 1,195 valid responses. Sole proprietorships, government entities, and organizations primarily operating out of state were excluded from the survey. The sample size of each survey question varies due to non-response of specific questions. Details on the survey methodology and distribution are discussed in the Appendix.

Given that innovation is a process requiring risks and failures, the survey asked respondents to report on both current, as well as unsuccessfully attempted business, employee, community, and environmental practices. The survey also gathered information on each organization’s demographics and mission.

Survey respondents came from across the state and geographic designations. The ten counties with the highest number of responses account for 46% of responses. The full distribution is presented in Appendix Table C-2. Of the 1,195 responses, 646 have for-profit legal structures (C or S corporation, LLC, or LLP). Nonprofits comprise 259 of the responses. Fifty-five respondents reported a formal hybrid structure, which we define to include L3Cs and cooperative associations. The remaining 235 respondents did not identify their legal structure, which means they were excluded from any analysis based upon legal structure. Figure 1-3 depicts the distribution by sector of rural, urban, and suburban responses and of each distress tier.



State Establishment Population Comparison

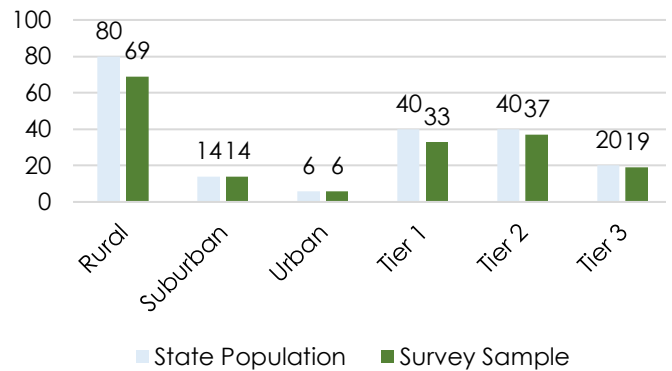
In total, approximately half a percent of establishments was surveyed. Table 1-1 compares the state population of establishments to the survey sample using population density and economic tier. Of the 100 counties, 89 are represented in the survey sample. Figure 1-4 compares the distribution of counties in the state and in the survey sample.

Table 1-1: State Population Comparison to Survey Sample

	State Population	Survey Sample
Rural	33%	52%
Suburban	24%	27%
Dense Urban	43%	20%
Tier 1	12%	27%
Tier 2	32%	25%
Tier 3	56%	46%
Population	234,686	1,195
Share of Pop Sampled		0.51%

Note: Population is based on 2014 counts of private establishments with employees

Figure 1-4: County Distributions by State Population and Survey Sample



Industry prevalence varies across these geographic boundaries, both in the state population and in our survey sample. Appendix Table C-3 details these distributions.

Approach to Analysis

The results of the survey were analyzed with a primary focus on legal sectors, comparing responses from for-profit, nonprofit and hybrid organizations. Section 2 compares the demographics of respondents across these sector lines.

Section 3 then compares the social practices of respondents between for-profits, nonprofits, and hybrids. This includes practices related to employees, the local community, and the environment. Section 4 proceeds by investigating the innovative activity of these firms and variation in how they identify. It also includes detail on the subsets of social enterprises and activity surveyed. Finally, Section 5 focuses on the manufacturing industry with an in-depth look at breweries & wineries.

Throughout the report, statistical significance is denoted using *** to indicate significance at the 1% level and ** to indicate significance at the 5% level. The meaning of statistical significance and the 1% and 5% level distinctions are discussed in the Appendix.

We distinguish between organization types based on their formal legal structure (nonprofit, for-profit, or hybrid) and refer to them in text as legal sectors. We use the term **hybrid** to refer to organizations reporting one of the formal legal structures available in North Carolina that intend to merge for-profit structures with social missions. **Social enterprise** is used as a term to refer more broadly to both these formal hybrids and informal organizations that use a traditional legal structure.

Section 2

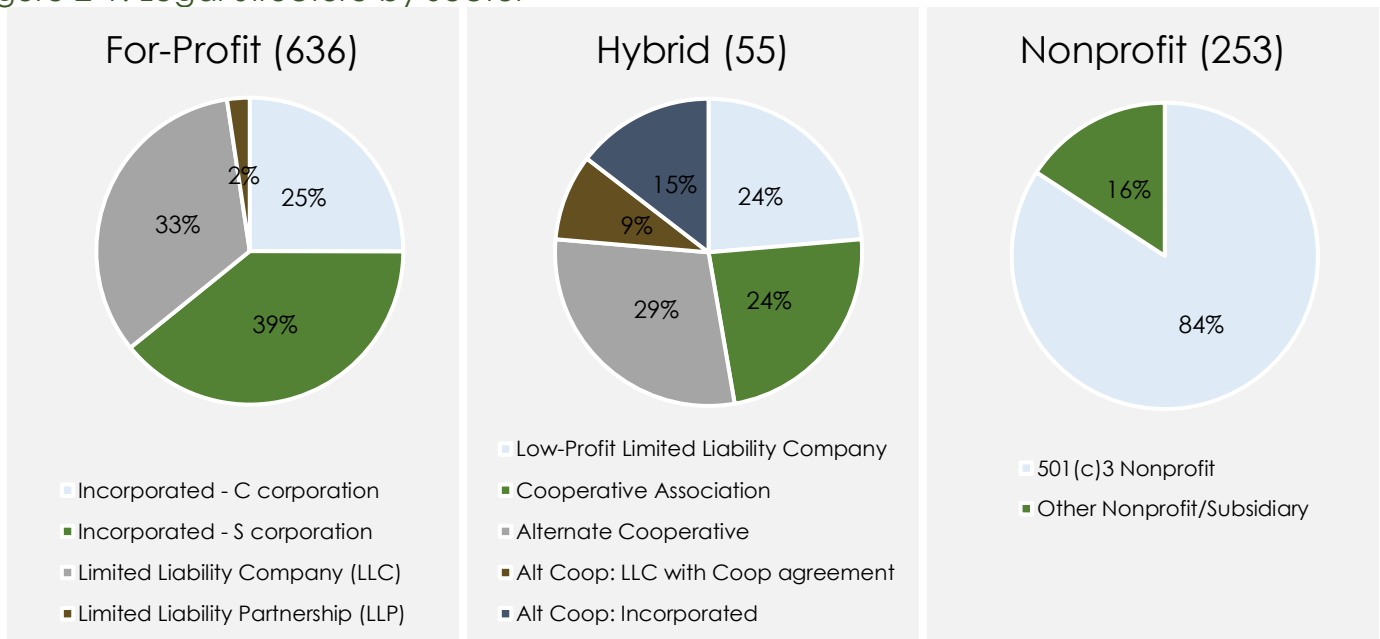
Landscape of North Carolina Firms

Structure, Geography, & the Economy

Legal Structure

Respondents were asked to report the formal legal structure of their organization from a list of available structures in North Carolina (See the Appendix for a full description of available types in the state). Figure 2-1 shows the distribution of each structure of respondents by sector. As noted earlier, Hybrids, for this report, include the formal structures of L3Cs and cooperative organizations. Given the majority of this analysis categorizes organizations by legal structure, the 235 organizations reporting *Unknown* when asked for their legal structure are not included.

Figure 2-1: Legal Structure by Sector



The survey question asked: what is the current legal structure of your organization (As specified for tax purposes)?

Geographic Distribution

As discussed in Section 1, the state of North Carolina is organized into 100 counties, classified as either *Rural*, *Suburban*, or *Urban*. The North Carolina Rural Center defines rural counties as those with population density of 250 people per square mile or less, regional city or suburban counties as 250-750 people per square mile, and urban counties as 750 people or more per square mile (NC Rural Center).

As shown previously in Figure 1-3, 52% of our sample is *Rural*, followed by 27% *Suburban*, and 20% *Urban*. The for-profit firms in our sample show a very similar geographic distribution to the overall sample. The nonprofits are slightly more concentrated in *Suburban* areas than the overall sample while the proportion of *Urban* hybrid firms is much larger than the overall proportion.

Regarding economic distress tier designations, nonprofits and for-profits have similar distributions. More hybrid respondents are in *Tier 3* counties, followed by *Tier 2*, with the fewest in *Tier 1* counties. This is noteworthy, given that *Tier 1* counties are over-represented in our sample.

In addition to being asked the county in which they were currently located, respondents were asked if this was also the county in which their organization was founded.

Table 2-1: Current and Original Location of Organization

	For-Profit	Hybrid	Nonprofit
Multiple Locations out of County	30%	31%	31%
Recruited or Incentivized to County	7%	10%	11%
Founded in Current County	78%	88%	84%
If Not from County, Founded in NC	48%	40%	58%
Total	640	51	256

If they were not founded in their current county,

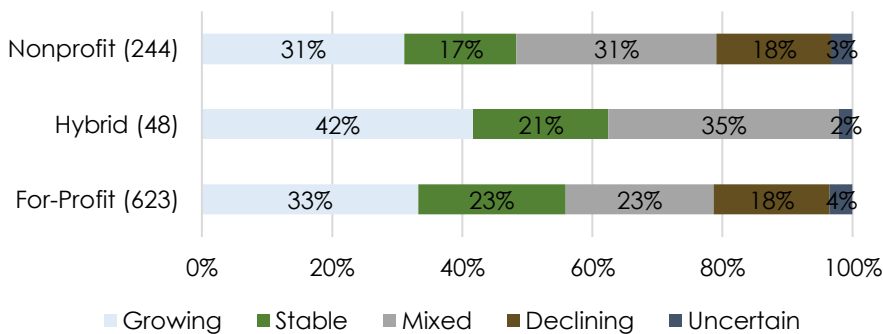
respondents were asked if they were founded in North Carolina. For-profit respondents were least likely to be founded in their current county (78%), compared to hybrids (88%) and nonprofits (84%).**

Respondents were also asked if they were recruited or incentivized to locate in their current county. Surprisingly, for-profits reported the lowest rate (7%), a significantly lower share than nonprofits (11%).** All sectors reported nearly identical rates of having additional locations outside of the county. Table 2-1 details these differences.

Local Economy

Respondents were asked about the local economy within their community. Figure 2-2 presents the results by sector. Nonprofits and for-profits exhibited very similar distributions. When compared to either nonprofits or for-profits, hybrids were more likely to report a growing economy or a mixed economy. No hybrids reported a declining economy.** Though these respondents were more likely to be located in the less distressed counties, it is still surprising that no hybrid would be operating in a declining local economy.

Figure 2-2: Perceptions of the Local Economy



The survey question asked: How do you perceive your community's economy? By community we mean the immediate area where your organization resides.

Finally, respondents were asked about their organization's recovery from the 2008-2009 recession. This allowed them to reply based on their own relative economic conditions and report the actions they took in response to those conditions.

Figure 2-3 shows the proportions of respondents in each legal sector by recovery status. Nonprofit respondents were less likely to report that they had recovered while hybrids were least likely to say they had not recovered.

In each sector, roughly a third of respondents reported a mixed recovery. Hybrids were most likely to have been formed post-recession and thus to respond *Not Applicable*.**

Table 2-2 reports the actions firms took in response to the recession by sector. Hybrids were least likely to report decreasing employment, with 16% doing so compared to 29% of for-profit** and 25% of nonprofits. For-profits were most likely to have increased costs to consumers as compared to hybrids** and nonprofits.*** As alternative strategies, hybrids had the highest rate of increasing operating efficiency, while for-profit had a slightly higher rate than nonprofits of increasing material efficiency.

For-profit were more likely to expand or diversify their efforts than either hybrids** or nonprofits.*** They were also more likely to increase assistance to their employees than nonprofits.*** Hybrids were more likely to have increased environmentally sustainable practices than either for-profit*** or nonprofits.*** Nonprofits had the highest proportion of increasing assistance to the local community as compared to hybrids** and for-profit.***

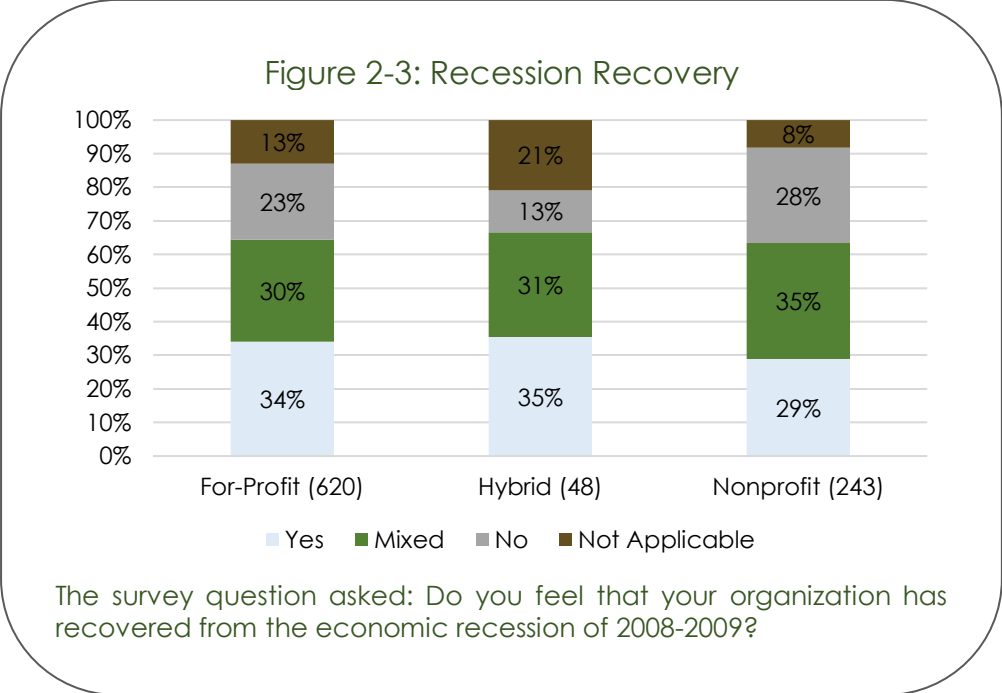


Table 2-2: Responses to the Recession

Responses to the Recession	For-Profit	Hybrid	Nonprofit
Decreased Employment	29%	16%	25%
Decreased Employee Benefits or Wages	15%	18%	13%
Downsized or Closed	1%	2%	2%
Increased Cost to Consumers	34%	22%	16%
Increased Operating Efficiency	49%	57%	47%
Increased Material Efficiency	20%	18%	16%
Expanded and/or Diversified (includes hiring)	33%	20%	24%
Increased Environmentally Sustainable Practices	16%	29%	12%
Increased Assistance to the Local Community	14%	18%	29%
Increased Assistance to Employees (benefits, wages, etc.)	20%	14%	12%
No Change	12%	16%	13%
Not Applicable	5%	4%	9%
Observations	625	51	245

The survey question asked: In response to the current economic conditions, has your organization changed practices in any of the following ways in the last three years? (Select all that apply)

Firm Demographics

Industry

Table 2-3: Industry

Industry	For-Profit	Hybrid	Nonprofit
Manufacturing	29%	7%	0%
Agriculture, Forestry, Fishing & Hunting	4%	13%	3%
Alternative Energy	1%	4%	2%
Construction	6%	2%	3%
Transportation & Warehousing	2%	0%	1%
Utilities	1%	11%	0%
Accommodations & Food Services	8%	5%	1%
Arts, Entertainment, and Recreation	2%	9%	11%
Real Estate, Rental, and Leasing	4%	2%	2%
Retail Trade	8%	13%	2%
Wholesale Trade	4%	4%	1%
Administrative & Support Services	2%	4%	1%
Education Services	1%	7%	15%
Finance & Insurance	6%	4%	2%
Health Care & Social Assistance	6%	13%	23%
Information	2%	2%	1%
Professional & Business Services	15%	5%	5%
Public Administration	1%	0%	12%
Religious, Civil, Grantmaking	0%	4%	19%
Personal Services	3%	0%	2%
Observations	646	55	259

The survey question asked: What industry is your organization in?

Regarding industry, across all sectors, roughly 16% reported multiple industries through NAICS codes. Table 2-3 presents a comparison distribution of industry by sector (See Appendix Table C-4 for a detailed listing with the breakdown of manufacturing; See Appendix C-3 for the state distribution of industry).

Of starkest contrast is the distribution of *Manufacturing* across sectors. Twenty-nine percent of for-profit firms identify as in a manufacturing industry, as compared to only 7% of hybrids and no nonprofits.*** (Table 2-3). *Professional and Business Services* has the second highest concentration of for-profit firms, representing 15% of respondents compared to just 5% each of hybrid** and nonprofit*** respondents.

Health Care and Social Assistance industries include the largest share of nonprofit respondents (23%). These fields account for 13% of hybrids and just 6% of for-profit.** *Retail Trade*, *Agriculture, Forestry, Fishing & Hunting*, and *Health Care & Social Assistance* are the industries most often reported by hybrid respondents, each accounting for 13% of

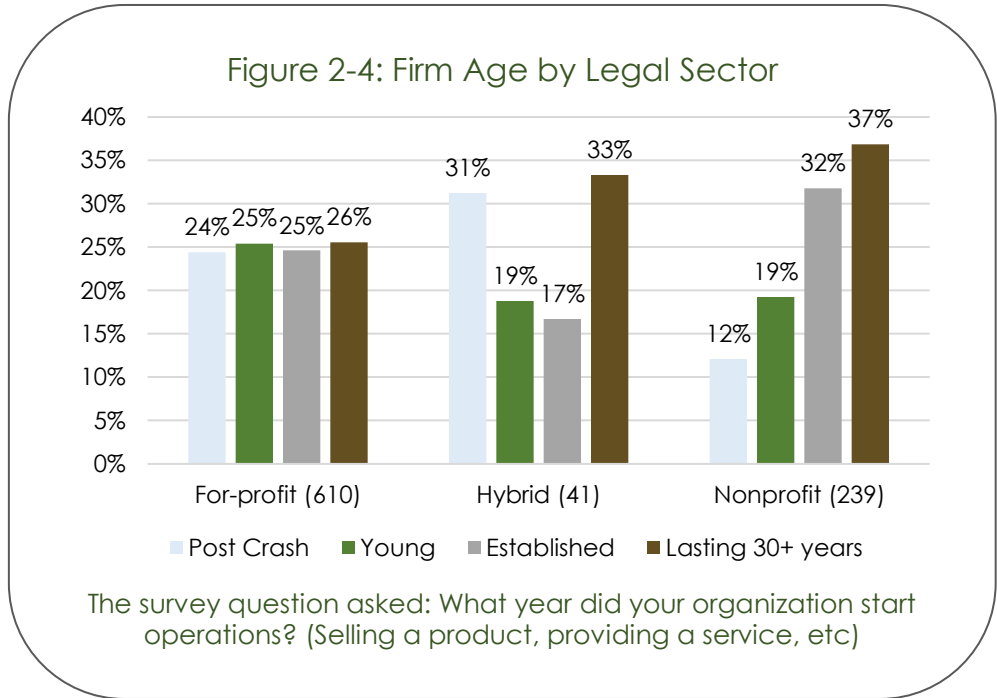
responses. *Retail Trade* industries only represent 8% of for-profit and 2% of nonprofit respondents.*** Also of note is the fact that 11% of hybrids identified as *Utilities*. North Carolina does have 26 electric cooperatives.

Age

The average start year for all surveyed organizations was 1985. Nonprofits were older, on average, with a mean start year of 1981. This is significantly older than hybrids, with an average of 1989,** and for-profits, with an average of 1990.***

Responding organizations were grouped, based on their age, into one of four categories. The average lifespan of a firm is fifteen years. Thus, firms were categorized as *Established* if they had been in operation for fifteen to thirty years. Older firms in

operation more than thirty years were classified as *Lasting*. *Post-Crash* firms were coded as those formed after the 2008 recession, while *Young* firms represent those formed before the crash but not yet fifteen years ago. Figure 2-4 shows the distribution across these categories for each sector.



As seen from the figure, the sectors have significant variation in their distribution.*** For-profit respondents are evenly distributed across each of the four categories. Hybrids, however, are concentrated at the tails, with roughly a third formed after the recession, and another third considered to be long-lasting. This is likely reflective of the two available hybrid structures: cooperatives have a long history in North Carolina (NC's first electric cooperative was established in 1936), while the L3C only became available in 2010, after the recession.

Table 2-4: Sector Comparison – Firm Size

Number of Employees	For-profit	Hybrid	Nonprofit
Very Small (<5)	27%	48%	44%
Small (5-99)	58%	48%	45%
Medium (100-499)	11%	4%	7%
Large (500-4,999)	3%	0%	3%
Extra-Large (>5,000)	1%	0%	0%
Observations	612	48	245
Average # of Employees	1930	23	128

The survey question asked: Please estimate the number of employees at your organization. An employee is defined as any person, full or part-time, who is on your payroll. This may include owners or those on temporary leave.

Nonprofits are concentrated in the older categories, with a third considered *Established* and 37% *Lasting*. This is also not surprising, given nonprofits are not susceptible to the same market pressures to close as for-profit firms. However, after the recession, with reduced funding, the North Carolina Center for Nonprofits asked visitors to their website to consider joining the efforts of existing nonprofits, rather than starting a new nonprofit venture. This may have caused a decline in new nonprofit formation after the recession.

Size

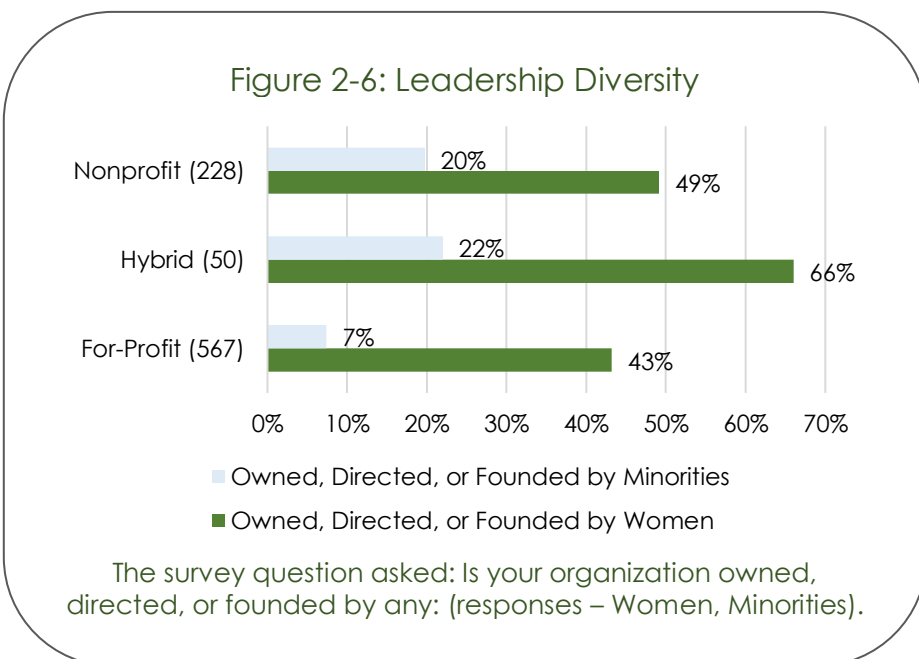
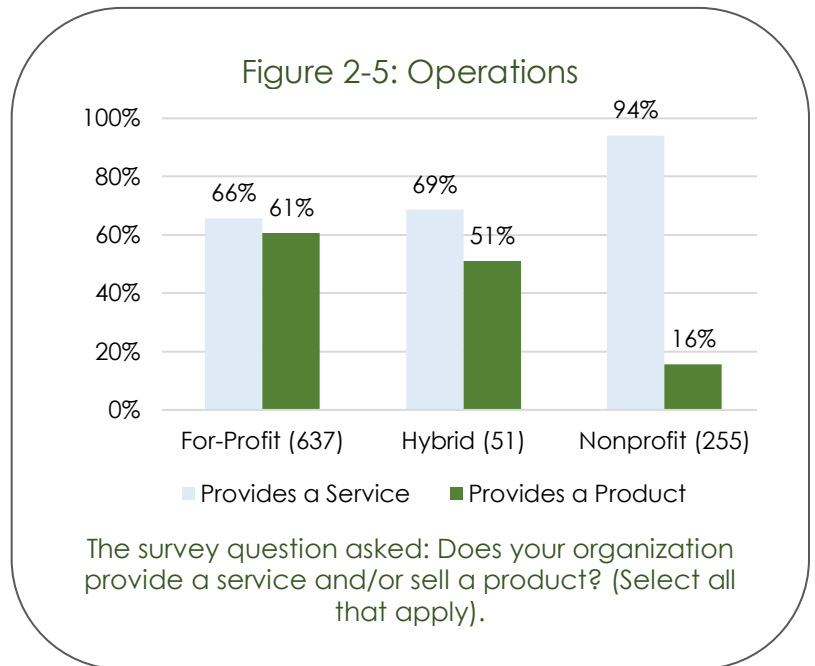
The average responding organization has approximately 1,225 employees. This is driven by for-profit respondents, with an average of 1,930 employees. Hybrids have an average of just 23 employees, while nonprofits have an average of 128. The federal Office of Management and Budget uses twelve classes to categorize employment size. Following a reduced version of this scale, respondents were classified into one of five categories: 1-4; 5-99; 100-499; 500-4,999; and more than 5,000.

Table 2-4 presents the distribution by sector. The vast majority of respondents are considered *Small* organizations with fewer than 100 employees. No hybrid respondents reported more than 500 employees, while no nonprofits reported more than 5,000. ***

Operations & Leadership

Respondents were asked if their organization provided a service and/or a product. Figure 2-5 shows the prevalence of each by sector. Nonprofits overwhelmingly provide a service (94%), while just 16% report providing a product. For-profits and hybrids have similar rates of providing a service (66% and 69%, respectively), but for-profit are more likely to provide a product (61% compared to 51%).***

Respondents were also asked if their organization is owned, directed, or founded by women and/or minorities. Figure 2-6 shows the distribution by sector.



Forty-three percent of for-profits and 49% of nonprofits report some female leadership. Hybrids have a majority of female leadership, with 66% of respondents. This is significantly more than either for-profit*** or nonprofits.**

Minority leadership is rarer, especially in for-profit firms: 7% of respondents reported minority leadership. Nonprofits and hybrids have similar rates of 20% and 22%, respectively. For-profits differ significantly when compared to either nonprofits or hybrids.***

Section 3 Social Practices

Employee Benefits

Employee Benefits & Employee Investment

Respondents were asked a series of questions regarding their organization’s employee, community, and environmental practices. We refer to these collectively as Social Practices. Employee support practices are divided into two groups – benefits to the employee and investment in the employee. Respondents were surveyed on a total of 12 practices. For-profits ranged from 0 to 12 practices currently implemented, with an average of 4.7. Nonprofits ranged from 0 to 11 with a mean of 4.6 practices. Hybrids were slightly lower with a range from 0 to 10 and a mean of 4.0 (Table 3-1).

Table 3-1: Average Number of Employee Support Practices

	For-Profit (622)	Hybrid (47)	Nonprofit (243)
Employee Benefits (5 total)	2.4	1.9	2.3
Employee Investment (7 total)	2.3	1.9	2.2
Total Employee Support Practices (12 total)	4.7	4.0	4.6
Range (0 to 12)	0 to 12	0 to 10	0 to 11

Figures 3-1 & 3-2 list the practices included in each group. When looking at the group of employee benefits, hybrids have a lower average number of practices (1.9) than either for-profits (2.4) or nonprofits (2.3).

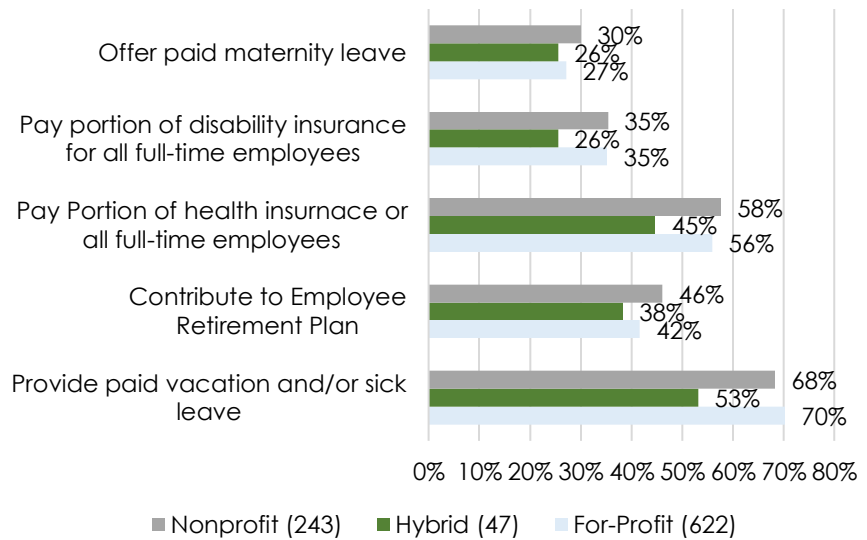
Hybrids are significantly less likely to report offering several benefits, as compared to either for-profits or nonprofits. This includes *Providing*

paid vacation and/or sick leave to full time employees,*** *Paying a portion of health insurance*,** and *Paying a portion of disability insurance*.** Hybrids also contribute to employee’s retirement plans at a lower rate than nonprofits.

The employee investment group includes seven practices. Similar to the benefits grouping, hybrids have fewer practices on average (1.9) than either for-profits (2.3) or nonprofits (2.2) (Figure 3-2).

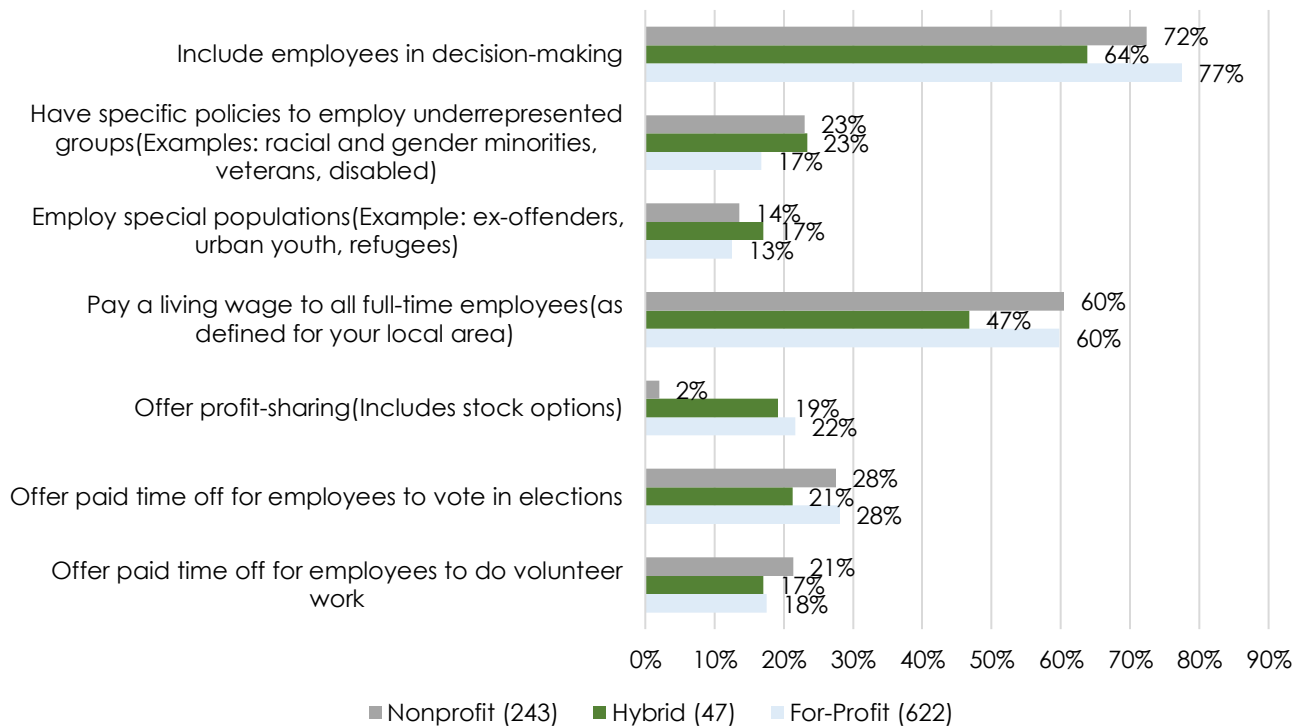
Looking at individual investment practices, prevalence varies significantly by legal structure. Hybrids offered their employees paid time off for voting at a lower rate than for-profits, and were less likely to pay a living wage to all full-time employees than either for-profit *** or nonprofits.** In addition, they are less likely to include employees in decision making as compared to both for-profit *** and nonprofits.**

Figure 3-1: Employee Benefits by Legal Sector



The survey question asked: Regarding your employment practices, does your organization...

Figure 3-2: Employee Investments by Legal Sector



The survey question asked: Regarding your employment practices, does your organization...

The fact that decision-making rests with the members in consumer owned cooperatives may contribute to the lower numbers reported here for hybrids. Nonprofits are obviously significantly less likely to offer profit-sharing than both for-profit and hybrids.*** Nonprofits are also significantly more likely to have specific policies to employ underrepresented groups than for-profits.** Nonprofits are also less likely to include employees in decision making than for-profits.**

Would Like to Try

Respondents also indicated if they would like to try any of the practices. See Table 3-2 for details. There is significant variation by sector on the practices organizations would like to incorporate. For all practices except employing special populations, hybrids are more likely to want to incorporate practices than either for-profits *** or nonprofits.** For-profits are significantly more likely to want to incorporate paying a portion of healthcare insurance costs, profit-sharing, and policies to employ underrepresented groups.

Respondents supplied other practices they offered including services for employees such as concierge, wellness programs, and zero-interest loans, as well as flexible schedules.

Table 3-2: Interest in Trying Employee Support Practices by Legal Sector

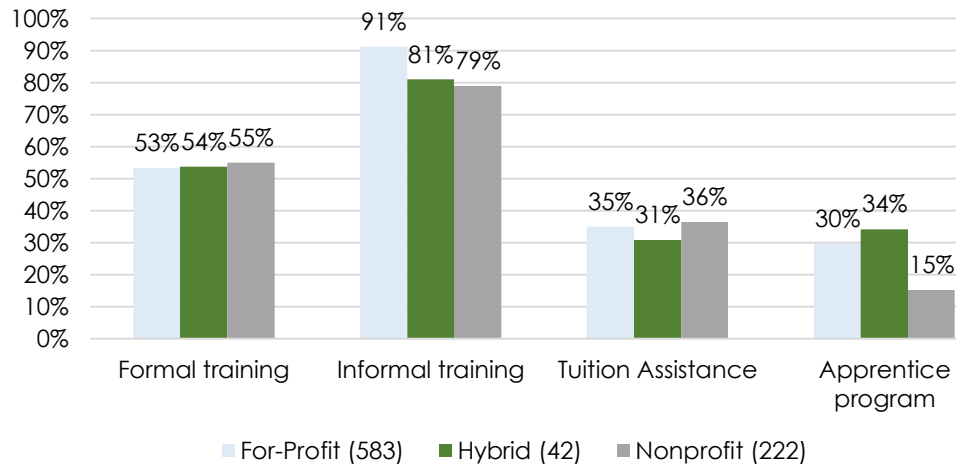
Employee Practices: Would Like to Try	For-Profit (622)	Hybrid (47)	Nonprofit (243)
Provide paid vacation and/or sick leave	2%	15%	1%
Contribute to employee retirement plan	7%	19%	5%
Pay a portion of health insurance costs for all full-time employees	5%	21%	3%
Pay a portion of disability insurance costs for all full-time employees	4%	17%	3%
Offer paid maternity leave	4%	17%	3%
Offer paid time off for employees to do volunteer work	5%	15%	5%
Offer paid time off for employees to vote in elections	4%	13%	4%
Offer profit-sharing (Includes stock options)	5%	17%	0%
Pay a living wage to all full-time employees (as defined for your local area)	4%	17%	3%
Employ special populations (Example: ex-offenders, urban youth, refugees)	5%	11%	5%
Have specific policies to employ underrepresented groups	6%	15%	3%

The survey question asked: Regarding your employment practices, does your organization.

Employee Training

Respondents were asked if their organization provides various types of training to their full-time employees. Figure 3-3 shows the prevalence of training types by sector. For-profits are significantly more likely to offer informal training than either hybrids*** or nonprofits.*** Nonprofits are least likely to have apprentice programs.*** For-profit respondents provide an average of 25.0 hours per full-time employee in a year, compared to 25.5 hours for hybrids and 27.1 hours for nonprofits. For-profits also have a larger range of the hours provided, maxing out at 500 hours in a year compared to 160 for hybrids and 250 for nonprofits.

Figure 3-3: Type of Employee Training by Legal Sector



The survey question asked: What types of training do you provide for your full-time employees?

Community Support

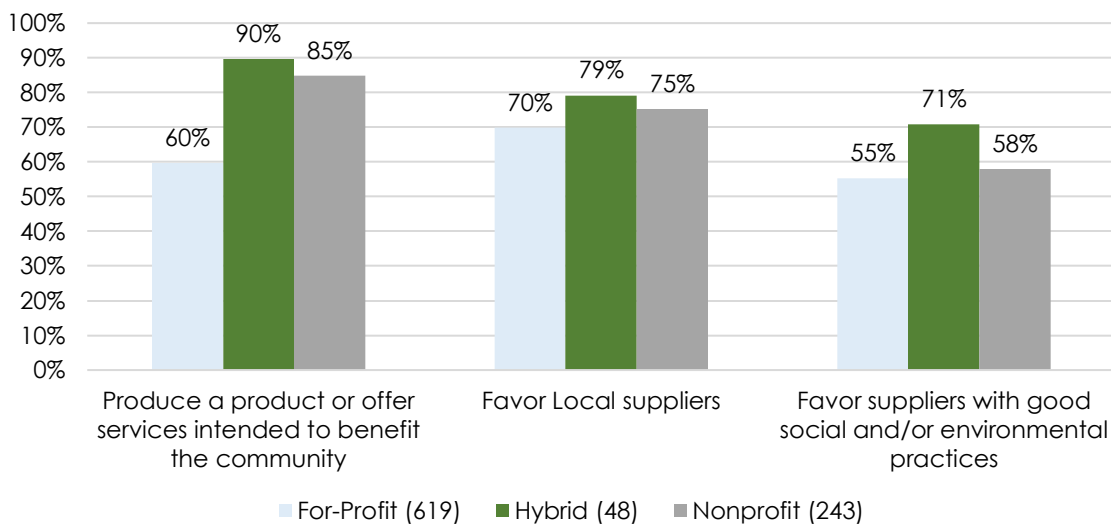
Respondents were then asked about 14 local community support practices. These can be divided into three categories relating to production, donations, and action. Looking at the full list of community support practices, for-profit respondents had an average of 5.6 practices, which is significantly less than either nonprofits (6.9)^{***} or hybrids (6.7)^{**} (Table 3-3).

Table 3-3: Average Number of Community Support Practices

Scales	For-Profit (619)	Hybrid (48)	Nonprofit (243)
Community Production Scale (3 Total)	1.8	2.4	2.2
Community Donate Scale (5 Total)	1.8	1.9	1.9
Community Action Scale (6 Total)	2.0	2.4	2.8
Community Support Practices (14 Total)	5.6	6.7	6.9
Range (0 to 14)	0 to 14	0 to 14	0 to 14

Three production-related practices were surveyed. For-profits respondents had significantly fewer of these practices, with an average of 1.8 compared to 2.4 for hybrids^{***} and 2.2 for nonprofits.^{***} (See Figure 3-4 details).

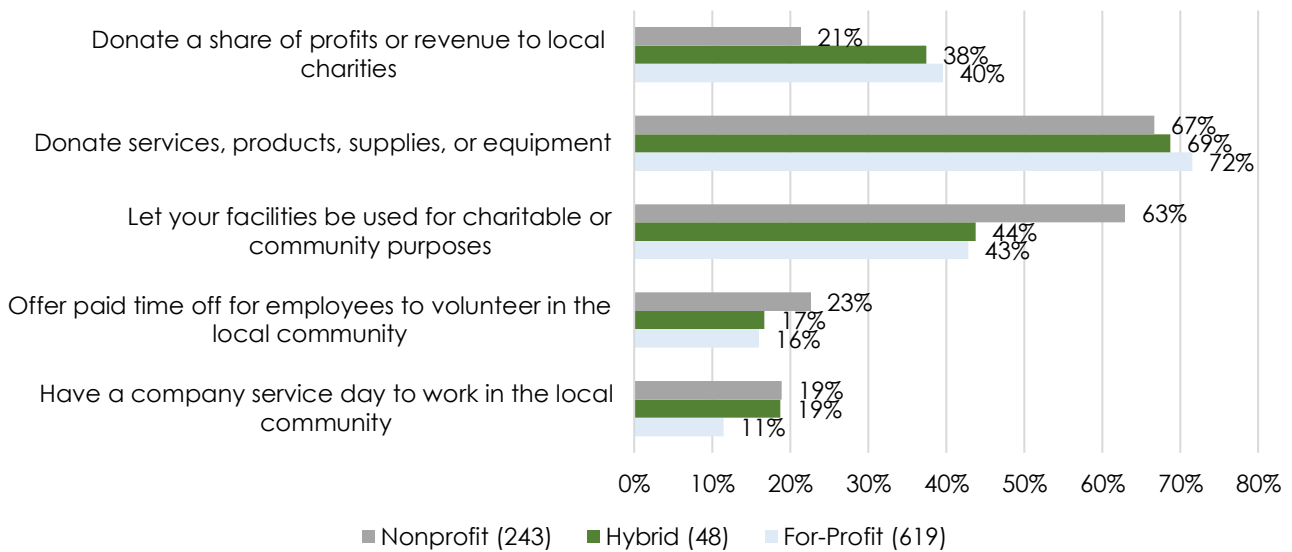
Figure 3-4: Community Support – Production Practices by Sector



The survey question asked: Regarding connections to your local community, does your organization...

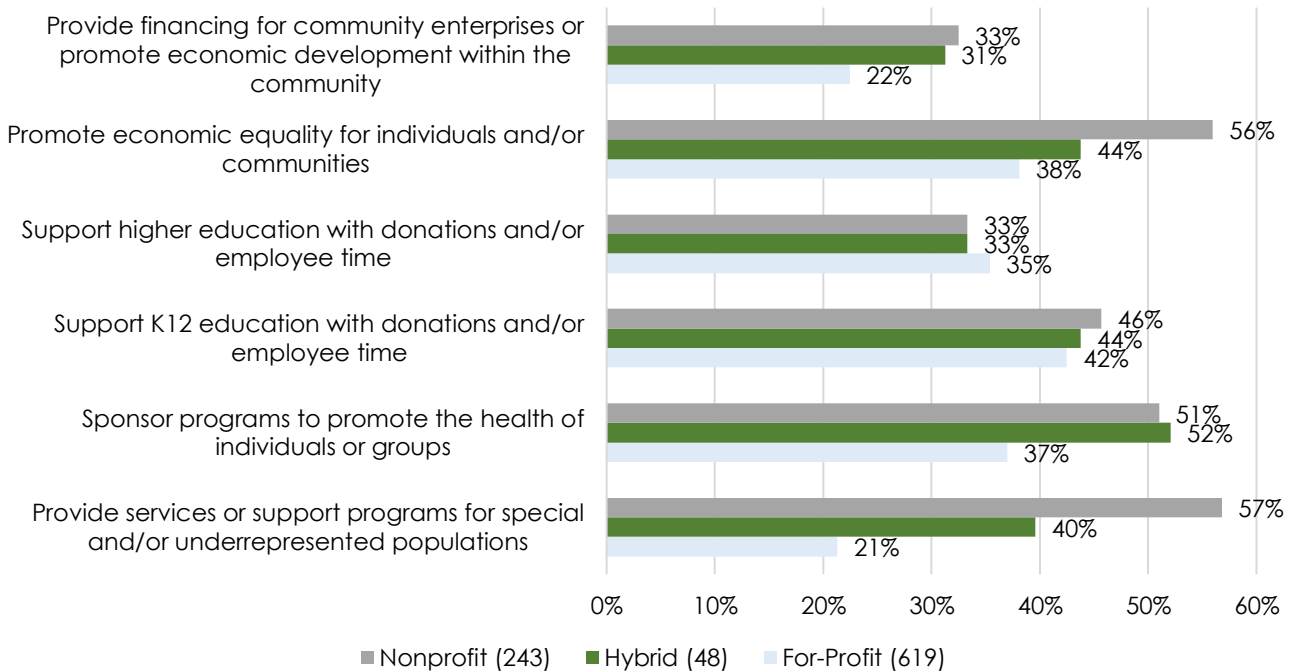
Regarding the five donation practices, all sectors averaged 1.8 or 1.9 practices. Figure 3-5 shows the detailed distribution of these practices. Finally, there were six practices relating to actions taken in the local community. For-profits had significantly fewer of these, with an average of 2.0 compared to 2.4 for hybrids^{**} and 2.8 for nonprofits.^{***} Figure 3-6 shows the distribution by sector

Figure 3-5: Community Support - Donation Practices by Sector



The survey question asked: Regarding connections to your local community, does your organization...

Figure 3-6: Community Support - Action Practices by Sector



The survey question asked: Regarding connections to your local community, does your organization

Would Like to Try

Respondents also indicated if they would like to try any of the practices. Table 3-4 outlines the distribution by sector. For most practices, hybrids are more likely to want to try new community supports. However, for-profits are more likely to want to try providing a new product or service that benefits the community than nonprofits.** In addition, nonprofits tend to be the least likely to want to add new community support practices.

Table 3-4: Interest in Trying Community Support Practices by Legal Sector

Community Practices: Would Like to Try	For-Profit (619)	Hybrid (48)	Nonprofit (243)
Produce a product or offer services intended to benefit the community	2%	0%	0%
Favor Local suppliers	3%	4%	2%
Favor suppliers with good social and/or environmental practices	5%	6%	6%
Provide services or support programs for special and/or underrepresented populations	5%	10%	2%
Have a company service day to work in the local community	11%	17%	9%
Offer paid time off for employees to volunteer in the local community	8%	17%	6%
Let your facilities be used for charitable or community purposes	6%	10%	3%
Donate services, products, supplies, or equipment	2%	4%	1%
Donate a share of profits or revenue to local charities	4%	13%	4%
Sponsor programs to promote the health of individuals or groups	6%	13%	2%
Support K12 education with donations and/or employee time	6%	6%	2%
Support higher education with donations and/or employee time	6%	10%	2%
Promote economic equality for individuals and/or communities	6%	10%	2%
Provide financing for community enterprises or promote economic development within the community	5%	10%	3%

The survey question asked: Regarding connections to your local community, does your organization...

Environmental Efforts

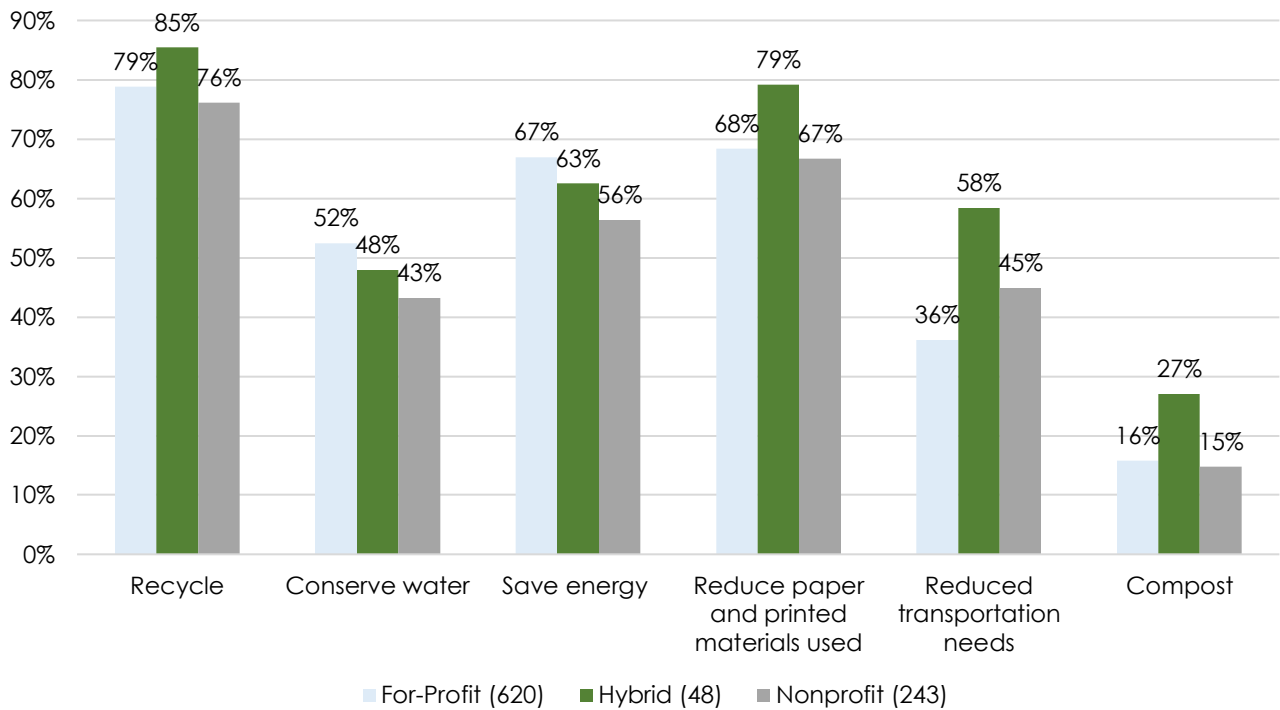
Respondents were surveyed on 15 environmental practices that ranged from basic to advanced. Hybrid respondents had the highest number of environmental practices in place with an average of 5.2, compared to 4.3 for for-profits** and 3.8 for nonprofits*** (Table 3-5).

Table 3-5: Average Number of Environmental Practices Currently Implemented

	For-Profit (620)	Hybrid (48)	Nonprofit (243)
Basic Efforts (6 total)	3.2	3.6	3.0
Advanced Efforts (9 total)	1.1	1.6	0.7
Total Environmental Practices (15 total)	4.3	5.2	3.8
Range (0 to 15)	0 to 14	0 to 14	0 to 12

Figure 3-7 lists the frequencies by sector. Basic practices were more evenly distributed than the full list of practices, with hybrids having an average of 3.6, for-profits 3.2, and nonprofits 3.0. Hybrids significantly differed from nonprofits.** For-profits were more likely than nonprofits to conserve water and save energy.** However, they were least likely to reduce transportation needs as compared to hybrids*** and nonprofits.** In addition, hybrids were significantly more likely to compost.**

Figure 3-7: Environmental Efforts – Basic Practices by Sector



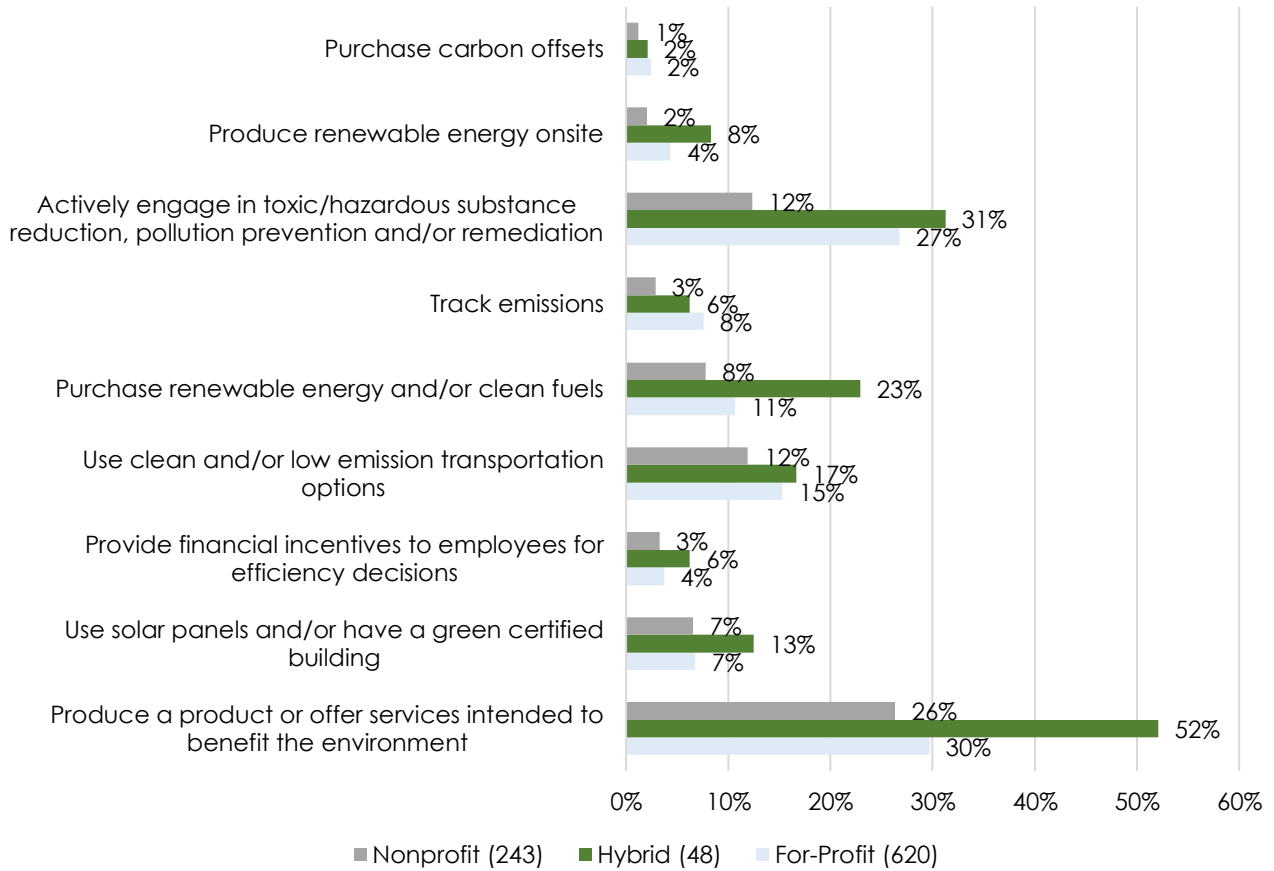
The survey question asked: Regarding environmental practices, does your organization...

Respondents also reported on nine advanced practices. Figure 3-8 shows the distribution. These practices were much less frequent than the basic practices. Hybrids had an average of 1.6 in place, a significantly larger value than either for-profits (1.1)** or nonprofits (0.7).*** For-profits and nonprofits also differed significantly from each other.

Just over half of hybrids produced a product or service intended to benefit the environment compared to 30% of for-profits *** and 26% of nonprofits.*** Hybrids were also more likely to purchase renewable energy and/or clean fuels compared to either for-profits** or nonprofits.***

For-profits and hybrids had similar levels of tracking emissions, actively engaging in toxic/hazardous substance reduction, pollution prevention and/or remediation, and producing renewable energy onsite. These activities were all reported at significantly higher levels than by nonprofits.***

Figure 3-8: Environmental Efforts – Advanced Practices by Sector



The survey question asked: Regarding environmental practices, does your organization...

Would Like to Try

As with other types of social practices, hybrids were generally more interested in incorporating additional environmental practices in the future than either for-profits or nonprofits. Table 3-6 shows the breakdown. Of note, hybrids were significantly more likely to want to introduce an environmentally beneficial product or service, and to produce renewable energy onsite.***

Table 3-6: Interest in Trying Environmental Practices by Legal Sector

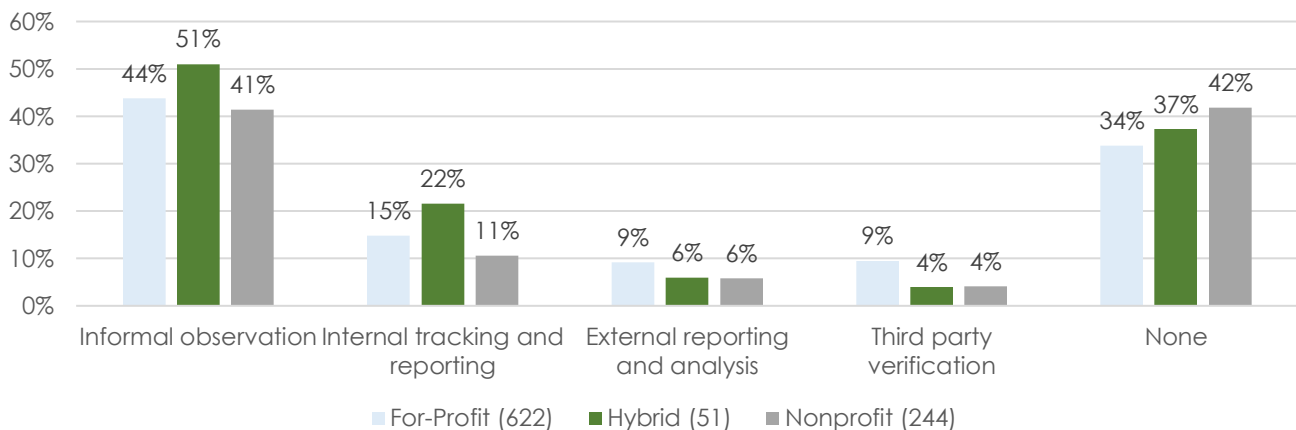
Environmental Practices: Would Like to Try	For-Profit (620)	Hybrid (48)	Nonprofit (243)
Produce a product or offer services intended to benefit the environment	2%	10%	2%
Recycle	1%	2%	2%
Conserve water	4%	13%	7%
Save energy	3%	15%	6%
Use solar panels and/or have a green certified building	11%	21%	9%
Reduce paper and printed materials used	3%	4%	1%
Reduced transportation needs	3%	8%	2%
Provide financial incentives to employees for efficiency decisions (including energy efficient vehicles, bicycles, etc.)	7%	10%	5%
Use clean and/or low emission transportation options	5%	10%	5%
Compost	3%	6%	3%
Purchase renewable energy and/or clean fuels	6%	6%	3%
Track emissions	5%	10%	2%
Actively engage in toxic/hazardous substance reduction, pollution prevention and/or remediation	4%	8%	3%
Produce renewable energy onsite	7%	15%	3%
Purchase carbon offsets	5%	8%	2%

The survey question asked: Regarding environmental practices, does your organization...

Measurement

Finally, respondents were asked how they measure the outcomes of their environmental efforts. Figure 3-9 shows the variation by sector. Informal observation is the most common tool, followed by internal tracking. For-profits are more likely to use third party verification. Nonprofits were most likely to not use any measurement – 42%, compared to 37% of hybrids and 34% of for-profits.

Figure 3-9: Measurement of Environmental Outcomes by Sector



The survey question asked: How do you measure environmental outcomes?

Section 4 Innovation and Identity

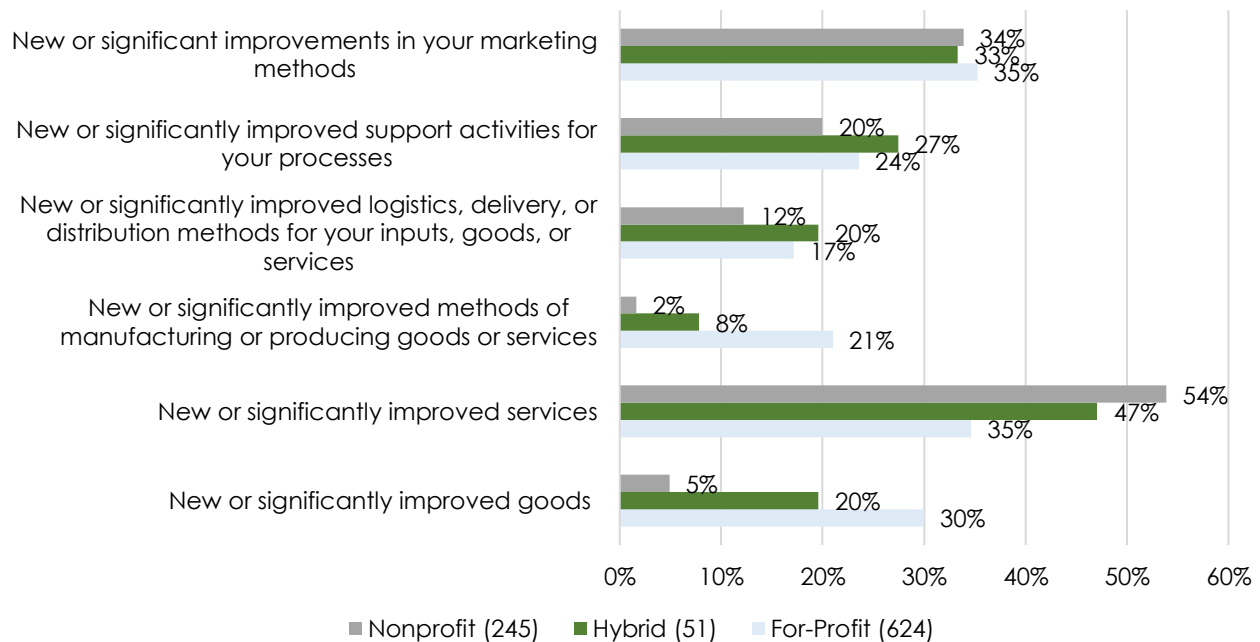
Risks & Innovative Activity

Taking risks and failing is a part of the innovation process. As a result, it is important for firms to be willing to take risks and accept some failure if they hope to innovate. Looking at the number of new or improved activities, as well as the number of abandoned, incomplete, or unsuccessful attempts to introduce new activities, provides a measure of innovative potential. The following section details the risks taken by respondents in their efforts to innovate. These efforts fall into categories of *Introductions* and *Unsuccessful Attempts*.

Introductions

Respondents were asked if, during the last three years, their organization introduced any new or improved: goods, services, methods of manufacturing or production, logistics or distribution methods, support activities for processes such as maintenance or purchasing, or marketing methods. Figure 4-1 shows the frequency of each by sector. Nonprofits were least likely to have introduced new goods,^{***} but most likely to have introduced new services^{***} when compared to for-profits. For-profits were least likely to have introduced a new service.^{**} For-profits were most likely to have changed their manufacturing or production methods.^{**}

Figure 4-1: Introduction of New or Improved Activities by Sector



The survey question asked: Did your organization introduce any of the following in the last three years

Unsuccessful Attempts

Organizations were also asked about their unsuccessful attempts to try new business activities and new social practices. Regarding business risks, respondents were asked if their organization had any activities, plans, or improvements in the last three years that were abandoned or incomplete. Figure 4-2 shows the distribution of business risks by sector. As seen from the figure, most respondents reported at least one type of business risk, with hybrids least likely to

report risks. Hybrids were significantly less likely to report abandoned projects than nonprofits.**

Referring back to the series of social practices surveyed in Section 3, employee, community, and environmental practices, respondents could also indicate if they had unsuccessfully attempted the practice. Based on these responses, indicators were generated for social risks, both generally and for each of the three types of practices. Figure 4-3 shows the distribution of each type.

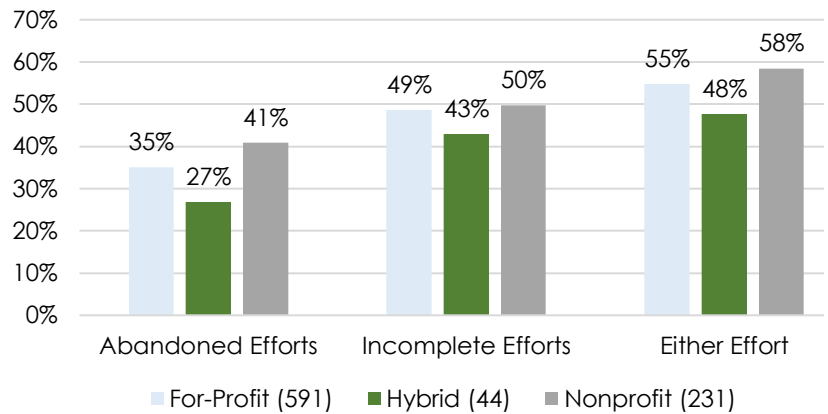
Looking at Figure 4-3, nonprofits were least likely to have attempted employee practices,** and less likely than for-profits to have attempted a social practice,** in general.

Comparing Figures 4-2 and 4-3, it is evident that overall reports of social risks are much lower than reports of business risks. Almost two-thirds of respondents reported either business or social risk. However, a much smaller proportion reported taking both types of risks (7 – 11%). Neither of these frequencies vary by legal structure.

Regarding employee practices, the most common practice that was attempted unsuccessfully was *Employ special populations* for for-profits and hybrids, and *Contribute to employees retirement plans* for nonprofits.

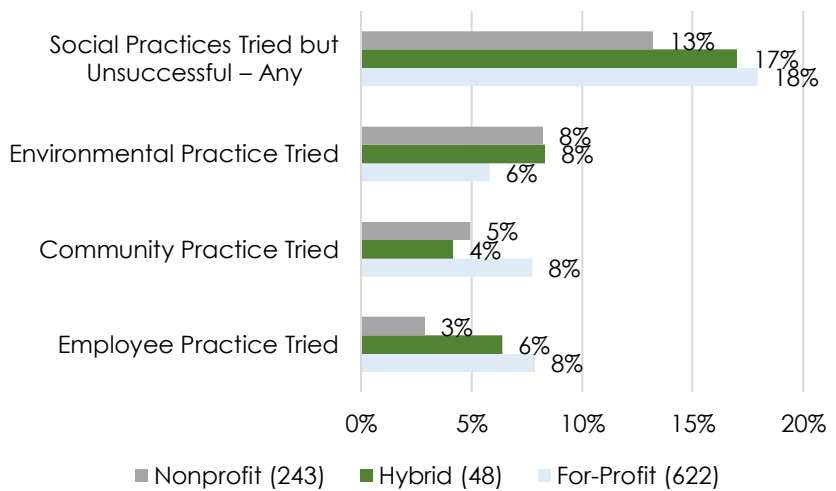
If respondents had been unsuccessful at implementing employee support practices, they were asked why, and what would have been helpful to successfully implement such efforts. Figure 4-4 shows the frequencies of reasons.

Figure 4-2: Unsuccessful Business Attempts



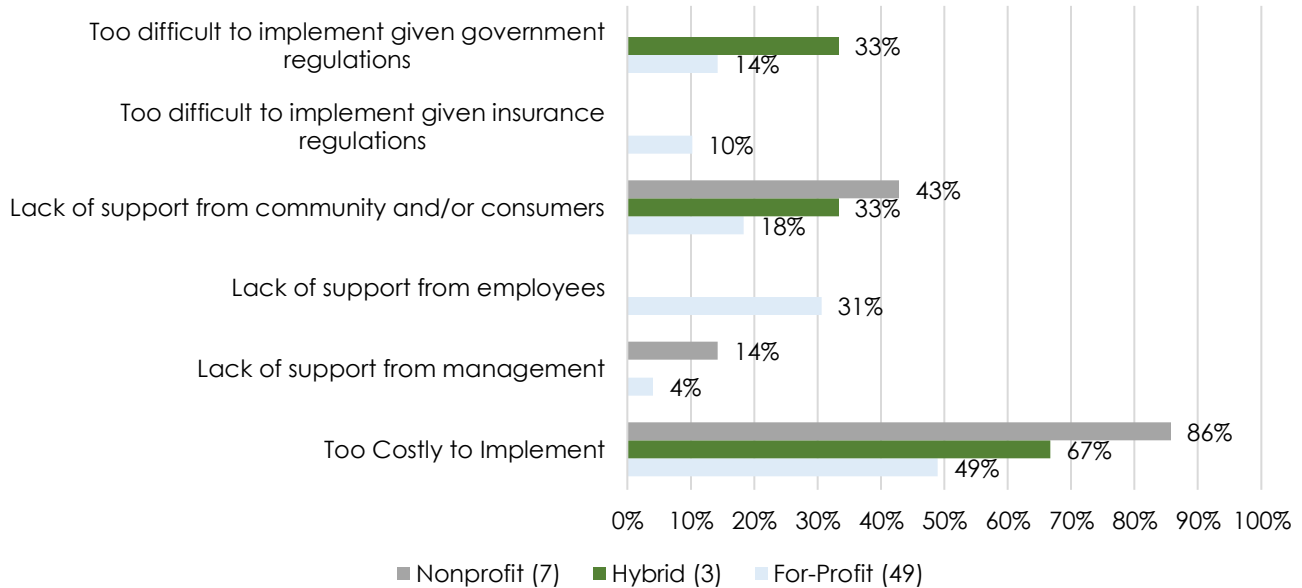
Note: Attempts is a combined measure, indicating the number of organizations reporting either Abandoned Efforts, Incomplete Efforts, or both. The survey question asked: Did your organization have any activities, plans, or improvements, in the last three years, that were...

Figure 4-3: Unsuccessful Social Practices



Note: Social Practices Tried but Unsuccessful - Any is a combined measure, indicating the number of organizations reporting one or more unsuccessful Employee, Community or Environmental Practice.

Figure 4-4: Reasons for Unsuccessful Employee Practices



The survey question asked: For unsuccessful efforts, what were the obstacles you encountered?

“We tried group health care coverage paying 50% of benefit but too many employees did not want to contribute the remaining 50% so we were dropped as a group plan.” – Respondent

Costs were a primary issue across sectors. For example, one respondent matched IRA accounts up to 3% but had to cut back due to the cost. Nonprofits were significantly more likely to report cost as an issue as compared to for-profits.**

In some instances, the employee support efforts were not supported by the employees themselves. Some for-profits reported hiring special populations who were then unable to complete their tasks or consistently show up for work. In addition, some respondents tried to offer additional benefits, but employees were more concerned about the decreased amount of their take-home pay, rather than the increased, longer term benefits.

Regarding government and insurance regulation, some respondents reported difficulties with changing policies and waivers that limit their flexibility in designing health insurance or retirement programs that would better match their employees’ needs. Others reported a desire for more pro-business policies from the federal and state government agencies that mimic local government policies. Yet others feel the local government is too involved.

“We wanted to create an interactive space for rent where underprivileged individuals could work and live, however, housing codes prevent such flex-space.” – Respondent

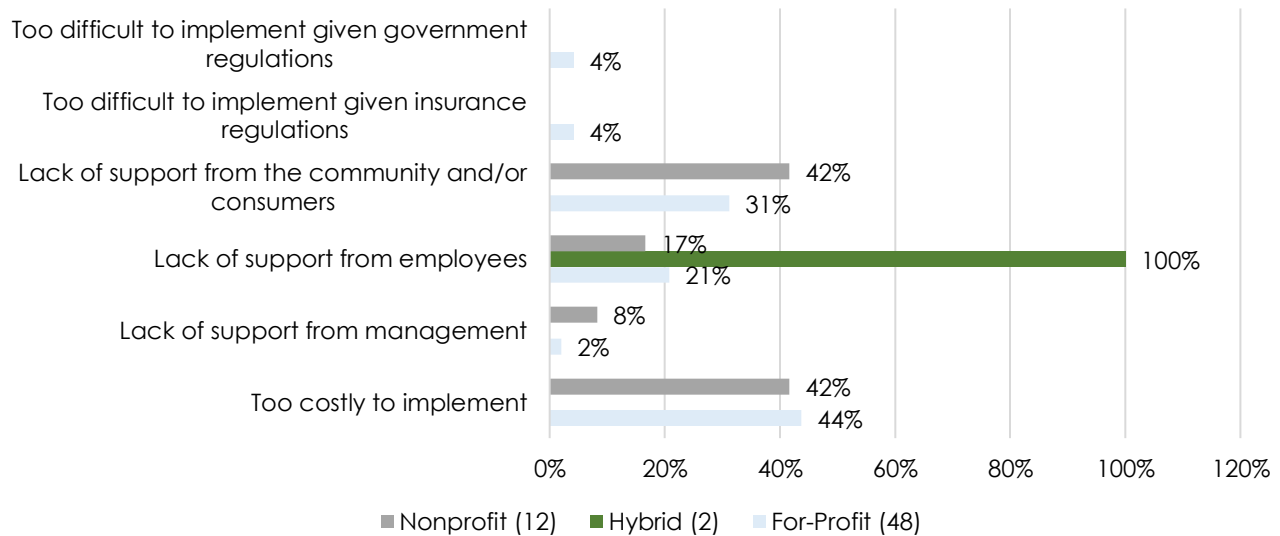
“Our local government seems to be very committed to helping businesses succeed, but are very limited in what they can offer, since they are heavily regulated by the state.” – Respondent

The local economy and market also play a role: one organization reported they could not expand due to their local economy, while another dropped a practice to compete in their market.

Respondents were surveyed in a similar way regarding community support practices. Similar shares of respondents (8% of for-profits, 5% of nonprofits, and 4% of hybrids) reported unsuccessful attempts to incorporate one or more community practices. Hybrids rarely reported attempting any practices, only reporting attempts to use local suppliers and to sponsor health programs. For-profits and nonprofits reported trying unsuccessfully at a variety of community practices.

“Tried to open up additional retail operation, but consumer report from County was poor. Landlord finally went into bankruptcy and we ended the retail operation.” – Respondent

Figure 4-5: Reasons for Unsuccessful Community Practices



The survey question asked: For unsuccessful efforts, what were the obstacles you encountered?

Figure 4-5 shows the distribution of reasons why community practices were unsuccessful. Lack of employee support was the only reason indicated by hybrid respondents. Nonprofits and for-profits were most likely to report costs or lack of community support as issues.

Government and insurance regulations were occasionally cited as issues for for-profit firms. For instance, one organization tried to institute a program for employing youth who do not attend school. However, since by law they must attend school, they faced legal challenges. Liability risks were the common insurance issue reported.

In addition to dealing with their competition's practices, firms are also struggling to make the public aware of their efforts.

Finally, for small firms, especially nonprofits driven by grant funding, it is simply not possible to be a continuous donor to the community outside of their own efforts.

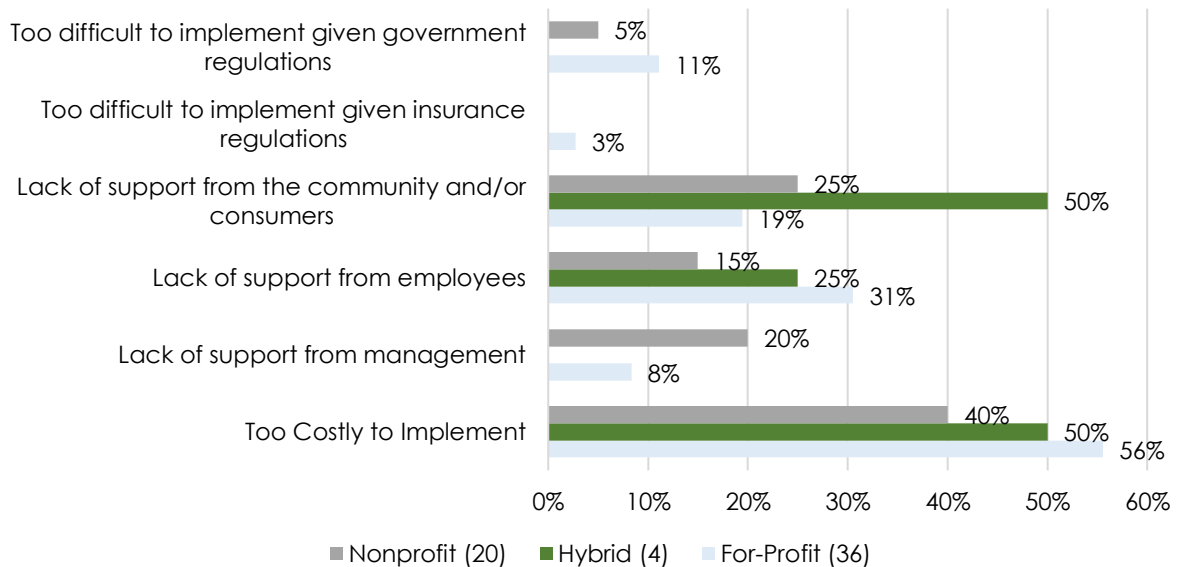
“Other construction companies in this area do not offer these benefits so we eliminated them to stay competitive.”
– Respondent

Respondents also commented on what would help their attempts succeed. Some respondents reported needing lower interest loans to provide more access to capital and be able to provide credit to clients. Others highlighted the need for a better prepared workforce, either in one that is more motivated and reliable or in their training.

“Stop programming students to respond like a computer and TRAIN them to think, remember, creating a teachable/trainable asset for a business.”
– Respondent

Finally, regarding environmental efforts, 8% of hybrids, 8% of nonprofits and 6% of for-profits attempted unsuccessfully to incorporate additional environmental practices. These included attempts at basic practices like reducing paper or transportation needs, and advanced practices like purchasing renewable energy or using clean transportation options. Figure 4-6 shows the distribution of reasons for these unsuccessful environmental attempts.

Figure 4-6: Reasons for Unsuccessful Environmental Practices



The survey question asked: For unsuccessful efforts, what were the obstacles you encountered?

“Mostly lacking financial and technical means to implement ideas – we need more time; and revenue to have time and money to do it differently.”
– Respondent

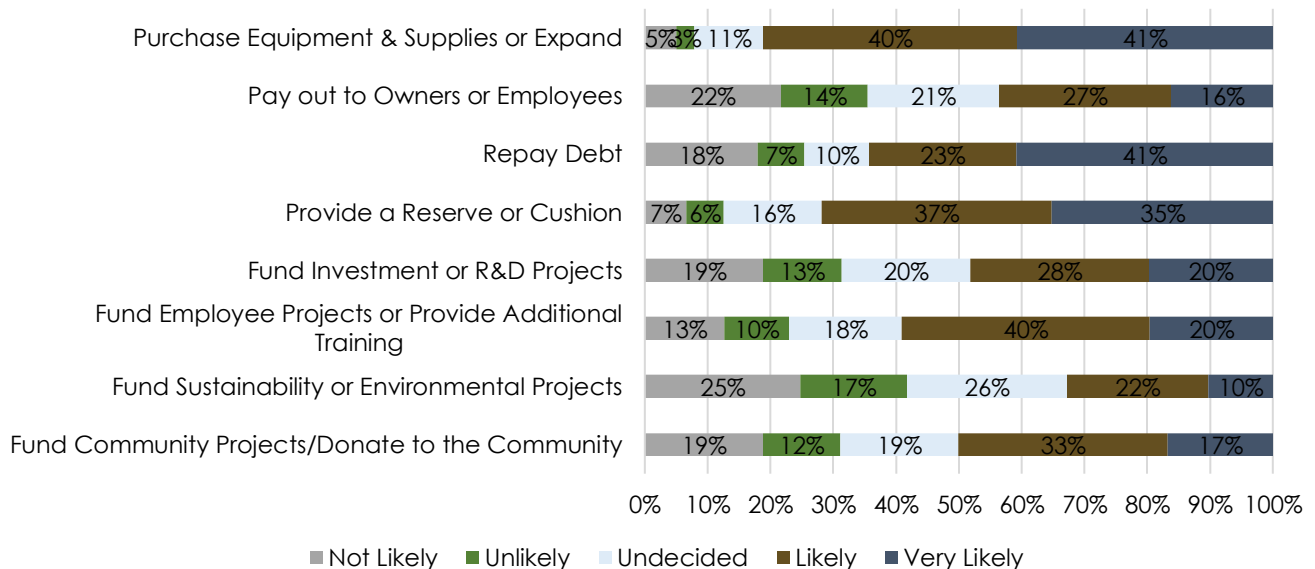
Cost was the most common reason across sectors, with hybrids also reporting lack of community support as frequently.

“We currently lease from a building that does not work towards these goals. Our budget does not afford our office to relocate.” – Respondent

Long-Term Vision

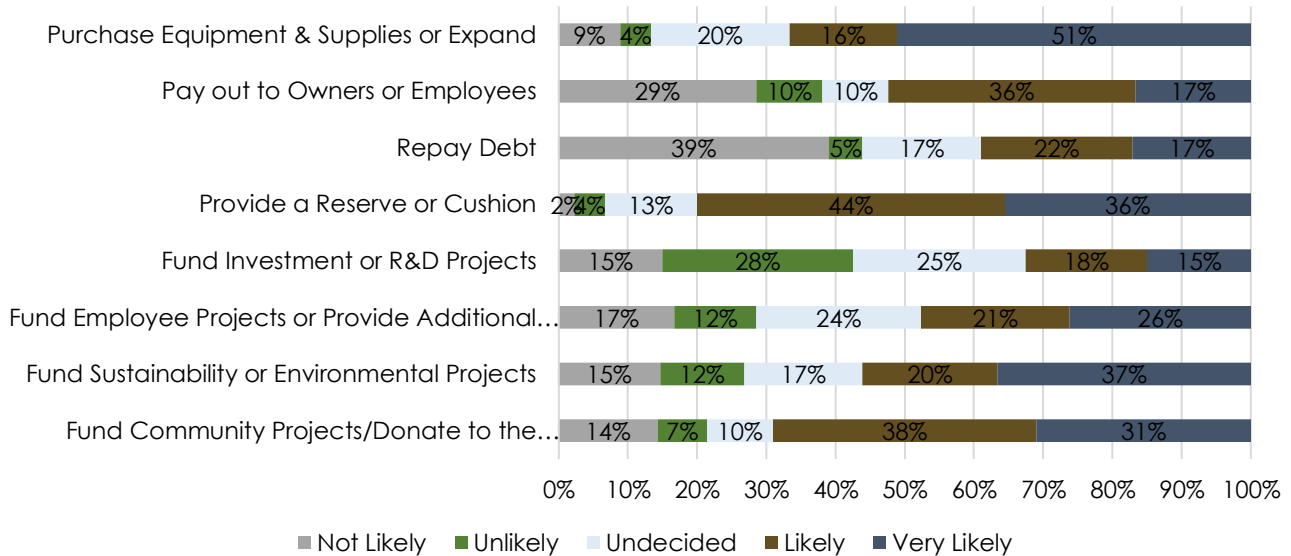
While it is important to understand what organizations have done and are currently doing, it is also important to understand how they see themselves and plan for the future. Respondents were asked to imagine how their organization would respond if given a substantial one-time cash windfall. Using a Likert scale from one to five, with one being *Not Likely* and five being *Very Likely*, respondents chose how likely it is that these funds would be used for a variety of purposes. Figures 4-7, 4-8, and 4-9 show the distribution of responses by legal sector. The distribution for each option varied significantly by sector.** However, *Purchase Equipment & Supplies or Expand* and *Provide a Reserve or Cushion* were among the top three responses within each sector. For-profits were also likely to want to repay debt or fund additional employee practices or trainings. Hybrids and nonprofits were also likely to want to fund community projects or increase support to the community.

Figure 4-7: Likely Use of Windfall Cash by For-profit Respondents (N: 624)



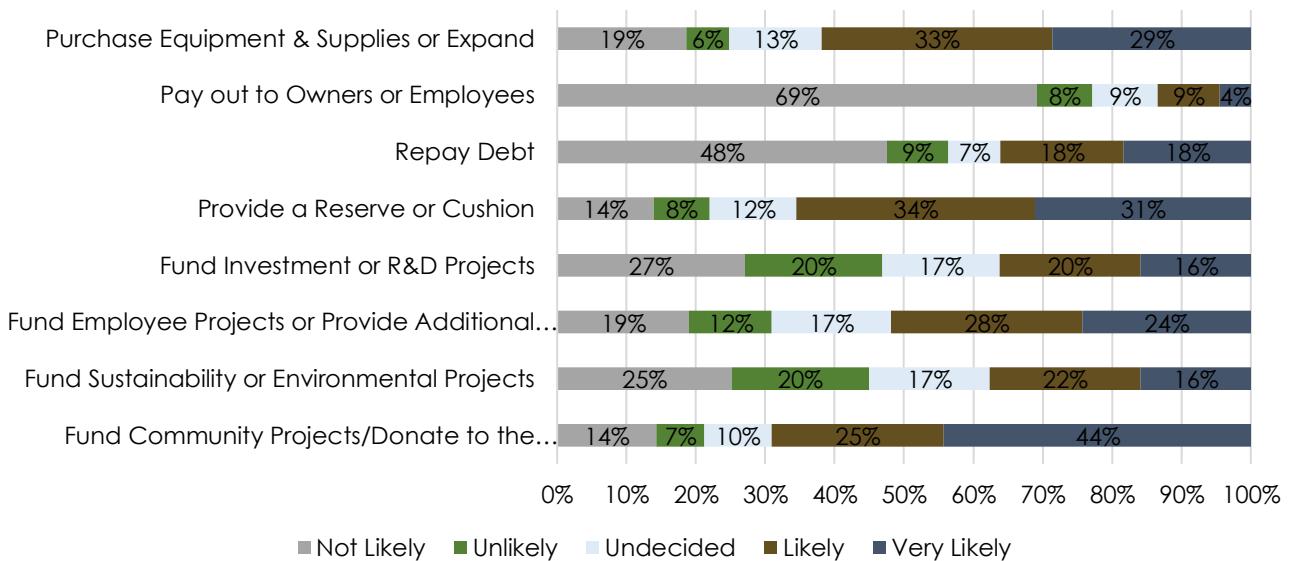
The survey question asked: Imagine that your organization was given a substantial one-time cash windfall. On a scale of one to five with one being not at all likely and five being almost certainly, how likely is it in the current environment that these funds would be used to...

Figure 4-8: Likely Use of Windfall Cash by Hybrid Respondents (N: 51)



The survey question asked: Imagine that your organization was given a substantial one-time cash windfall. On a scale of one to five with one being not at all likely and five being almost certainly, how likely is it in the current environment that these funds would be used to...

Figure 4-9: Likely Use of Windfall Cash by Nonprofit Respondents (N: 245)

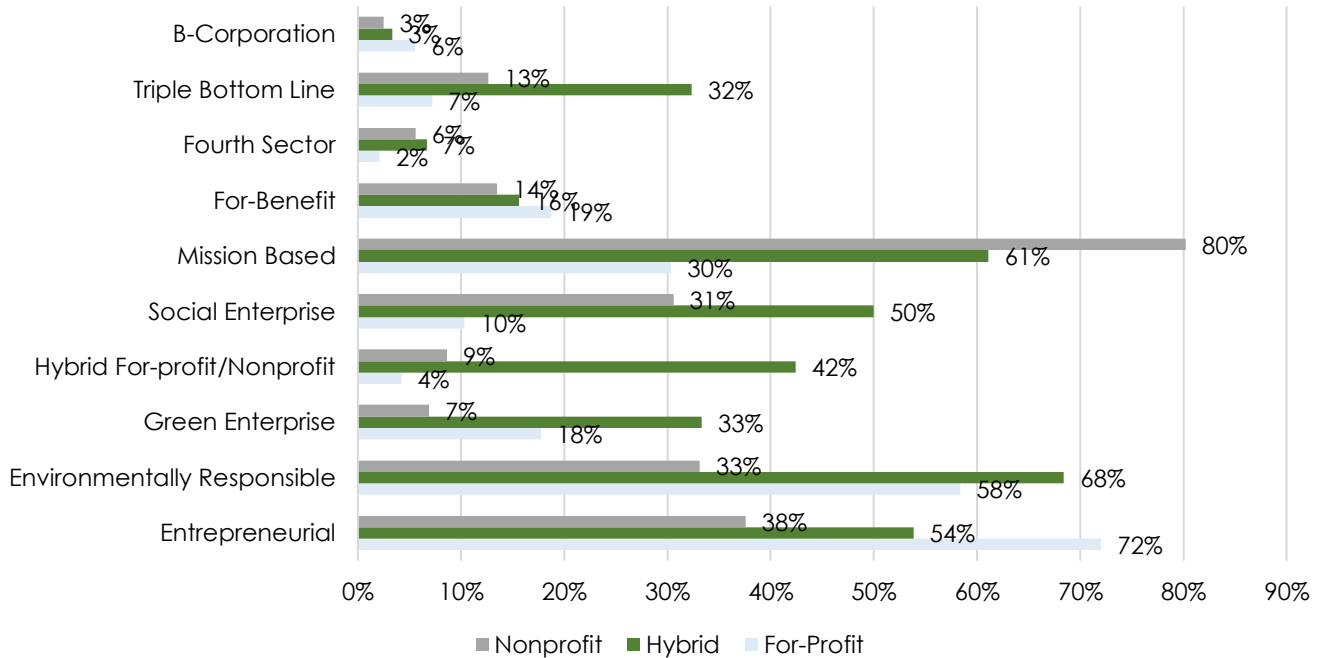


The survey question asked: Imagine that your organization was given a substantial one-time cash windfall. On a scale of one to five with one being not at all likely and five being almost certainly, how likely is it in the current environment that these funds would be used to...

Identity

Regarding identity, respondents were asked two questions to capture their fit on the profit-social mission continuum. Respondents were shown a set of popular terms and asked if they use any of them to describe their organization. Figure 4-10 shows the prevalence by sector.

Figure 4-10: Term Use by Legal Sector



The survey question asked: Do you use any of the following terms to describe your organization?

Entrepreneurial, *Environmentally Responsible*, and *Mission Based* were the most common terms used across sectors. For-profits were more likely to use the term *Entrepreneurial* compared to both hybrids and nonprofits.*** For-profits were least likely to use the term *Mission Based* while nonprofits were most likely to.*** Nonprofits were the least likely to use the term *Environmentally Responsible*.***

In general, hybrids used more of these terms, specifically: *Green Enterprise*, *Hybrid*, *Social Enterprise*, and *Triple Bottom Line*.** Firms could also fill in other terms they commonly used. These included: *Dual Bottom Line*, *Employee-Owned*, *Community-Based*, *Local*, and *Sustainable*.

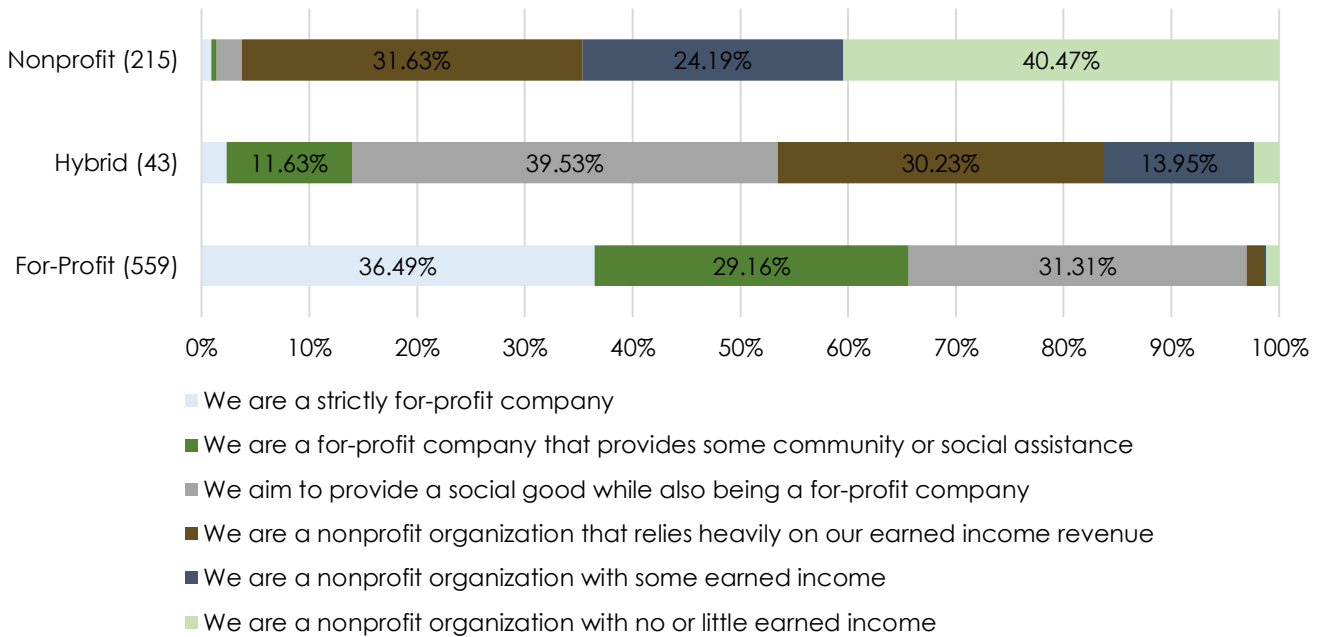
Respondents were also shown a series of statements that describe different balances between profit and mission. They were asked which statement best describes their organization. Figure 4-11 shows the distribution of responses by legal sector.

Nonprofit respondents were almost evenly split between the three nonprofit-leaning statements: *Nonprofit with heavy earned income*, *Nonprofit with some earned income*, and *Nonprofit with little earned income*. The highest concentration (41%) identified with *Nonprofit with little or no earned income*.

Hybrids were spread more unevenly across the four middle responses, but concentrated in the two most-mixed responses: *Providing a social good while being for-profit*, and *Nonprofit with heavy earned income*.

For-profits were spread relatively evenly across the three for-profit-leaning statements: *Strictly for-profit*, *For-profit with social assistance*, and *Providing a social good while being for-profit*. The distributions are significantly different.*** There are a few instances of respondents choosing statements that would not naturally mesh with their legal structure. Overall, the concentration in the middle of the spectrum supports the claim that there is an emerging *Fourth Sector* at the intersection of the traditional for-profit and nonprofit boundaries of economic activity.

Figure 4-11: Profit-Social Mission Continuum by Legal Sector



The survey question asked: Which statement best describes your organization?

Social Enterprises

Earned Income Highlight

Respondents reporting a nonprofit legal structure were asked an additional set of questions regarding their earned income. Of the 224 nonprofit respondents, 69% reported earned income as a share of revenue, with an average of 40% of revenues coming from earned income. By earned income we mean revenues from the sale of products or services, rather than from grants, donations, or loans.

Nonprofits were then asked if they engaged in a series of earned income practices. Table 4-1 lists these practices, along with the number of respondents who reported engaging in them. The most common types of earned income were fees for services or charging for events.

Table 4-1: Nonprofit Earned Income Practices (N: 224)

Earned Income Practices	Yes	No	Tried	Would Like to Try
Fees for service	48%	45%	2%	5%
Provide a service	16%	78%	2%	4%
Retail enterprise	18%	77%	1%	4%
Selling food	8%	91%	1%	0%
Real estate	12%	87%	0%	1%
Selling products	6%	92%	1%	1%
Changing for events	32%	64%	2%	2%

The survey question asked: Regarding earned income efforts, does your organization generate income from:

Approximately 6% of respondents reported having tried unsuccessfully to institute one of these practices. Those indicating unsuccessful attempts were then asked to report on the potential reasons. Table 4-2 lists these reasons, along with the number of respondents reporting them.

The most common response was *Lack of support from the community*, followed by *Too costly to implement*. No respondents

cited difficulties from government regulation, but 7% indicated insurance regulations to be a constraint. Specifically, liability issues made ventures more difficult to implement.

Respondents also commented on the policies or support that would be helpful in incorporating more earned income practices. Suggestions included economic development incentives based on performance, risky venture support, and diversity and community size.

“The organization was trying to create a sub-business that our clients could run and eventually take over. The board didn't want to assume any risk and the clients were not in a position to assume the risk.” – Respondent

Table 4-2: Reasons for Unsuccessful Attempts

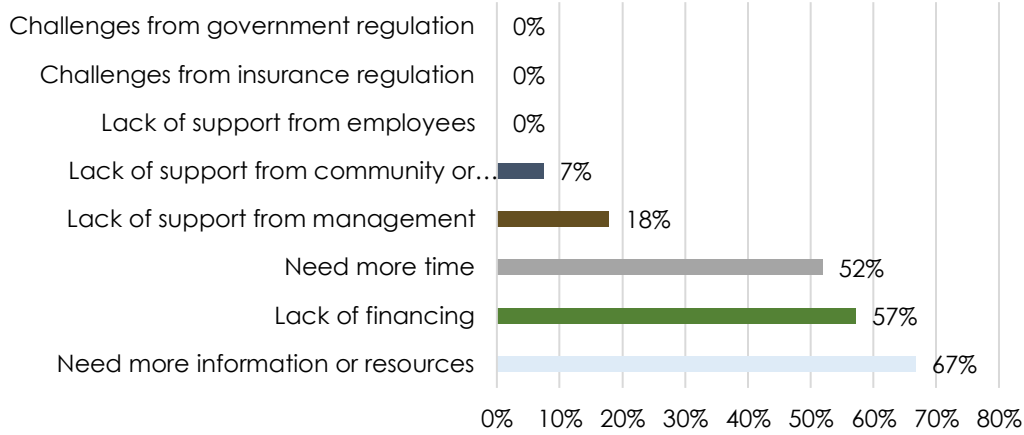
Earned Income Attempts	Proportion
Too costly to implement	50%
Lack of support from management	7%
Lack of support from employees	14%
Lack of support from community	79%
Difficult given insurance regulations	7%
Difficult given government regulations	0%
No good options	0%
Observations	14

Respondents also indicated if they would like to try implementing any of these earned income practices, and if so, the roadblocks preventing them from implementing the practices. Figure 4-12 shows the distribution of responses.

The need for more information, time, and financing were the most common deterrents. No one reported employee support, insurance, or government regulation as issues.

Finally, nonprofits were asked about their sources of support and information for earned income efforts. The most frequent sources are other nonprofits (46%) and nonprofit support organizations (50%). Nineteen percent also cited small business support organizations. Of those listing *Other*, common answers were accountants, business journals and trade magazines, webinars, and private firms.

Figure 4-12: Roadblocks to Earned Income Practices (N: 28)



The survey question asked: If would like to try, what has prevented you?

Cooperative Highlight

Respondents reporting hybrid legal structures were directed to a relevant sub-set of questions. The 17 respondents identifying as cooperatives were asked four additional questions to capture more detail on their operation. Specifically, they were asked about their cooperative structure, governance, decision making, and the role of outside investors.

Regarding ownership, 53% are consumer owned, 29% have worker ownership, 24% producer ownership, and 12% reported other membership. Next, cooperatives were asked how key decisions are made. The majority of respondents reported *One Owner/Member - One Vote* decision making approach (69%). However, 31% reported *Other*, then specified decision making was done by a board. None of the responding cooperatives reported outside equity investors.

L3C Highlight

The nine L3C respondents were also asked a sub-set of questions regarding the use of their structure. As mentioned, North Carolina allowed for the L3C status from 2010 – 2014. Respondents were asked four questions about the L3C status and law. First, regarding the original form of their organization, 56% said they were created as an L3C while 33% changed from an LLC and 11% from a nonprofit status.

As noted, the L3C structure has no inherent tax benefits, but may allow organizations to receive funding from private foundations, a grantmaking subset of nonprofit organizations. Yet, none of the responding L3C firms reported receiving foundation funding.

Given the recent change in regulation of the L3C legal status, under which North Carolina would not allow new firms to form as an L3C, respondents were also asked about the impact of this change on their organization. All respondents reported they would remain as an L3C in North Carolina.

Finally, L3C respondents were asked if they feel their organization has benefited from being an L3C as opposed to using a traditional for-profit structure. Only 11% said yes compared to 33% saying somewhat, 33% saying no, and 22% feeling uncertain.

Section 5

The Changing Landscape of Manufacturing

Manufacturing Industry Highlights

Given that manufacturing has long been important to the state of North Carolina this section provides an in-depth analysis of the industry. Please refer back to comparable tables and figures in previous sections for a more detailed explanation of the measures used in this section.

Geographic Distribution

Of the survey respondents, 195 identified as in a manufacturing industry. Figure 5-1 shows the geographic distribution of respondents compared to the state distribution of manufacturing establishments in North Carolina. The most notable difference is the over sampling of rural manufacturers. Of the manufacturers surveyed, 27% have multiple locations outside of the county and 14% were recruited or incentivized to their county. In addition, 74% were founded in their current county. Of those that were not, 31% were founded elsewhere in the state.

Figure 5-1: Geographic Comparison of Manufacturers in the State and Survey Sample

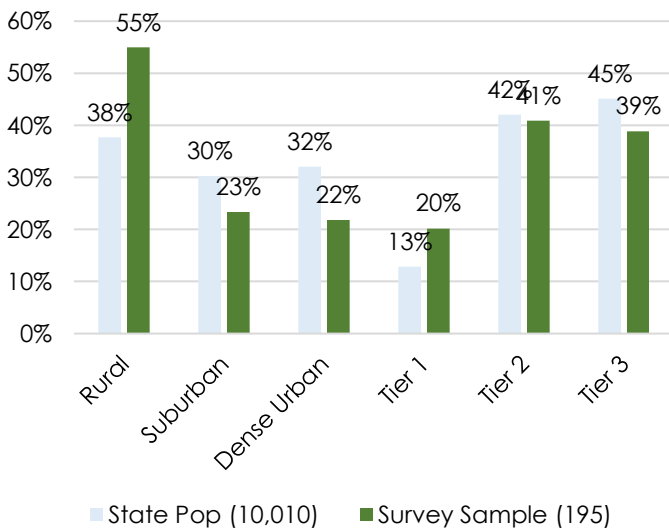
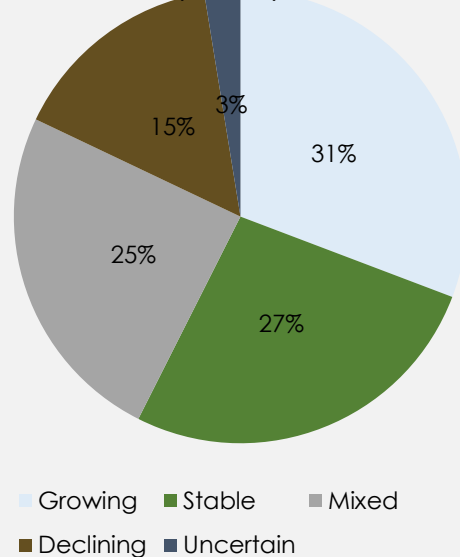


Figure 5-2: Manufacturing Perceptions of Local Economy (N: 195)



Local Economy

Figure 5-2 shows the distribution of responses of how manufacturers perceive their community's economy. The majority view it as growing or stable with only 15% reporting a declining economy. Regarding the recession, 40% feel they have recovered, 27% see a mixed recovery, and 19% feel they have not recovered. In response to the recession, the most common action was to increase operating efficiency, expand or diversify, or increase costs to consumers (Table 5-1).

Table 5-1: Manufacturing: Responses to the Recession

Responses to the Recession	Proportion
Decreased Employment	28%
Decreased Employee Benefits or Wages	14%
Increased Operating Efficiency	60%
Increased Material Efficiency	36%
Increased Cost to Consumers	41%
Expanded and/or Diversified (includes hiring)	44%
Increased Environmentally Sustainable Practices	27%
Increased Assistance to the Local Community	14%
Increased Assistance to Employees	30%
No Change	10%
Not Applicable	3%
Downsized or Closed	2%
Total	195

The survey question asked: In response to the current economic conditions, has your organization changed practices in any of the following ways in the last three years?

Demographics

Table 5-2 shows the distribution of specific types of manufacturing. *Food, Beverage, Brewery* was the most common manufacturing sub-industry reported. An additional detail is done on these firms in the following section.

The majority of respondents were either C or S corporations, with another quarter formed as LLCs (Figure 5-3). The average start year was 1989. A quarter of respondents were formed after the 2008 recession.

Responding manufacturers had an average of 269 employees. Of these firms, 37% were run by women and 6% were run by a minority.

Figure 5-3: Manufacturing Legal Structures (N: 193)

- Incorporated - C corporation (29%)
- Incorporated - S corporation (42%)
- Limited Liability Company (LLC) (24%)
- Limited Liability Partnership (LLP) (2%)
- Low-Profit Limited Liability Company (L3C) (1%)
- LLC with Cooperative Agreement (1%)
- Unknown (2%)

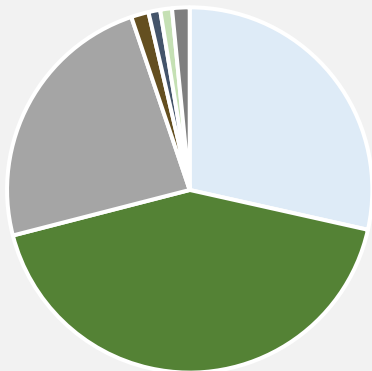


Table 5-2: Type of Manufacturing (N: 195)

Type of Manufacturing	Proportion
Bio/Pharmaceuticals	3%
Chemicals	4%
Electronics	5%
Food, Beverage, Brewery	29%
Furniture, Wood products	9%
Industrial Machinery	9%
Medical and Assistive Technologies	3%
Paper, Printing	7%
Textiles, Apparel, Leather	9%
Multiple Industries	27%
Other	29%

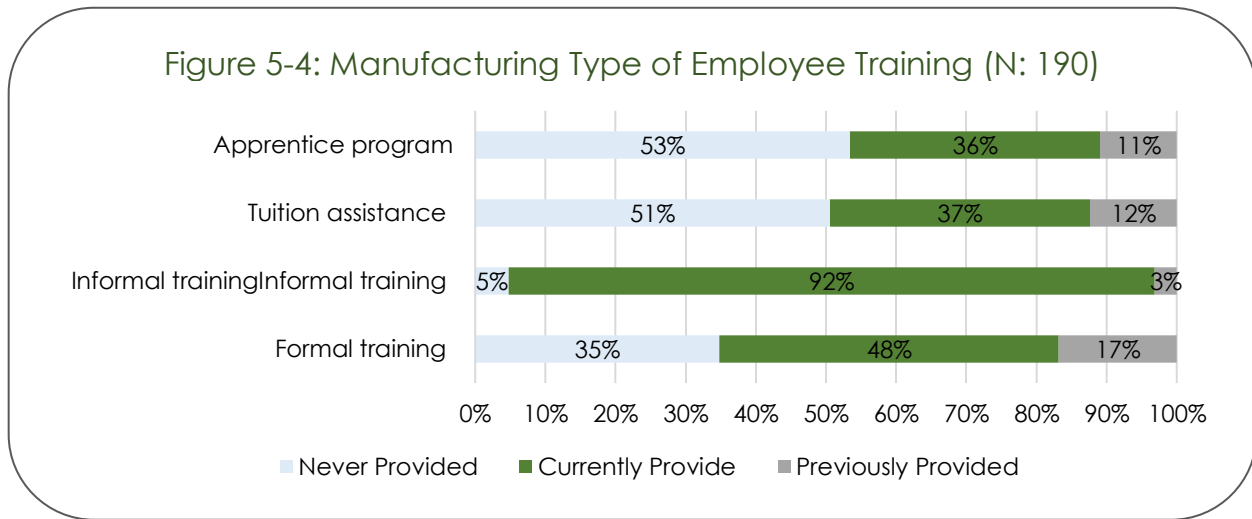
Note: The survey question asked: What industry is your organization in?

The average manufacturer has 5.1 employee support practices in place, with 2.7 categorized as Employee Benefits and 2.4 categorized as Employee Investments (Table 5-3). Paid maternity leave was the least common employee benefit offered. In terms of investments, paying a living wage and including employees in decision making were the most frequent.

Table 5-3: Average Number of Employee Support Practices

	Manufacturers (195)	Total Sample (912)
Employee Benefits (5 total)	2.7	2.2
Employee Investment (7 total)	2.4	2.1
Total Employee Support Practices (12 total)	5.1	4.4
Range (0 to 12)	0 to 11	0 to 12

The average manufacturer has an average of 46.6 hours of formal training for full-time employees. Figure 5-4 shows the distribution across training type. Regarding formal training, 34% of manufacturers offered it to almost all of their employees (75-100%). In addition, the majority reported that formal training had increased over the past 5 years (54%) and 34% said training levels had stayed about the same.



In terms of community support, manufacturers had an average of 5.7 practices in place. This included an average of 1.9 Production Practices, 1.9 Donation Practices, and 2.0 Action Practices (Table 5-4). The majority of manufacturers favor local suppliers (77%) and nearly two-thirds use suppliers with good social or environmental practices.

Regarding donation practices, 79% of manufacturers donate services, products, supplies, or equipment and nearly half donate a share of profits (46%). Only 9% currently offer paid time off for their employees to volunteer but 11% would like to try to offer it. Similarly, only 6% have a company service day but 12% would like to try to incorporate one. Finally, regarding community involvement, roughly a third of manufacturers support programs in economic equality, higher education, K-12 education, or health.

Table 5-4: Average Number of Community Support Practices

	Manufacturers (194)	Overall Sample (910)
Production Practices (3 total)	1.9	2.1
Donation Practices (5 total)	1.9	1.9
Action Practices (6 total)	2.0	2.4
Total Community Support Practices (14 total)	5.7	6.4
Range (0 to 14)	0 to 14	0 to 14

Environmental Efforts

Regarding environmental efforts, the respondents have an average of 5.3 practices in place. Of these, 3.5 are Basic Environmental Practices, while 1.7 are Advanced Environmental Practices (Table 5-5). The majority of manufacturers engage in basic environmental practices such as recycling (88%), saving energy (73%), reducing paper (72%), and conserving water (62%).

Table 5-5: Average Number of Environmental Practices

	Manufacturers (195)	Overall Sample (911)
Basic Efforts (6 total)	3.5	3.3
Advanced Efforts (9 total)	1.7	1.1
Total Environmental Practices (15 total)	5.3	4.4
Range (0 to 15)	0 to 14	0 to 14

Regarding advanced practices, 49% actively engage in toxic/hazardous substance reduction, pollution prevention and/or remediation and 41% produce a product intended to benefit the environment. Eighteen percent would like to use solar panels and 11% would like to produce renewable energy onsite. When asked how they measure environmental outcomes, 72% of manufacturers report using at least one type of environmental measurement (Table 5-6).

Table 5-6: Manufacturing Measurement of Environmental Outcomes

Environmental Measurement	Proportion
Informal observation	48%
Internal tracking and reporting	29%
External reporting and analysis	16%
Third party verification	16%
None	25%
Multiple Measurement	72%
N = 195	

Table 5-7: Manufacturing New or Improved Introductions

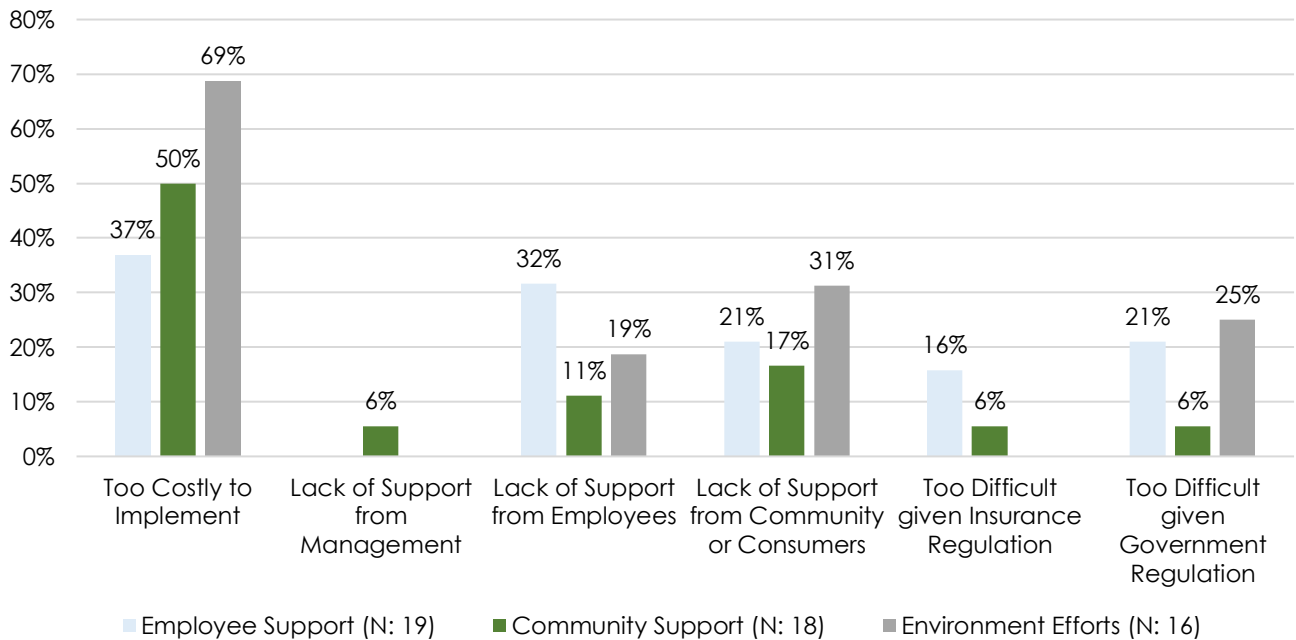
Introductions	Proportion
Goods	54%
Services	21%
Methods of Manufacturing	48%
Logistics	25%
Support Activities	28%
Marketing	34%
N = 195	

Regarding risks taken by respondents in their efforts to innovate, manufacturing firms were most likely to have introduced a new or improved product (54%) or method of manufacturing (48%). (Table 5-7).

Just over half of manufactures reported an abandoned or incomplete project, while 20% reported an unsuccessful social practice (Table 5-8). Reasons for unsuccessful social practices are concentrated around cost or lack of support from employees or the community (Figure 5-5). Government regulation was also often cited as an issue for unsuccessful employee and environmental efforts.

	Proportion	Total
Abandoned Projects or Plans	33%	175
Incomplete Projects or Plans	45%	182
Total Attempted Business Efforts	54%	182
Any Employee Practices Tried, but Unsuccessful	10%	195
Any Community Practices Tried, but Unsuccessful	9%	194
Any Environmental Practices Tried, but Unsuccessful	8%	195
Total Social Practices Tried, but Unsuccessful	20%	194
Either Social Risks or Business Risks	61%	184
Both Social Risks and Business Risks	14%	184

Figure 5-5: Manufacturing: Reasons for Unsuccessful Efforts and Practices



Regarding their fit on the profit-social mission continuum, almost half of manufacturing respondents (45%) identify as *Strictly for-profit*. The remainder were equally divided between *For-profit that provides social assistance* (27%) and *Providing a social good while being for-profit* (27%). Regarding the terms they use to describe their organization, three quarters of manufacturers identify as *Environmentally Responsible* and as *Entrepreneurial*.

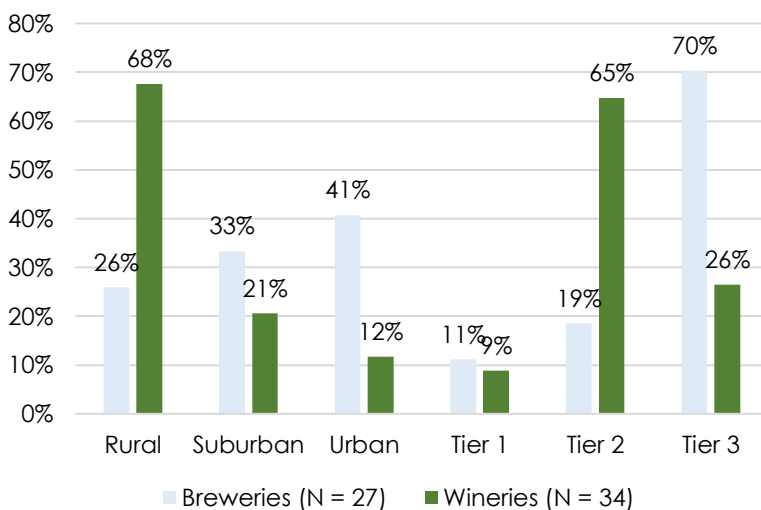
In-Depth: Breweries & Wineries

Breweries and wineries represent a growing sector of manufacturing within North Carolina. With over one hundred breweries in the state, it has become a national leader in the craft beer industry (Purvis, 2015 a). It is also emerging as a growing winery location with over one hundred wineries in operation (Purvis, 2015 b). Given the growing importance of this sector to the state’s economy, the survey was sent to the population of North Carolina breweries and wineries. This section details the 34 wineries and 27 breweries responding to the survey.

Geography

Regarding geography, the majority of breweries (93%) and wineries (97%) were founded in their current county. In addition, 11% of breweries and 10% of wineries have multiple locations outside of the county. Wineries are more likely to be in rural counties, while breweries are more likely to be in urban counties (Figure 5-6). Similarly, almost three-quarters of brewery respondents are in Tier 3 (least distressed) counties, while roughly two-thirds of wineries are in Tier 2 counties.

Figure 5-6: Population Density and Economic Distress Distribution



Local Economy & Demographics

The differences in tier distribution of wineries & breweries are reflected in their perceptions of the local economy. Nearly two-thirds of breweries describe their local economy as growing compared to only 25% of wineries (Figure 5-7). Similarly, only 8% of breweries feel they have not recovered from the recent recession compared to 21% of wineries (Figure 5-8). It is important to note that the brewery industry is younger, with 50% of respondents being formed after the recession compared to 25% of wineries.

However, winery & brewery respondents have the same average start year of 2007. Breweries are larger, reporting an average

of 39 employees, compared to wineries with 7 employees. No wineries in our sample are run by minorities, while 52% are run by women. Women run 45% of the breweries in our sample, and 5% are run by minorities.

Figure 5-7: Perceptions of the Local Economy

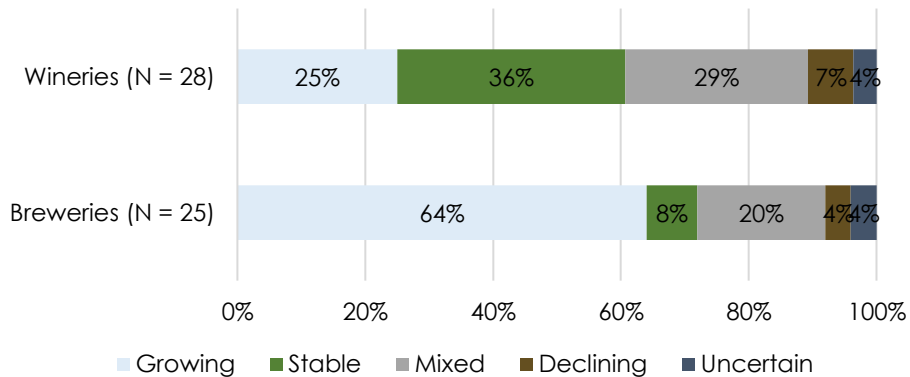
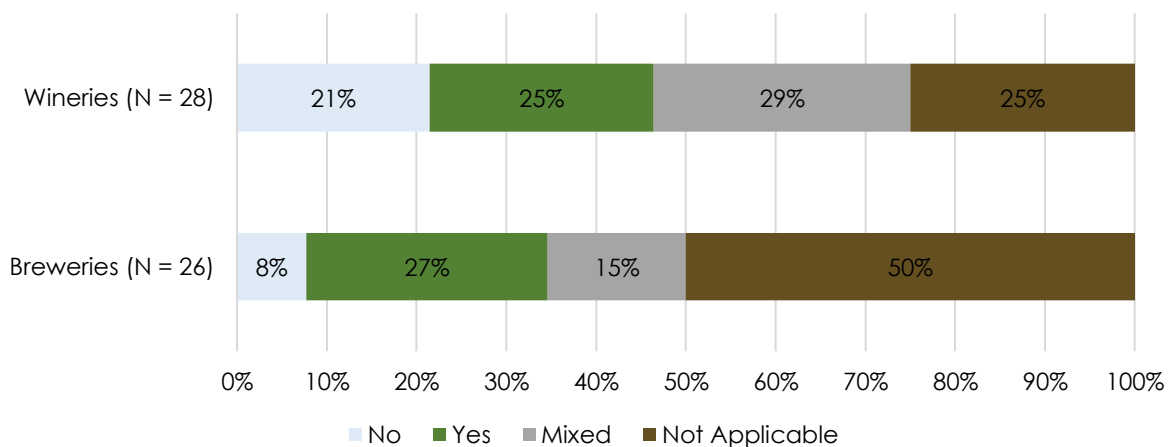


Figure 5-8: Breweries & Wineries: Recovery from the 2008-2009 Recession



Winery and brewery respondents report similar distributions of legal structure, with roughly half registered as LLCs and a third as S Corporations.

Employee Practices

Breweries have an average of 4.2 Employee Support Practices in place (1.7 Benefits and 2.5 Investments) compared to 1.7 for wineries (0.6 Benefits and 1.2 Investments). Table 5-9 summarizes these findings. Only 33% of wineries offer paid vacation or sick leave compared to 73% of breweries. Similarly, 38% of breweries pay a portion of their employees' health insurance compared to 19% of wineries. Some wineries reported trying unsuccessfully to implement retirement and health insurance plans.

Regarding investment attempts, breweries similarly out-provide wineries. The majority of both include employees in decision-making. Over two-thirds of breweries pay a living wage compared to 44% of wineries. Both breweries and wineries reported trying to employ special populations.

Table 5-9: Average Number of Employee Support Practices

	Breweries (26)	Wineries (27)
Employee Benefits (5 total)	1.7	0.6
Employee Investment (7 total)	2.5	1.2
Total Employee Support Practices (12 total)	4.2	1.7
Range (0 to 12)	0 to 11	0 to 5

Training types were fairly similar between breweries and wineries, with the exception of apprenticeships: 75% of breweries offered employee apprentice programs compared to 31% of wineries.

Community Support

Breweries have an average of 6.9 community support practices in place, while wineries have an average of 5.2. The two had similar frequencies of community production practices and donation practices in place. However, breweries were more prominent in community action practices. Table 5-10 summarizes these findings. Breweries donate a share of profits at a higher rate than wineries – 73% compared to 37%.

Table 5-10: Average Number of Community Support Practices

	Breweries (26)	Wineries (27)
Production Practices (3 total)	2.2	2.1
Donation Practices (5 total)	2.7	2.0
Action Practices (6 total)	1.9	1.1
Total Community Support Practices (14 total)	6.9	5.2
Range (0 to 14)	0 to 14	0 to 11

Environmental Efforts

Regarding environmental efforts, wineries had an average of 4.8 practices in place, and breweries a similar 4.7 practices. The distributions of both basic and advanced practices were also similar (Table 5-11).

Some wineries tried unsuccessfully to recycle and compost, while some breweries tried unsuccessfully to conserve water, reduce paper, and compost. Considering the advanced practices, some wineries also tried unsuccessfully to use renewable energy or clean fuels.

Table 5-11: Average Number of Environmental Practices

	Breweries (26)	Wineries (27)
Basic Efforts (6 total)	3.6	3.7
Advanced Efforts (9 total)	1.0	1.1
Total Environmental Practices (15 total)	4.7	4.8
Range (0 to 15)	0 to 13	0 to 11

In terms of measuring environmental outcomes, wineries were more active, with 72% engaging in any type of measurement, compared to 62% of breweries (Table 5-12).

Table 5-12: Breweries & Wineries: Measurement of Environmental Outcomes

Environmental Outcome Measurement	Breweries (26)	Wineries (29)
Informal observation	46%	69%
Internal tracking and reporting	19%	3%
External reporting and analysis	4%	3%
Third party verification	4%	3%
None	35%	10%
Multiple Measurement	62%	72%

Risks & Innovation

Breweries were more likely to have introduced marketing or manufacturing methods, while wineries had higher rates of new or improved services in the last three years.

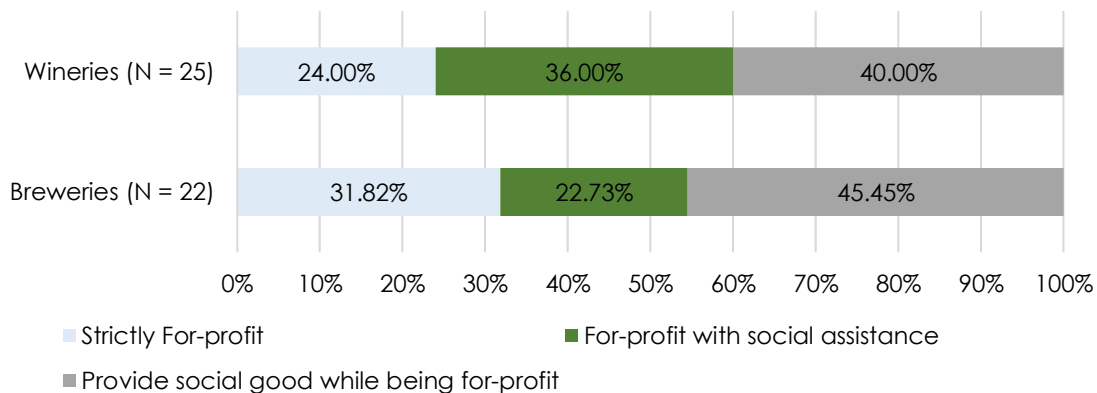
Both had similar rates of business attempts with 58% of breweries having either abandoned or incomplete projects compared to

52% of wineries. Almost a third of breweries tried unsuccessfully to implement a social practice compared to 19% of wineries. Only 19% of breweries and 17% of wineries have exhibited both types of risk.

Identity

The two industries had similar profit-social mission identifications, fairly evenly divided across the for-profit spectrum (Figure 5-9). In addition, they had similar likelihoods of term usage, with 90% of breweries identifying as entrepreneurial and 80% of wineries. The majority of each both also identified as environmentally responsible. A third of breweries identify as mission-based compared to 20% of wineries.

Figure 5-9: Breweries & Wineries: Profit-Social Mission Continuum



Appendices

Survey Methodology & Technical Detail

This appendix offers detailed information on the survey, methodology, and analysis used to create this report.

Statistical Significance

Throughout this report, *** indicates a significance at the 0.01 level and ** at the 0.05 level. Statistical significance was determined from hypothesis testing. Each calculation was set up with the null hypothesis that the averages for different groups were the same. This was compared to the alternate hypothesis that the two groups had statistically different averages. T-tests, proportion tests, and chi2 tests were used to conduct this analysis. A test statistic was calculated for each comparison from the appropriate test. If the corresponding probability for the test statistic was 0.01 or below, we say that it has a significance level of 0.01, meaning we have a 1% probability of falsely rejecting the null hypothesis. The same applies to the 0.05 level of significance, which has a higher probability of incorrectly rejecting the equality of averages.

Survey Methodology

To complement the existing literature on socially innovative economic development, a survey was designed to investigate the use of socially innovative practices in North Carolina. No comprehensive electronic mailing list was available, prohibiting a fully randomized sample of the population. Instead, a series of distribution lists were compiled to create a sample with statewide distribution. Table A.1 provides the distribution lists used to create a sample with statewide responses in urban and rural areas across industry and structure, including For-profit, Nonprofit, and Hybrids. An email with information on the survey and a link to the survey website were sent to all organizations on the list. Reminders were sent approximately every two weeks.

Most of the distribution lists had statewide audiences, while two were specific to the Triangle region. They were varied in their audience of organization type, so we do not expect sampling error. However, we do have limitations in the analysis from self-selection and possible non-response bias. The survey was web-based. Qualtrics software was used to provide anonymous and confidential management of the survey distribution and data collection, as well as to send out reminder and thank you emails.

Survey Design

The survey consisted of twenty-five questions, all either multiple choice or short answer. Completing the survey was estimated to take 10 to 15 minutes. The first section of the survey collected information on organizations' demographics. Only respondents who indicated at least one employee continued the survey. If legal structure was Sole proprietorship, the survey ended. Cooperatives, L3Cs, and Nonprofits were shown their own subset of questions related to legal structure. The second set of questions asked about the impacts of the Great Recession (2008-2009) on the respondent's organization. Next, the survey collected information on the organization's environmental, social, and employment practices. The final section included a set of questions regarding the focus and mission of the organization.

Advanced skip patterns were developed to eliminate irrelevant questions for respondents and decrease the length of the survey. After the survey was drafted, it was reviewed and pre-tested by a small group of researchers and practitioners representing different organization types. After receiving feedback from the pre-test, some questions were modified.

Limitations

We recognize that the sample is not perfectly representative of all organizations in the state. However, the survey does provide insight into the practices of a wide range of organizations across the state, covering both urban and rural areas as well as the three economic distress tiers.

It is important to note that there were no responses from 11 of the 100 counties in North Carolina. Since the survey was only distributed through email and available online, many possible respondents were physically unable to respond. This is a limitation in our results and all internet-based surveys, as we are missing information on the most distressed population in the state.

Additionally, this survey was given to organizations after the recession and thus only collects information on organizations still in existence. Our results showcase the behavior of firms that either survived the recession or were created after it. We have no information on firms that failed as a result of the recession.

Appendix Table A-1: Survey Distribution Process

List	Region	Type	Survey Opened	Sample	Reminders Sent	Reminder Pattern	Responses	Response Rate
A	Triangle focused	Mixed	6/5/14	618	3	Every two weeks	53	9%
B	Statewide	Large For-profit	6/5/14	1094	3	Every two weeks	63	6%
C	Statewide	Hybrids	6/5/14	196	3	Every two weeks	45	23%
D	Statewide	For-profit	6/5/14	149	3	Every two weeks	19	13%
E	Triangle focused	Nonprofit	6/5/14	163	3	Every two weeks	44	27%
F	Statewide	For-profit	6/5/14	1198	3	Every two weeks	114	10%
G	County specific	Mixed	6/5/14	1617	3	Every two weeks	236	15%
H	County specific	Mixed	6/5/14	2505	3	Every two weeks	281	11%
I	County specific	Mixed	6/5/14	1851	3	Every two weeks	228	12%
J	Statewide	Coop	6/5/14	105	3	Every two weeks	34	32%
K	Statewide	Hybrid	6/5/14	23	3	Every two weeks	7	30%
L	Statewide	Hybrid	6/5/14	43	3	Every two weeks	12	28%
M	Statewide	For-profit	6/5/14	79	3	Every two weeks	27	34%
N	Statewide	For-profit	6/5/14	84	3	Every two weeks	36	43%
Z	Statewide	Mixed	6/5/14	na	na	na	56	na

Legal Structures in North Carolina

Entrepreneurs motivated by social good often feel forced to choose between profit and mission when selecting an entity that best complements their business goals. Yet this decision does not have to be presented in such stark terms. In fact, North Carolina law establishes a number of business entities that can be both profit- and mission-driven. In addition, entrepreneurs may choose to form two or more related entities that work together to accomplish social and profit objectives.

Traditional For-profit Business Forms

For-profit business forms, such as the **Business Corporation** or **Limited Liability Company (LLC)**, are attractive to many social entrepreneurs because these forms (1) permit a great deal of flexibility, (2) allow for private investment and the distribution of profits, and (3) may be viewed as more efficient than their nonprofit counterparts. Although the directors of Business Corporations must pursue profits as their primary aim, it is possible for them to weigh factors such as social benefit in their decision-making if consideration of these factors could make the business more successful over the long term. LLCs may offer comparatively more flexibility to pursue social benefit for its own sake, as the purpose of an LLC can be specified in its operating agreement.

For-profit Business Forms with a Social Overlay

Third-Party Certification: Social entrepreneurs who want the benefits of a for-profit corporation but also want to self-identify as an enterprise engaged in working for social good may seek certification of their Corporation or LLC through a reputable third party. One well-known certification is “B Corp” certification, which requires the business to perform well on an “impact assessment” and commit to a socially conscious mission. These requirements ensure that the certification is a strong signal of the organization’s commitment to social goals. However, B Corp certification should not be confused with the benefit corporation business form, which is available in some other states.

Low-Profit Limited Liability Corporation (L3C): Because the L3C is a for-profit business form (an LLC) with an explicit charitable mission, it is perhaps the best example of a true hybrid entity. To qualify as an L3C under previous North Carolina law, an organization must meet specific statutory requirements: (1) the entity must be organized to advance a charitable or educational purpose, (2) neither the production of income nor the appreciation of property can be a significant purpose of the entity, and (3) no purpose of the entity can be political or legislative. Organizing as an L3C sends important market signals about the centrality of the entity’s social mission. The form may also enable access to financing that is typically available only to charities, although this benefit may be somewhat limited because the IRS does not automatically recognize a foundation’s investment in an L3C as a program-related investment. The L3C was available in North Carolina from 2010 through 2013, but was repealed effective January 1, 2014 due to confusion over monitoring. Existing L3Cs may continue to use the legal structure.

Tax-Exempt Nonprofit Corporation

A tax-exempt **Nonprofit Corporation** can be an appropriate vehicle for many social entrepreneurs. The benefits of the nonprofit form are that it (1) ensures the priority of the entrepreneur’s social mission, (2) allows for the receipt of charitable support through donations and grants, and (3) clearly conveys the organization’s social mission to the public. Tax-exempt nonprofit corporations can employ business methods to accomplish their social mission while retaining their tax-exempt status as long as the organization’s business activity is “substantially related” to its tax-exempt purpose or the business activity constitutes an insubstantial part of the organization’s overall activities.

Organizations Founded on Cooperative Principles

Cooperatives are a traditional business form in which all members have ownership and governance rights. Social entrepreneurs have used creative legal means to incorporate cooperative principles into other business forms as well.

With appropriate legal advice, cooperative structures can be an effective vehicle to accomplish social entrepreneurs' goals.

This resource is intended as an overview; for more specific guidance and for assistance in drafting organizational documents, it is important to consult an attorney and a tax adviser.

The NC Fourth Sector Resource Project gratefully acknowledges the assistance of the Community Enterprise Clinic at Duke Law School in preparing this document. Information is accurate as of <Jan, 2014>. For updates, please visit <http://ncresourceproject.org/index.php/resources/business-structures/>

Detailed Tables

Appendix Table C-1: Community Quality of Life Data, County Averages by Geographic Area

County Averages (Mean)	Rural	Suburban	Urban	Tier 1	Tier 2	Tier 3
Average Household Income (2013)	51951	64136	73343	48511	54552	68574
Median Household Income (2013)	39679	47409	52382	36617	42133	50118
Percent Below Poverty Level (2013)	20%	16%	16%	23%	18%	16%
Poverty Rate (2010)	20%	17%	17%	22%	18%	16%
Annual Unemployment Rate (2014)	7%	6%	6%	8%	7%	6%
Per Student Expenditures K-12 (2011)	9434	8180	8581	10082	8681	8509
Graduation Rate (2012)	81%	83%	80%	79%	82%	83%
Crime Rate, per 1,000 Residents (2011)	32.38	35.06	47.07	35.75	32.38	32.43
Number of Counties	80	14	6	40	40	20

County averages by geographic area (Mean) or county sums by geographic area (Counts) presented
Data: North Carolina Rural Center

Appendix Table C-2: County Distribution of Survey Respondents by Legal Structure

NC County	For-profit	Hybrid	Nonprofit	Unknown	Total
Out of State	0.0%	1.8%	0.0%	2.1%	0.5%
Alamance	0.9%	1.8%	0.8%	0.4%	0.8%
Alexander	0.3%	0.0%	0.4%	0.9%	0.4%
Alleghany	0.9%	1.8%	3.5%	5.1%	2.3%
Anson	0.0%	1.8%	0.0%	0.0%	0.1%
Ashe	0.6%	0.0%	0.0%	1.3%	0.6%
Avery	0.5%	0.0%	0.0%	0.0%	0.3%
Beaufort	3.6%	1.8%	2.7%	5.1%	3.6%
Bertie	0.2%	0.0%	0.0%	0.0%	0.1%
Bladen	0.6%	0.0%	0.8%	0.4%	0.6%
Brunswick	0.2%	0.0%	0.0%	0.0%	0.1%
Buncombe	2.6%	7.3%	1.5%	1.3%	2.3%
Burke	0.6%	1.8%	0.0%	0.0%	0.4%
Cabarrus	4.6%	0.0%	6.9%	3.0%	4.6%

Caldwell	1.5%	0.0%	0.0%	0.4%	0.9%
Carteret	0.3%	1.8%	0.0%	0.0%	0.3%
Caswell	0.0%	0.0%	0.4%	0.4%	0.2%
Catawba	0.8%	1.8%	0.0%	0.4%	0.6%
Chatham	3.1%	1.8%	5.8%	2.1%	3.4%
Cherokee	1.2%	0.0%	2.7%	0.4%	1.3%
Chowan	0.9%	0.0%	1.2%	1.7%	1.1%
Clay	0.2%	0.0%	0.0%	0.0%	0.1%
Cleveland	0.2%	0.0%	0.4%	0.0%	0.2%
Columbus	0.6%	0.0%	0.0%	0.4%	0.4%
Cumberland	0.2%	1.8%	0.0%	0.4%	0.3%
Currituck	0.3%	0.0%	0.0%	0.0%	0.2%
Dare	0.0%	1.8%	0.0%	0.4%	0.2%
Davidson	0.8%	0.0%	0.0%	0.0%	0.4%
Davie	0.6%	0.0%	0.0%	0.0%	0.3%
Duplin	0.3%	0.0%	0.8%	2.1%	0.8%
Durham	5.1%	7.3%	8.1%	2.6%	5.4%
Edgecombe	0.0%	1.8%	0.0%	0.0%	0.1%
Forsyth	2.0%	3.6%	1.2%	0.4%	1.6%
Franklin	0.6%	0.0%	1.5%	0.9%	0.8%
Gaston	0.6%	0.0%	1.2%	0.4%	0.7%
Gates	0.2%	0.0%	0.0%	0.0%	0.1%
Graham	0.3%	0.0%	0.0%	0.4%	0.3%
Granville	2.8%	0.0%	1.9%	3.0%	2.5%
Greene	0.0%	0.0%	0.4%	0.0%	0.1%
Guilford	2.6%	1.8%	1.2%	0.4%	1.8%
Halifax	0.2%	0.0%	0.8%	0.0%	0.3%
Harnett	0.3%	0.0%	0.0%	0.0%	0.2%
Haywood	0.3%	3.6%	0.0%	0.0%	0.3%
Henderson	5.1%	5.5%	4.6%	5.5%	5.1%
Hertford	0.5%	0.0%	0.0%	0.9%	0.4%
Iredell	0.9%	0.0%	0.0%	0.4%	0.6%
Jackson	0.6%	1.8%	0.4%	0.9%	0.7%
Johnston	0.2%	0.0%	0.0%	0.0%	0.1%
Lee	1.9%	0.0%	0.0%	0.0%	1.0%
Lenoir	1.9%	1.8%	1.9%	1.7%	1.8%
Lincoln	3.3%	0.0%	2.7%	3.8%	3.1%
Macon	2.0%	0.0%	3.1%	3.8%	2.5%
Madison	0.3%	1.8%	0.0%	0.0%	0.3%
Martin	0.3%	0.0%	0.4%	0.9%	0.4%
McDowell	0.6%	0.0%	0.8%	0.0%	0.5%
Mecklenburg	4.5%	7.3%	1.2%	3.8%	3.8%

Mitchell	0.3%	0.0%	0.4%	0.9%	0.4%
Montgomery	0.6%	0.0%	0.0%	0.9%	0.5%
Moore	0.5%	0.0%	0.0%	0.0%	0.3%
New Hanover	0.3%	3.6%	0.0%	0.0%	0.3%
Northampton	0.0%	0.0%	0.4%	0.0%	0.1%
Orange	5.0%	3.6%	15.1%	4.7%	7.0%
Pamlico	0.0%	0.0%	0.4%	0.0%	0.1%
Pasquotank	0.2%	0.0%	0.4%	0.4%	0.3%
Perquimans	1.2%	0.0%	0.8%	1.7%	1.2%
Person	0.9%	0.0%	2.3%	3.0%	1.6%
Pitt	0.2%	0.0%	0.8%	0.4%	0.3%
Polk	0.5%	0.0%	0.0%	0.0%	0.3%
Randolph	1.9%	5.5%	0.0%	0.9%	1.4%
Richmond	0.0%	0.0%	0.0%	0.4%	0.1%
Rockingham	2.0%	0.0%	3.1%	2.6%	2.3%
Rowan	0.3%	0.0%	0.0%	0.0%	0.2%
Rutherford	0.3%	0.0%	0.0%	0.0%	0.2%
Sampson	0.0%	1.8%	0.0%	0.0%	0.1%
Scotland	0.8%	0.0%	1.5%	1.3%	1.0%
Stanly	0.5%	0.0%	0.0%	0.4%	0.3%
Stokes	0.9%	1.8%	1.2%	0.9%	1.0%
Surry	2.2%	0.0%	0.4%	1.7%	1.6%
Swain	1.7%	0.0%	0.4%	7.2%	2.4%
Transylvania	0.5%	0.0%	0.0%	0.4%	0.3%
Union	0.8%	1.8%	0.0%	0.0%	0.5%
Vance	0.5%	0.0%	0.0%	0.4%	0.3%
Wake	8.7%	10.9%	6.9%	3.0%	7.3%
Warren	0.6%	0.0%	1.9%	2.6%	1.3%
Watauga	0.2%	5.5%	0.0%	0.0%	0.3%
Wayne	0.2%	0.0%	0.4%	0.0%	0.2%
Wilkes	0.8%	0.0%	0.0%	0.4%	0.5%
Wilson	0.3%	0.0%	0.0%	0.0%	0.2%
Yadkin	1.4%	0.0%	0.4%	0.4%	0.9%
Yancey	1.5%	0.0%	3.9%	5.5%	2.8%
Unknown	0.9%	1.8%	0.4%	1.7%	1.0%
Observations	646	55	259	235	1,195

Appendix Table C-3: Establishment Counts by Geographic Area

2014 Number of Establishments	Rural	Suburban	Dense Urban	Tier 1	Tier 2	Tier 3
Total Count of Establishments	82035	57779	102461	29904	77572	134799
Total Private Industry	77710	56092	100884	27973	74622	132091
Agriculture Forestry Fishing & Hunting	31	31	32	31	30	32
Mining	2	4	7	1	3	4
Utilities	3	8	15	3	5	8
Construction	117	422	1399	76	196	639
Manufacturing	47	217	535	32	105	226
Wholesale Trade	45	250	1271	32	111	452
Retail Trade	170	600	1956	131	306	811
Transportation & Warehousing	35	109	380	31	59	152
Information	12	52	338	9	22	124
Finance and Insurance	50	220	1106	38	104	403
Real Estate and Rental and Leasing	41	175	847	27	81	325
Professional and Technical Services	78	452	2834	46	173	1038
Management of Enterprises	4	22	149	4	10	49
Administrative and Waste Services	58	258	1172	37	116	455
Educational Services	25	98	358	20	45	145
Health Care and Social Assistance	100	406	1524	79	190	607
Arts Entertainment and Recreation	15	68	257	9	28	111
Accommodation and Food Services	89	339	1323	62	169	528
Other Services Ex. Public Admin	85	366	1511	63	164	594
Public Administration	22	33	67	20	26	39
Number of Counties	80	14	6	40	40	20

County sums by geographic area (Counts) presented Data: Access NC

Appendix Table C-4: Industry Reported by Survey Respondents

Industry	For-profit	Hybrid	Nonprofit
Accommodations & Food Services	8%	5%	1%
Administrative & Support Services	2%	4%	1%
Agriculture, Forestry, Fishing & Hunting	4%	13%	3%
Alternative Energy	1%	4%	2%
Arts, Entertainment, and Recreation	2%	9%	11%
Construction	6%	2%	3%
Education Services	1%	7%	15%
Finance & Insurance	6%	4%	2%
Health Care & Social Assistance	6%	13%	23%
Information	2%	2%	1%
Manufacturing: Bio/Pharmaceuticals	1%	0%	0%
Manufacturing: Chemicals	1%	0%	0%
Manufacturing: Electronics	1%	0%	0%
Manufacturing: Food, Beverage, Brewery	9%	2%	0%
Manufacturing: Furniture, Wood products	3%	0%	0%
Manufacturing: Industrial Machinery	3%	0%	0%
Manufacturing: Medical and Assistive Technologies	1%	0%	0%
Manufacturing: Other	9%	2%	0%
Manufacturing: Paper, Printing	2%	2%	0%
Manufacturing: Textiles, Apparel, Leather	2%	4%	0%
Mining, Quarrying, Oil, & Gas Extraction	0%	0%	0%
Professional & Business Services	15%	5%	5%
Public Administration	1%	0%	12%
Real Estate, Rental, and Leasing	4%	2%	2%
Religious, Civil, Grantmaking	0%	4%	19%
Retail trade	8%	13%	2%
Transportation & Warehousing	2%	0%	1%
Utilities	1%	11%	0%
Wholesale Trade	4%	4%	1%
Personal Services	3%	0%	2%
Multiple Industries	15%	16%	14%
Observations	646	55	259

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