

## **Impact of COVID-19 on Nonprofit Social Enterprises in Nova Scotia**

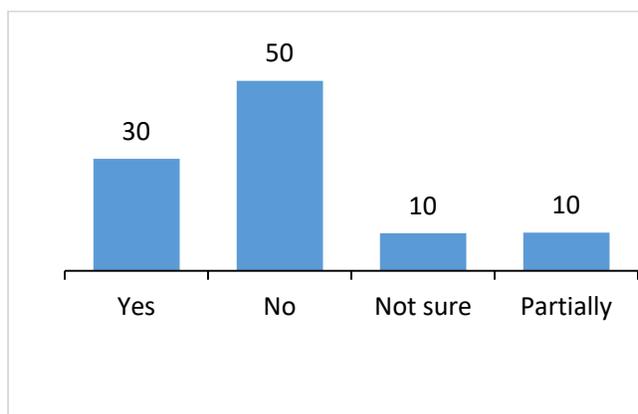
**(As of the end of March 2020)**

Social enterprise activities make a significant contribution to nonprofit revenues and provide important services to communities according to a report by the Atlantic Provinces Economic Council (APEC) on the State of the Nonprofit Sector in Nova Scotia.<sup>1</sup>

Nearly 30% of nonprofits in the province are social enterprises and another 10% are partially a social enterprise. About 18% of the revenues for these organizations are “partially” generated by social enterprise activities.

The satisfaction of social enterprise activities varied with 64% rating their satisfaction at 7 out of 10 or above. When rating the impact of social enterprise activities on contributing to the success of their mission organizations were more positive. 78% of respondents rated 7 out of 10 or above.

### **Do Nonprofits in the Survey Consider Themselves a Social Enterprise? (% of total), n=467**



**“Social Enterprise for purpose of this analysis is a nonprofit organization that operates in an entrepreneurial or businesslike fashion with a simultaneous commitment to their mission and the use of generated revenues to support their social, environmental, community or cultural goals.”**

## Top Social Enterprise Activities, n=99

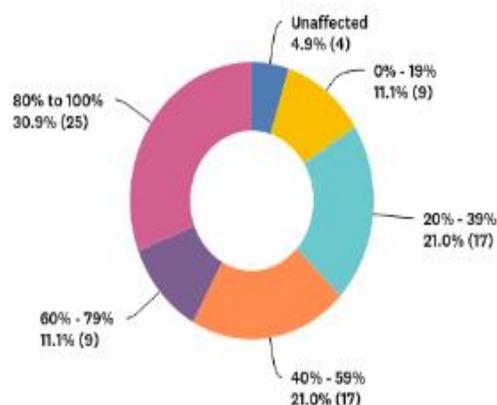
- ❖ Retail Products (i.e. wood, clothing, food)
- ❖ Education, training
- ❖ Gift items
- ❖ Culture and leisure activities
- ❖ Catering
- ❖ Work/meeting space
- ❖ Business support/consultancy
- ❖ Hospitality services
- ❖ Creative industries (web design, print)
- ❖ Property care / outdoor maintenance
- ❖ Environmental – recycling

78% of nonprofits doing social enterprise activities say that these activities are significantly contributing to the success of their mission

About 63% of nonprofits provide employment opportunities to individuals they are serving to enable them to gain work experience, skills, training and mentoring in order to be successful in the workplace. For example, hiring persons with disabilities or supporting them to work in other organizations.

Retail products including wood, clothing, food and gift items are among the most common social enterprise activities of non-profits in Nova Scotia. Education and training products, culture and leisure, catering and providing work/meeting space are other top activities.

Q24 As a social enterprise, what percentage of your revenue from the sale of goods and services do you anticipate being negatively impacted COVID-19?



In a recent survey of the Impact of COVID-19 done by the Community Sector Council of Nova Scotia (CSCNS) however, we learned about the early impact of the pandemic on these organizations. When asked at the end of March what percentage of their revenue from sales of goods and services have been negatively impacted many of the social enterprises indicated that they are being severely hurt. 31% are losing 80 to 100% of their sales, 11% between 60 and 79% and 40% are losing between 20 and 59% of their sales revenues.<sup>ii</sup>

In addition, to the revenue impacts, the social enterprises that are employing the people they serve are facing layoffs that are having serious implications for these clients. For example, **Cathy Deagle Gammon**, the Executive Director of DASC Industries, social enterprise says:

*“The financial impacts of COVID19 on social enterprises are the same as any other business. The crucial difference is that Social Enterprises now need to respond with innovation and alternate ways to meet their mission. Indeed, for some their mission has increased in scope and delivery. How do you deliver support virtually when many (those with low income, person(s) with disability, those with minimal home support) do not have access to the technology or may not have the familiarity to adequately use it. This is a challenge. And then, there is opportunity as they say ‘necessity is the mother of invention’. How we deliver on our mission(s) can be expanded, focused and in the business component we can be ready for new opportunities in a changed economy.”*

Some important questions are raised by this analysis including:

1. How can nonprofits with a social enterprise program mitigate the financial risks of their reliance on business like activities given the economic downturns and recessions that will inevitably impact their viability?
2. How can clients who are served by social enterprises be supported during times of social and physical distancing particularly as they will be some of the last individuals who will be returning to normal while a vaccine is still in development?
3. Should nonprofit social enterprises explore how to leverage technology in new ways? For example, more on-line sales, training for clients in use of technology, use of big data or artificial intelligence?
4. How do these organizations get the type of coaching and design thinking training to support their need to pivot given disruptions? How can they prepare for a radically changed future in innovative and creative ways?
5. From a more critical perspective is the logic of business and entrepreneurship compatible with the mission of nonprofits? Do we risk the logic of business driving out the ethic of care, the priorities of the sector for diversity, equity and inclusion

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<sup>i i</sup> <https://www.apec-econ.ca/publications/view/?publication.id=396>

<sup>ii</sup> <https://www.csc-ns.ca/wp-content/uploads/2020/04/CSCNS-COVID-19-IMACT-REPORT.pdf>