

ASSESSING THE ECONOMIC AND SOCIAL IMPACTS OF SOCIAL ENTERPRISE

Feasibility Report - Executive summary

Trevor Hart and Graham Haughton
Centre for City and Regional Studies
Department of Geography
University of Hull
Hull HU6 7RX
www.hull.ac.uk/ccrs

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EXECUTIVE SUMMARY

Report on Assessing Social Enterprise Impacts

1. This report reviews the main options for developing a suitable methodology for identifying and analysing the economic and social impact of social enterprises. It identifies which kinds of questions can meaningfully be asked and answered, and in particular the potential methodological approaches that might be adopted. As part of this review we provide a brief commentary on existing work and what additional research could potentially add to our knowledge of social enterprise impacts. At the end of the report we set out some options for work which could be undertaken in future.
2. The tender brief asked us to identify whether it was possible to develop a detailed methodology for studying social enterprises, including the 'value added' by social enterprises. Our qualified conclusion at this stage is 'yes, this can be done' but that certain issues remain for further discussion and investigation.
3. We believe that a large scale study of all social enterprises would be unwieldy and costly, therefore a more focused approach is necessary. As such any assessments of national impacts will necessarily involve estimates. We are unconvinced that it is possible or necessary even to estimate impacts according to different types of social enterprise. In practice there is a considerable range of social enterprise types, with the precise legal model often a reflection of when they were formed as well as their specific objectives. Some social enterprises are multi-dimensional in their activities, making comparison across different types of 'enterprise' problematic. Nor is the difference between a social enterprise largely operating as a commercial concern and that of socially aware private business always as clear-cut as it might seem at first glance.
4. We are confident that a detailed estimate can be provided for the range and scale of impacts generated by social enterprises in specific contexts, particularly at local level and by inference at regional and national level. We also feel that broadly speaking it is possible to assess the 'value added' of the social enterprise model, but that this would require very detailed study of specific social enterprises and their local contextual circumstances.
5. It may be, however, that we are really talking about two studies rather than one. The advantage of one large study is some economies of scale in terms of interviews with social enterprises in particular. The advantage of commissioning two separate studies, one on 'impacts' and one on 'value added' might be that they are separately much stronger on the specific issues they set out to address.

6. A recent survey by IFF based on two legal forms – companies limited by guarantee and industrial and provident societies – identified a national population of social enterprises at around 15,000. The IFF survey work also provided evidence of employment, turnover and distribution according to broad enterprise type and by region. Some questions were also included in the recent Annual Small Business Survey, which helped recalibrate our understanding of the total population of social enterprises. The results suggest a larger population of at least 55,000 social enterprises across the UK with a turnover of £27 billion.
7. We examine for national, regional and local scales a range of methodological possibilities that have been considered in this feasibility study – ranging from quantitative approaches – national surveys, experimental / comparative approaches to more intensive case study work. Our general view is that we are unconvinced that further national ‘extensive’ survey work would provide sufficient new information to justify the costs and effort involved. Our preference is instead to use local and regional work – both intensive and extensive – to develop robust findings which can be scaled up to provide national estimates of impacts. In particular we argue that intensive case study work is essential to unpick the causal processes at work in generating different types of impact – whilst large scale ‘extensive’ surveys can usefully identify broad patterns, they are not good at identifying the underlying processes.
8. Given this background, we feel that the study should focus on developing a series of detailed impact studies of different social enterprise sectors and also of impacts at local/sub-regional scales. This type of ‘intensive’ case study work would allow a recalibration of the existing national data on social enterprise, whilst rounding this out with more detailed study of a much wider range of potential impacts. Our suggested approach then is to complement existing ‘extensive’ survey approaches with more detailed intensive case study work at regional, local and sectoral levels. The case study work could be supported by local surveys of client groups, to develop knowledge of the nature and scale of impacts. This approach is the best available – it needs to be recognised that even with the best sampling practices, when scaling up from local studies to consider national impacts there is a degree of estimation and approximation.
9. In summary, at the national level the objective would be to build from the work already undertaken in describing the scale of the sector, extending the findings to include estimates of the possible scale of a wider range of economic and social impacts. At the regional level, work would be required to identify broad differences in the level of social enterprise between and within regions, seeking for instance to identify ‘under-represented’ types of areas. At the local level, the stress would be on mapping and understanding impacts on localities and individuals. This could potentially involve detailed study of 10-12 different types of localities, for instance inner city, outer urban, coalfield, rural, coastal resorts.

10. Identifying the 'value added' of social enterprise against other delivery forms, or between different types of social enterprise generates a different set of complications. Assuming that this aspect of the work is to be part of the main project then existing survey instruments are not sufficiently oriented to generate comparative data which allows this task to be undertaken. Rewriting existing national survey instruments with this in mind is likely to be unacceptable due to the very wide range of ways in which social enterprise might in theory 'add value' – in essence detailed case study work is required not large scale phone or face to face surveys of either social enterprises or their clients. Having considered the options our preference would be to focus on whether and how some form of value-added analysis might be possible.
11. Taking an overview of these various strands of the study it should then be possible to develop scenarios for assessing the levels and types of impacts of social enterprise, based on different assumptions about how case study findings might aggregate up to national level (for a summary see Table 1, below). This is some distance perhaps from the kind of definitive 'answer' to the complex questions set by the client for the proposed national study.
12. The study could also consider the impact of particular objectives for social enterprise – promoting diversity in the delivery of public services, increasing levels of enterprise and innovation, and enabling regeneration through building social capital and reaching under-represented groups. This could be achieved through developing elements of the locality and sectoral level work indicated in Table 1: the findings would therefore be subject to the same strengths and weaknesses as work at these levels.

Table 1: Summary of suggested approach

Level and objectives	Activities	Outputs
<i>National</i> Validating and extending existing national results	IFF and ASBS studies provide baselines, so no new national study is proposed. Case study work tests and extends the existing national impact assessments.	Intensive case study work builds on work already undertaken providing an indication of scale of impacts if case study findings were replicated. <i>Findings</i> – indicative national figures
<i>Regional</i> Understand the nature of regional differences in performance, broad review of all regions, possible detailed work on a sample.	<ul style="list-style-type: none"> ○ Secondary reports and data to explore context and existing knowledge ○ Interview surveys with key actors to explore further nature of differences 	Measures of the nature of regional differences and product of 'closing gaps' between more and less dynamic regions. Input to choice of subsequent case studies. <i>Findings</i> – indicative for the regions studied.
<i>Local</i> Develop an understanding of impacts and socio-economic and spatial differences (potentially e.g. 10-12 localities, locations yet to be decided)	<ul style="list-style-type: none"> ○ Construct locality profiles ○ Construct database of Social enterprises in each locality (sources to include FAME database used by IFF) ○ Interview sample from database to develop understanding of impacts ○ Work 'up and downstream' from Social enterprise to analyse linkages and impacts, including on individuals ○ Interviews and surveys to contextualise and validate case study findings 	Measures of socio-economic impact in areas studied, both hard measures and selected qualitative outcomes – in all cases nature of measures will depend on detail of techniques used. <i>Findings</i> – measures will be robust for areas studied; contextual information will allow inferences to be constructed for similar areas; findings will provide basis for development of alternative scenarios of impacts at a national level.
<i>Sectoral</i> Understand the value added of the social enterprise model (3-4 specific sectors, yet to be decided)	<ul style="list-style-type: none"> ○ Construct sample frame of sectors and places for case study work on mechanisms and value added ○ Survey work to fill out management information on quality, etc. 	Measures of the value added by Social enterprises and the mechanisms involved. <i>Findings</i> – will be valid for the sectors studied and the circumstances under which they operated; scenarios can be produced for national level
<i>Integrative</i> "Joining up" findings to provide a co-ordinated picture	Linking findings from various levels of work in a single final report	Local and sectoral estimates will be built into scenarios showing what might be the case if findings were replicated nationally.