

ASSESSING THE ECONOMIC AND SOCIAL IMPACTS OF SOCIAL ENTERPRISE

Feasibility Report

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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.

ECONOMIC AND SOCIAL IMPACTS OF SOCIAL ENTERPRISES: FEASIBILITY REPORT

1. INTRODUCTION

1.1 This report reviews the main options for developing a methodology suitable for identifying and analysing the economic and social impact of social enterprises. The invitation to tender specified the following objectives for this feasibility study, which broadly sets out to consider ‘the feasibility of assessing the impact of social enterprises, considering the range of outcomes that social enterprises may bring for people and places. The more specific objectives are:

- To understand more about the returns that social enterprises can bring for individuals, their families, communities; the economy and society;
- To identify and explore the conditions that support social enterprises in making such impacts
- Examine different types of social enterprise and understand more about their nature; what do they offer above and beyond other models of social enterprise or other models of enterprise delivery
- Consider how impacts vary according to different social enterprise sub-sectors; to produce early indications around the impact of particular social enterprise sub-sectors
- Assuming the larger scale study is shown to be worthwhile and feasible, develop a detailed and costed methodology which can be trialled through this initial study.’

1.2 In this final report for the project, we provide a brief commentary on existing work relating to social enterprise impacts and what additional work could potentially add to our body of knowledge. In previous reports we provided a summary review of the literature as it informed the development of the study, a report on international experience, a brief overview of social enterprise activities in the health and social care sector, and an assessment of the possible contribution of secondary data sources to the study: versions of these items are attached as appendices. An earlier report considered the main criteria for assessing the methodological options available: the findings and debate on this report are reflected in the current document. The appendices provide slightly up-dated versions of the main earlier reports which have not been subsumed within the current report.

1.3 The present report focuses on the methodological possibilities and limitations for assessing social enterprise impact at a range of scales of analysis, as well as for specific policy objectives. At the end of this report we set out some options for work which could be undertaken in future.

2. REVIEW OF METHODOLOGICAL OPTIONS

- 2.1 Given the objectives for the research – developing a better understanding of the impacts of social enterprise at a number of different levels – then there are, theoretically, a number of different approaches that could be adopted.
- 2.2 Much of the research to date has been at the national level and has been concerned with establishing the scale of the sector. A key objective of the current project is to determine how to better understand the contribution of social enterprise. In seeking to understand issues such as causality a first resort is sometimes to adopt some form of experimental research. However, as with many problems in social science, it is very difficult to envisage circumstances where the basic conditions for conducting experimental research – such as establishing control groups and random assignment to groups – can be met in practice for this project.
- 2.3 Quasi-experimental approaches, which select similar groups as “non-equivalent” controls or which make comparisons “before and after” policy change, may have a contribution to make to better understanding the *contribution* of social enterprise. For example, by comparing social enterprise with different models of delivery or with the outcomes of previous delivery methods, the added value of the social enterprise model can be identified. However, the major challenge here is in ensuring a strong degree of equivalence for the comparators used.
- 2.4 If the results of research are to make a contribution to policy design, it is important that they develop our understanding of the *processes* by which social enterprise generates the outcomes observed. This argues for the inclusion of intensive methods – typically based on case studies – in the package of approaches adopted. While there are difficulties in employing extensive methods – typically large scale surveys – as a means of mapping social enterprise nationally, such methods can have a part to play in measuring a range of outcomes and contextual variables, at a range of spatial or sectoral scales. The two types of research – intensive and extensive – are complementary rather than mutually exclusive. Detailed case studies can help to verify the origin, nature and process by which impacts are generated, while large scale surveys may be a good means of gaining a broad overview of impacts¹.
- 2.5 These methodological issues are reviewed further below, examining them at a variety of spatial scales and as a means of examining the outcomes which are being achieved against the various objectives set for social enterprise.

¹ For an overview of the strengths and weaknesses of intensive and extensive methods see Appendix 1

3. SCALES OF ANALYSIS

3.1 National Level

Existing Knowledge

- 3.1.1 Existing national survey instruments have already made some headway in the task of mapping the levels of social enterprise nationally, including some limited assessment of impact. The first survey in this respect was undertaken by IFF (2005), providing details of the distribution, employment, turnover, trading activity and 'mission' of social enterprises. The approach adopted focuses on two particular legal forms of social enterprises.
- 3.1.2 While the IFF study is a significant contribution to understanding the level of social enterprise activity, its main focus is on mapping social enterprises themselves, and as such it is not a specific study of the wider issues of the impacts of social enterprise on individuals or localities. The advantage of this work is that it does provide a useful starting point for assessing national levels of social enterprise activity, and as such it has provided a base from which further work can be developed.
- 3.1.3 Another national data source focused specifically on social enterprise is that produced by the Global Entrepreneurship Monitor (GEM). Unfortunately this survey uses different definitions of social enterprise from those developed by the DTI, whilst the sample size is insufficient to allow complete regional disaggregation of the findings. However, being based on a household approach, it can address different issues from those identified in the IFF survey of social enterprises, and it also allows social enterprise activity to be viewed on a consistent basis alongside other forms of enterprise.
- 3.1.4 As it is presently constituted, GEM's main value to an impact study would be as a potential additional benchmark against which research findings could be measured. As a regular survey it could also potentially add a time dimension, if suitably adapted questions were developed. The SBS household survey of entrepreneurship also contains questions on social enterprise which will generate useful contextual information on people's awareness of and involvement in social enterprise.

Methodological Possibilities

- 3.1.5 Establishing a base line picture for the size and composition of the social enterprise sector – in terms of numbers of businesses and levels of employment – would, in combination with data on processes and outcomes from intensive research, assist in the production of estimates of the value of the sector on a basis comparable with other sectors of the economy, as well as setting a

mark from which change in the sector could be monitored. The study by ECOTEC (2003) reviewed many of the issues involved in mapping the sector and provided the model from which the IFF study was developed.

- 3.1.6 More recently, further work on estimating the size of the social enterprise population has been conducted by SBS through including questions within their broader Annual Small Business Survey. This approach has provided a new estimate of at least 55,000 social enterprise across the UK and SBS plan to use the ASBS to measure change in the population over time.
- 3.1.7 We suggest developing from this existing base of knowledge by using a variety of other sources to validate existing understanding of the population of social enterprises and its characteristics. So, for example, it would be possible to validate the IFF and ASBS findings by making comparisons with other locality level work undertaken since or which may be undertaken as a result of this project. Repeating the type of exercise carried out by IFF would be very demanding of resources, at a level hard to justify by the extra knowledge gained.
- 3.1.8 In the longer term, there are national survey instruments which could possibly be further developed from a role of providing contextual information to one of providing directly useful information: this is an issue which has previously been addressed by the DTI Social Enterprise Mapping Working Group. Two examples seem to us to merit further consideration: Q.99 in the Labour Force Survey identifies whether respondents work for a “charity, voluntary organisation or trust”, whilst information on the IDBR classifies a business as a “non-profit body”.
- 3.1.9 Both could potentially be refined to identify social enterprises, although a definition would need to be structured with some care. The benefit would be further surveys yielding estimates of employment in social enterprise and possibly assessing their impacts on individuals, as well as additional data on the size of the sector, its distribution (by area and activity), together with a range of economic data. Such surveys would also provide sample statistics and population estimates comparable with other non-social enterprise sectors.

Conclusions

- 3.1.10 Our opinion is that, at this stage, better returns on investment in research will be provided by focusing on extending the scope of existing knowledge than by investing in additional survey work. Any study designed to assess the economic, social and environmental impact of the sector will need to combine knowledge of the size of the sector with an understanding of the impacts it creates and the processes by which they are created. At present there are

significant gaps in understanding of the latter, and the mainly intensive study required to fill these gaps can also contribute to refining estimates of the population of social enterprises.

3.2 Regional Level

Existing Knowledge

3.2.1 The GEM and IFF studies identify significant differences in levels of social enterprise representation between regions, with London consistently showing the highest level of activity. We know that there are differences between the history and trajectory of social enterprise activity between regions, and that levels of funding and support have differed and continue to differ, but the impact of these different contextual factors is as yet unexplained.

3.2.2 In a number of cases, regional mapping studies of social enterprise have been undertaken. Coverage is patchy and studies which exist are not uniform in their style or content. However, RDAs are currently in the process of developing their information base on social enterprise. As there is explicit guidance on how mapping exercises should be undertaken, these efforts may well result in an improvement in understanding which makes an effective and coherent contribution at both regional and national levels.

Methodological Possibilities

3.2.3 A key question to be addressed at regional level is that of why there are such large variations in rates of social enterprise formation and representation between regions. This question is important because if differences are a result of constraints or the absence of key support mechanisms in areas with low representation rates there is clearly potential to achieve improvements by addressing such issues: it is possible to close the gap between the worst and the best performing areas.

3.2.4 Mapping of differences through large scale surveys is subject to the same caveats as is the case with national surveys, reviewed above. However, the SBS Annual Small Business Survey could give some indications of the impact between regions of perceived differences in the environment for development of social enterprises, if sample sizes are adequate. If this is not the case, the possibility remains of developing the sample over time to better track associations between local policy contexts and rates of development of social enterprises. However, answering questions of causation is normally best approached through intensive research methods and investigation of the nature of local policy environments and how they impact on social entrepreneurs through structured interviews with key actors in contrasting regions is better able to reveal the nature of the processes in play and their likely effects.

- 3.2.5 Work underway to develop better regional information on social enterprise could contribute to the work outlined above, particularly if it were married to information systems on levels of financial and advisory support offered in different regions, including support from various government and European funding streams to socio-economic profiles of each region. Therefore it will be important to conduct a systematic audit of all work recently conducted and planned at the regional level. Any work at regional level to develop mapping can also contribute to validating and extending national level understanding of the structure and distribution of the population of social enterprises.
- 3.2.6 Since there is no understanding of differences in regional performance, starting with a sample of regions represents a pragmatic and prudent first step – there is no way of knowing at this point in time if similar regional aggregates conceal many underlying differences – but detailed study of all nine regions would be very demanding of resources. The locality level work discussed below can also contribute to an understanding of the nature of sub-regional differences and thus will give guidance on the extent of regional study that is necessary to develop a fuller understanding of regional differences.
- 3.2.7 The regional audit exercise could provide the basis for a potential sampling framework, which might well have a multi-scalar dimension built in – choosing two regions which were for instance ‘typical’ as a main sampling frame and then different areas within these regions – inner urban, rural etc. An alternative option would be to pick say three regions which appeared to be at various points along the national spectrum from high to low levels of social enterprise activity. This would need to be further teased out in any future study. Since all mapping studies show London to have a higher representation of social enterprises than other regions, our instinct is to suggest London would be one of the chosen regions, whilst up to two or three others could complement this.

Conclusions

- 3.2.8 Extensive large scale survey work at a regional level is subject to the same issues as at the national level and if the case for new large scale national surveys is not made at national level, then neither is it for such studies at a regional level. However, an understanding of the circumstances and processes in play producing inter-regional differences is an important subject for study and this is best approached through some intensive regional case studies of a sample of types of regions. Design and completion of this work could be assisted by work underway by RDAs to develop their role and an audit of recent regional work should be a first priority. Such work will help validate existing national information and provide an input to structuring locality level studies.

3.3 Locality level

Levels of Locality

- 3.3.1 There are a number of levels below the region at which we might wish to consider impacts, but it is our contention that many methodological issues will be manifest across the different levels. Generally, for both practical and technical reasons, smaller spatial areas better lend themselves to more intensive research methods, but a desire to capture all relevant impacts will not necessarily be satisfied by study at one level.
- 3.3.2 A sub-regional focus – a collection of local authorities, or an area crossing local authority boundaries – may be of interest because it is covered by a specific policy initiative (such as European Structural Funds interventions), because the constituent parts share particular characteristics (such as being affected by loss of employment in a sector of industry), or because it represents a functioning socio-economic entity. In the latter case, areas such as local labour markets or the typical reach of local supply chains may be more appropriate than administrative units.
- 3.3.3 While the typical local authority boundary does not necessarily enclose a functional area, it will often be the area over which services are planned and delivered. It may also encapsulate common policy approaches or capture common histories of interventions which go towards shaping more or less fertile ground in which social enterprises may be developed. However, in larger cities the administrative boundary will enclose too large an area at which to study impacts, while in more rural areas or at edges of local authorities, impacts may be more appropriately measured across administrative boundaries.
- 3.3.4 More local units, such as neighbourhoods, are increasingly the focus for policy development and delivery, and in many cases are defined by shared socio-economic characteristics. However, they are not necessarily functional socio-economic entities. For example, some areas may be mainly residential and the people who live there will carry out their economic activities – earning, spending – in other areas. They are thus not an ideal or suitable basis for measuring the full range of impacts of the development of social enterprises, even though in some case social enterprises may be developed and seek to serve needs based in the neighbourhood.
- 3.3.5 Thus, different scales of locality offer different possibilities for measuring impacts in different contexts. Capturing the rich variety of impacts and contexts will necessarily mean conducting study at a variety of local levels.

Existing Knowledge

- 3.3.6 Some elements of contextual knowledge will be necessary to describe the nature of the 'cases' that are being studied: examples would include data on socio-economic conditions and the policy environment. In most cases such information would be available and would require assembling rather than generating through primary research. However, other elements which would help understand social enterprise impacts will require more effort.
- 3.3.7 Social enterprises contribute to a range of policy objectives. As a result there are now a number of evaluations of relevant policy initiatives which support social enterprise activity at the local level. However, none of these evaluations assesses the specific contribution of social enterprise in terms of their full range of impacts, nor do they specifically allow comparison against alternative models of delivering a particular activity. As such, whilst evaluations undertaken at the locality level can provide useful indications of the types of impacts which might be measured and some indications of actual impact, they do not provide a comprehensive basis for a coordinated national study of social enterprise impacts.
- 3.3.8 Understanding the contribution of social enterprise in the area of service delivery requires performance information of various sorts. As 'performance' has been a major concern of service providers in the public sector, it might be expected that a range of base line/comparator data would be available. However, a review of locally collected data in three areas suggests that many of the potentially most valuable data sources for an impact study contained major inconsistencies in how data were collected, between areas and also from year to year. As such their ability to inform national comparative work was limited. Nationally consistent data sets, such as those collected by the Audit Commission, tend not to address the range of issues which are necessary for a study such as this. So, existing data can contribute to the work but not meet all of the needs.

Methodological Possibilities

- 3.3.9 Taking it as a given that locality studies will consist of a sample of case studies, the key questions are how are case studies to be selected, what issues will be considered in the case studies, and what methods will need to be used. Developing a local sample frame is a prerequisite and this should attempt to be as complete as possible. A starting point should be the FAME database used by IFF in their national study, to facilitate comparisons of local level results with the existing national mapping exercise.
- 3.3.10 Regional level analysis would contribute to the identification of localities suitable for more detailed study, by picking out different policy regimes and alerting researchers to key features in particular

localities. Within each region we would envisage selecting between two and four smaller case study areas for further in-depth investigation of impacts. These might be chosen as typical of areas with 'high' and 'low' levels of social enterprise activity, or according to area type. There have been a variety of studies creating area typologies which could be drawn on, differentiating between for instance inner and outer urban, rural, coastal or coalfield areas (see, for example, SEU 2004a, 2004b; Cabinet Office 2005; Glennester et al, 1999; Lupton, 2001). At this stage, we consider a study of 10-12 localities nationally would pick up significant local variations which might affect social enterprise development and the impacts generated. This approach is not without its problems in terms of scaling up to national impact assessments, something we return to below.

- 3.3.11 The detailed case studies are the vehicle through which a better understanding of the impacts of social enterprise will be developed, and also a means through which our understanding of factors facilitating or inhibiting the development of social enterprise can be improved. At this level a range of economic, social and environmental impacts can be estimated and the influence of differences in a number of contextual factors can be studied.
- 3.3.12 A range of research methods will be used to explore these issues. Local level analysis of impacts of social enterprises will require considerable primary data collection, involving local interviews of social enterprises, interviews of comparators/competitors, their stakeholders, funders and potential beneficiaries. In addition, local level extensive research – for example, household surveys – can help extend knowledge of how local impacts are perceived and experienced by a range of local residents, service users and other stakeholders, helping to build a fuller picture of how social enterprises impact on communities. Primary research work can be usefully supplemented by detailed analysis of existing secondary data sources of different types (See Annex 5).

Conclusions

- 3.3.13 Detailed consideration will need to be given to issues such as sample selection and emphases of research activity in each case study area before any work is undertaken at this level: this would be partly dependent on the final agreed objectives of the research programme. But, given agreement on case studies and objectives, research would probably involve a mix of intensive case study work complemented by a small number of extensive locality-based surveys.

As we intimated earlier, this approach would imply accepting that estimates of national impacts of social enterprises would be estimates, scaled up from local level work. There are some important issues here as the approach suggested would be able to develop a clear understanding of local impacts for instance in different areas. But

given that each area is of its nature 'particular' there are issues in how accurately these results can be in 'scaling up' to national level either in their own right or, as we suggest, to recalibrate the existing national surveys. We do not claim to have a definitive answer for this – in essence there will be degrees of confidence in any such work. It may actually be that the objectives for the national study need to be rethought in this area – how important is it to the Cabinet Office / DTI to generate totally robust national figures for the wide range of impacts which social enterprises deliver, especially given the likely costs of achieving this? We feel well-informed estimates are the only way forward if national figures are still felt important.

3.4 Social enterprise level

Objectives

- 3.4.1 A key objective of the research is to gain an understanding of the added value of social enterprise – to address the question “what does the social enterprise model contribute over and above that contributed by other models”. As set out in section 2 this is best addressed by some variant of quasi-experimental research. Effectively this means finding some form of “matched pairs” – either individual or groups of social enterprises delivering a service which then can be compared with another form of delivery, at the same time and in a similar context. Taking a longer term perspective, it is possible to conduct such research by comparing “before and after” the introduction of a social enterprise as a means of delivery, but this will also involve carefully mapping a base line position so changes can be measured, as well as ensuring any significant contextual changes over the time period studied are taken into account.
- 3.4.2 Another objective might be to compare the impact made by different types of social enterprise. However, the absence of an agreed typology of social enterprises presents a significant challenge. Analysis of different types of social enterprises could be considered as part of the locality level work, actively seeking to include a range of social enterprises with a range of missions. It might then be useful to try to draw out some sorts of differences that could be observed through this work – between multi- and single-purpose social enterprises, for instance. However the small sample size would mean that the resulting findings would be unlikely to lead to a robust estimate of differences between models.
- 3.4.3 Rather findings could make a contribution to addressing the question “what works best, where and why”. The findings could give intimations of different types of value added, for instance. We are unconvinced that comparing types of social enterprises such as according to their legal structure would be meaningful, since types of social enterprise in this sense may well reflect historic decisions

based on the types of option fashionable or feasible when an enterprise was started. In other words, there are some important intervening variables which make comparisons between different types of ownership form problematic. We would very strongly advise against it. Comparisons between different sectors in which social enterprise work might be more meaningful, but again we have doubts, as market conditions may be very different in each, along with levels of competition from other delivery agencies and other social enterprises.

Existing Knowledge

- 3.4.4 Over the past five to ten years there has been considerable effort invested in developing approaches for assessing the value of social enterprise, particularly at the individual project level. This work has been variously developed to meet the monitoring needs of funding agencies – some of which have been very supportive of efforts to develop new metrics – sometimes to be used in annual reports, and sometimes to provide supporting evidence for grant bids.
- 3.4.5 Particularly important have been social accounting and audit methodologies, developed specifically to contribute to the measurement of non-conventional, wide-ranging assessments of the impacts of individual social enterprises. These collectively provide guidance on extending conventional accounting frameworks and practices to include measures of a much wider range of hard and soft impacts of the activities of social enterprises across a broadly defined group of stakeholders. When combined with more mainstream measures of impact, including multiplier, deadweight, displacement and substitution effects, the new social accounting frameworks offer the potential to inform the type of wide-ranging impact assessment envisaged for the national study of social enterprise impacts. Typically these measures will also include potential environmental impacts – for instance on open space, green space provision in a locality, innovation in relation to issues such as waste, resource use, architecture, design and so forth.
- 3.4.6 Such approaches, focused on the individual social enterprise, are designed within a different set of parameters from those shaping the research currently being considered. They have a more limited definition of impacts as targets and, in an effort to ease use by individual social enterprises, they employ a number of methodological short cuts. For instance, most studies use standard multiplier ratios rather than undertake costly new primary research – the results are therefore imputed and potentially imperfect.
- 3.4.7 Similarly, given the attention of social enterprises to delivering services in qualitatively different ways, working in areas of market failure or abandonment, or creating new markets, then some of the standard approaches to for instance displacement effects may actually be problematic. An example might be a community shop

which may displace a private sector shop, but provide lower prices, a wider range of goods, fresh vegetables, training for local people and so forth. Only detailed local contextual study can meaningfully identify the dimensions of displacement in such cases, and even then this would be a very time consuming and therefore costly process.

- 3.4.8 Our review of existing local data sources demonstrated that there are few which can contribute directly to measuring added value, in particular for comparing between areas. The kinds of question in customer satisfaction surveys, for example, typically vary from local authority to local authority and sometimes over time. Data collected by the Audit Commission is consistent between areas but covers a relatively narrow range of data; in addition, reports for different services are produced periodically and timescales may not match the objectives and timescales of the research.
- 3.4.9 So, while data currently available may contribute to the achievement of the research objectives, because it is collected for different purposes it will not meet the full range of objectives central to social enterprise research. In particular, the relatively narrow conception of 'quality' that underpins much of the data collection currently in place will fail to capture the range of benefits and outcomes that the social enterprise model is seeking to generate: in essence, this is the argument for the development of social accounting and similar assessment frameworks.

Methodological Possibilities

- 3.4.10 A specific objective of developing a focus on social enterprises as entities is to measure 'added value.' As we have noted earlier, we feel that this would not be possible using existing secondary data, whilst reframing the questions in potentially relevant national survey instruments is also likely to be difficult. Similarly, commissioning large scale surveys covering social enterprises, private businesses, public sector bodies, and all the others is likely to be a minefield of complexity, and prohibitively expensive.
- 3.4.11 Instead we would recommend consideration of quasi-experimental methods, most likely involving 'matched pairs' of enterprises or groups of enterprises. The quality of results produced by such an approach depends on the skills in matching across a number of parameters. These will include ensuring that comparisons are, as far as possible, like-for-like in services delivered and in operating context. This would involve considerable background work to identify suitable organisations or areas for comparison and also to enable meaningful analysis of results.
- 3.4.12 One way of achieving this level of local knowledge is to build out of the locality research mentioned earlier. However, it will be important

to maintain a spread of examples across sectors and contexts and to avoid the over-representation of 'outliers' in the population of social enterprises. Thus knowledge gained through locality research would need to be combined with a range of other sources to assemble the cases for further study.

- 3.4.13 Once the sample is assembled, consideration needs to be given as to what data to collect and what to measure. These would have to include basic performance measures such as costs, objective measures of service quality and perceptions of quality through indicators of customer satisfaction. However, the focus would have to be broadened to include indicators that would capture the wider economic, social and environmental benefits which are a concern of this research, and both quantitative and qualitative indicators in these areas. Some attention would also need to be given to how to balance the different benefits delivered by different delivery models.
- 3.4.14 Methods used in this element of the research would need to be varied. First, secondary sources will need to be examined, both to determine what they can contribute to the research objectives and to help in selecting case studies. Secondary data will also need to be treated carefully – generally it will be an indicator, not an answer. So, performance measures for different cases in 'matched pairs' will need to be comparable across a number of variables. Detailed study will be needed of each case study, to understand operating methods and objectives as a route to identifying broader impacts that might be generated, as well as identifying suitable management information which can contribute to research development. Some extensive survey work will be needed to determine community impacts and perceptions, but these types of impacts can also usefully be explored through qualitative mechanisms such as workshops and focus groups. To be truly objective such a study would also need to identify and address the range of potential 'value added' which might come from alternative forms of delivery vehicle, not just those additional elements ascribed to social enterprises.
- 3.4.15 Longitudinal comparisons may also be appropriate, in the sense that the most effective way of doing this is to select cases and establish base lines and set suitable monitoring systems in place, to produce results at a later date. At the present time, there is significant debate about extending the role of social enterprise and some moves are already underway to transfer public sector functions to social enterprise – for example, in the NHS a CIC has already been set up to take over the delivery of the Expert Patient Programme.

Conclusions

- 3.4.16 Whilst measurement of value added is central to the research agenda, it is in some ways the most complex area to study. It may well be that on reflection the client may find it preferable to

commission a separate research project on this theme. We have no strong views on this issue – on cost grounds however we can see the case for proceeding as planned, for instance if local level surveys of the public could be used for both.

- 3.4.17 As such, assuming that the study of 'value added' is to be integrated into a large scale research project on impacts, there will be some important decisions to be made about approach and each will affect the robustness of results and will affect how they should be interpreted.
- 3.4.18 Once case studies have been selected, an audit of secondary sources will be followed by a research programme using both intensive and extensive methods. For each case study a very careful definition of context will be essential for accurate interpretation of results. The final results will give an indication of quantitative and qualitative value added by social enterprise in the circumstances in which they were studied: careful understanding of both context and the case studies themselves will allow findings to be extended to similar circumstances. Finally, recent developments make it appropriate to focus on establishing suitable systems to complete comparisons at some time in the future.

3.5 Scales of analysis summary

- 3.5.1 In summary, we are proposing a multi-scalar methodology. At national level this would involve building from the results from existing surveys rather than undertaking new extensive studies. We can use the results from regional and local studies to improve our understanding of the completeness of the existing mapping work. With careful choosing of the sample base of social enterprise studies for their impacts at local level, it ought to be possible to scale up from these to provide reasonably robust estimates of levels of national 'impacts' using a variety of hard and soft indicators.
- 3.5.2 At the regional and sub-regional scales the focus would be on understanding the reasons behind differences in performance in the development of social enterprise and their representation in a region. This links directly to the question in the research brief about different contextual issues surrounding the relative presence and impacts of social enterprise in different areas. This work would be undertaken through harnessing existing information and through a programme of interviews with key actors in active agencies and in social enterprises.
- 3.5.3 At the locality level work would be focused on understanding and measuring impacts of social enterprises, through a variety of methods. These will include making use of secondary sources, some extensive local surveys to gain an understanding of

community impacts and detailed study of enterprises and localities to follow lines of flow to identify economic, social and environmental impacts. Where appropriate, measures will be made of these impacts, but emphasis will also be placed on understanding mechanisms by which impacts are generated, as a contribution to policy development.

- 3.5.4 Social enterprise level – individual enterprises or groups undertaking similar functions – will be where the research will focus on identifying the added value of the social enterprise model. This could be undertaken through the use of matched pairs – a social enterprise or a group of social enterprises matched with an organisation from another (usually the public) sector delivering similar services in a similar context. Comparing performance and impacts between these match pairs will allow the value added to be estimated.
- 3.5.5 In all of this work, a careful description of the nature of each case study – its context, its internal features, its operating objectives – will be necessary to aid in the interpretation of results. Results produced from the work will then be able to be extended from the cases – social enterprises, localities – to draw inferences about what might be the case in similar circumstances.
- 3.5.6 The integration of the various levels of research to form a composite picture of impacts will depend on the careful understanding of context and relationships. Both locality level research into impacts and social enterprise focused research into value added will be carefully contextualised and described. The findings can then be extended to other localities or sectors of a similar nature. Comparing local level mapping of social enterprise with the national mapping exercise would allow the national level data to be developed – in its coverage and in its decomposition: from these elements national estimates of impact can be inferred, given certain assumptions and caveats.

4. ANALYSING BY SOCIAL ENTERPRISE OBJECTIVES

4.1 Introduction

4.1.1 Social enterprises are promoted as having the potential to deliver against a range of objectives. These include helping to promote diversity in the delivery of public services, increasing levels of enterprise and innovation, and enabling regeneration through building levels of social capital and reaching under-represented groups – including long term unemployed and disabled people. Although specific social enterprises will have been set up to address their own specific objectives or aligned to meet the objectives of specific funding regimes at different moments in time, given this is a national study of impacts we felt it worth reviewing how well our proposed approach would map against each of the main national objectives. Once again the following sections will consider methodological possibilities and limitations, concluding with a review of what the proposed methodology can deliver.

4.2 Helping promote diversity in the delivery of public services

Introduction

4.2.1 The proposed research project is devoted essentially to the study of social enterprise – addressing in depth all dimensions of ‘diversity in delivery of public services’ would extend the project in unfeasible ways. More pragmatically, the results of the proposed research could inform our understanding of whether and how social enterprises are addressing this important policy objective. This could be for instance through highlighting the diversity of ways in which they ‘add value’. It is useful to recall how policy makers frame their expectations of social enterprise in the area of delivering public services, in particular in helping achieve “local innovation, greater choice and higher quality of service for users” (DTI, 2002, p24). The first and third elements of this agenda have been discussed at various points in the earlier sections of this paper: the idea of “choice” envelopes a number of other policy objectives for public services, but these are not always articulated in a way which readily translates into a research agenda. However, the recent work by the Audit Commission, *Choosing well* (2006) can provide elements of a template which could be followed in structuring research.

Existing Knowledge

4.2.2 Given that the promotion of social enterprise in delivering public services is a recent policy development it should come as no surprise that there is no on-the-shelf set of performance measures which address the issue of service quality delivered by social enterprises. While some standard performance measures, such as user satisfaction and unit costs of service (Best Value Performance Indicators BVPIs), might provide a benchmark against which the performance of social enterprises could be measured, these will not uniquely capture the contribution of the social enterprise model: the

Audit Commission library of performance indicators lists none against the social economy category. Such data as is available would be restricted to that produced by social enterprises themselves (for example, extensions of social accounts) or by evaluations of specific projects. In the latter case the view of the research team is that these are more likely to be found in the area of regeneration rather than in what might be considered mainstream public services: they will therefore be considered in section 4.4.

4.2.3 Difficulties in addressing the issue of contributions to innovation are discussed in section 4.3: again there is no data on the contribution of social enterprise.

4.2.4 At present the Audit Commission's work on choice has considered only three areas of services – customer access [information] centres, choice-based lettings and direct payments in social care – although more are planned. This work does not consider social enterprises as a specific or separate category of “choice”, but it can offer elements of comparators for the study of social enterprise, while the development of the work has explored an approach to studying the issues. For example, it usefully establishes the reference point for the research that there are costs as well as benefits involved. It also identified some of the difficulties associated with measuring elements such as contributions to broader community benefits, where the evidence presented is, as a result, somewhat equivocal. Overall, its use of a mix of quantitative and qualitative methods – even though only a relatively restricted range of questions is being addressed – serves to emphasise that the types of questions that need to be asked in this subject area demand the use of a range of research methods.

Methodological Possibilities

4.2.5 As a precursor to this discussion it is worth recalling the types of impact that will need to be measured. While performance measurement has assumed a position of dominance in the assessment of (public) services, in this study there needs to be a wider focus. First, a more broadly defined range of economic impacts need to be assessed. As well as considering costs and benefits generated by the social enterprise model, contributions to competitiveness, innovation and the mobilisation of underutilised assets need to be assessed. Second, attempts need to be made to value the generation of social capital. Finally, the more extensive – and possibly less tangible – impacts on “quality of life” need to be considered. These research objectives influence the approach that needs to be taken to produce the required results.

Scales of analysis

4.2.6 A major barrier to attempts to measure impacts of social enterprise on public service delivery at anything other than the local case study level is the absence of what is being delivered where by social

enterprises. While it is possible that such a picture could be developed, limits will remain in place on what can be measured at higher spatial scales. So, for example, it could be possible nationally to compare performance or user satisfaction or 'quality of life' in areas with different levels of social enterprise engagement in service delivery, and thus identify a relationship between impacts and levels of engagement. However, this form of study could not be expected, given the range of other potential variables in play, to give an explanation of how any observed differences were achieved.

- 4.2.7 With other types of impacts – economic impacts of various sorts and effects on the generation of social capital – processes and impacts can only be mapped and estimated by intensive study of local circumstances. As has been pointed out at other points in this paper, the successful extension of conclusions from such local work to higher levels of generalisation will depend on careful contextualisation of each case. So, consideration of the wider costs and benefits of service delivery through social enterprises first involves mapping the processes by which impacts might be generated and then going on to develop estimates of the levels of impact in a number of different contexts – such as social enterprises operating in different sectors and different contexts. Estimates can then be made at, say, regional or national level by using estimates that have been developed of the level of penetration of social enterprises into service delivery.
- 4.2.8 A similar logic can be applied to the other elements of impact (innovation is considered more fully later in section 4.3), with the generation of social capital representing what is probably the most complex and resource-intensive area of work. Potentially, this then adds up to a very extensive programme of research in relation to the theme of promoting diversity in public service delivery. A contribution could be made to limiting the scale of research in this area by the development of a more clearly defined objectives for social enterprise in relation to public service delivery: is the social enterprise model being promoted because it can yield a very wide range of social and economic benefits – implying a very wide research agenda – or is it mainly seen as a means of improving performance, as measured by established standards such as BVPIs – a much more limited agenda?

Added value

- 4.2.9 As has been pointed out earlier (Section 3.4), studies of matched pairs – individual social enterprises or sectors delivering a service – provides an effective means of identifying value added by the social enterprise model. In addition, there are reasons why such an approach might work well in the area of public service delivery – essentially, the existence of standards for services (defined through contracts, SLAs and the like) and the ability to also describe key contextual variables makes comparisons easier to structure and differences in impact easier to attribute to mode of service delivery.

4.2.10 However, while identifying added value may be easier in the area of public service, it is not without its problems. There are important issues about how to identify the added value of social enterprise as a *model*. For instance, the differences in outputs and impacts between a social enterprise, a socially responsible business and a public body may be marginal, assuming they each set out to achieve similar objectives. A designated social enterprise may be doing different things from those which might be fully embraced by public or near-market enterprises, but need this be the case? While assumptions about what other forms of enterprise structure could or could not deliver are very problematic to consider, the possibility that they exist has to be taken as a caveat to conclusions as to the contribution of the social enterprise *model*.

4.2.11 Other problematic issues also need to be taken into account. How, if at all, does the delivery of services by social enterprises add to national, regional or sub-regional competitiveness? For instance does the additional choice that can accompany the insertion of social enterprises into the delivery chain for services improve allocative efficiency, and can this be assessed²? Will displacement effects mean that observed gains from the insertion of social enterprises are overstatements of actual benefits? Estimating effects such as these will involve some form of longitudinal monitoring, tracking or “backcasting”, for practical reasons undertaken at a local level, of a wide range of impacts.

4.2.12 A tried and tested approach – cost benefit analysis – is a useful component of a process to identify added value for social enterprise. However, there are difficulties to be faced, and these have been well summed up in a recent study *Choice in the delivery of Local Government Services* Frontier Economics, 2006, p4)

“It is not possible to do full quantitative cost-benefit studies for the majority of local authority services. It is particularly difficult in cases where customers are not paying market prices for the services they receive (e.g. CBL) or the benefits are subjective (e.g. the value placed on increasing equity and social capital).

However, it is possible to itemise the key benefits and costs in a cost-benefit framework and to establish an evidence base, using both qualitative and quantitative information, which can provide insight for decision makers on the balance between costs and benefits from introducing a choice-based policy initiative.”

General considerations

4.2.13 Developing this area of the impact research will make most effective use of resources and place least burden on the social enterprise community if cases are selected which meet multiple needs – ones

² Flynn (1997, p176) claims that “in practice, allocative efficiency is never measured”

which provide locality-based information, which explore added value and which are part of a programme of promoting diversity in public services. Use could be made of management information collected by social enterprises (for example, as part of service level agreements), of a range of benchmarks, and of local surveys of users. In most cases use would need to be made of both primary and secondary sources and intensive and extensive methods.

- 4.2.14 Some of the aspirations for increasing choice are captured by the two items already reviewed – choice will be a route to innovation and improved standards of service. There are a number of models of choice and we have assumed here that the focus of study should be on social enterprise as an alternative provider, not a competing provider, in a locality. This means that some of the impacts of offering a social enterprise choice might be revealed through the ‘matched pairs’ approach or through longitudinal study, with the former likely to give quicker results.
- 4.2.15 The Audit Commission report *Choosing well* (2006) attempts to identify a range of costs and benefits associated with examples of different models of choice. This study uses a mixture of intensive and extensive methods – for example, case studies, focus groups and large scale surveys. A similar mix is seen as appropriate for this study, with intensive work focusing on social enterprises (and comparators), individuals and user groups, while extensive survey work will assess perceptions of communities of users. This research will need to capture the wider benefits potentially offered by the social enterprise model, as well as any costs associated with the development and operation of ‘choice’.

Conclusion

- 4.2.16 This area poses some challenges for researchers, as it is very much an extension of the difficult theme of added value. The strictures noted when discussing this topic earlier need to be kept in mind and in particular the need for a clear understanding of context when making use of comparators. The areas of innovation and choice are particularly difficult areas – innovation because of the lack of a suitable national framework and choice because it is a somewhat contested concept. Work in this area could build from and be integrated with case study work as part of locality and sectoral research and could produce indications of the contribution of social enterprise in the contexts studies, together with inferences of the impact in a wider context.
- 4.2.17 Assessing impacts in relation to this objective has to be undertaken ‘from the bottom up’, as no framework exists for extrapolating findings of sample research in areas such as performance and quality of life. In other areas, detailed work on localities is necessary to identify impacts. Investigations will need to be made up of a mix of intensive and extensive approaches, with the latter being mainly concerned

with areas such as user satisfaction. Developing pictures of impacts at levels beyond the cases studied will be possible but findings will be subject to a number of caveats, identified above. However, the mixed approach being advocated could produce credible indications of the nature of impacts together with an idea of the scales of these impacts.

4.3 Contributing to increasing levels of enterprise and innovation

Introduction

4.3.1 “Enterprise” and “innovation” are important concepts that are difficult to measure objectively. For example, innovation includes both process and product and is relative to context – we are concerned not just with new processes but also with those which are new to a particular context. So, assessment of levels and types of innovation is rather easier to incorporate into study of individual social enterprises and rather more difficult to assess at the level of the sector.

Existing Knowledge

4.3.2 Measurement of levels of ‘enterprise’ nationally and sub-nationally usually relies on analysis of VAT registration data – both stocks and flows. Unfortunately, VAT records do not distinguish “social enterprise” as a separate category, so comparing social enterprise against overall ‘enterprise’ levels from this data source is problematic. Producing estimates of the contribution of social enterprise to enterprise levels generally³ is possible however using alternative sources. Recently, the ASBS has been used to provide an estimate both of the number of social enterprises and SMEs across the UK. The Global Entrepreneurship Monitor also looks at social enterprise activity although the GEM definition does not align well with those currently preferred by the DTI.

4.3.3 Nationally, innovation is measured using a survey-based method, conducted according to a Europe-wide model. In the UK innovation survey results are based on around 8,000 survey returns from a stratified sample, giving results for regions and small and large firms. The possibility of including a category of social enterprises in the national survey would involve a policy decision to add to the sampling base. It is worth noting too that the innovation survey excludes sectors where social enterprises might be expected to make significant process innovations, such as public services and health, further limiting its value.

Methodological Possibilities

4.3.4 Any measurement of the impact of social enterprise on levels of enterprise which is comparable with national data would require

³ This, of course, depends on accepting a degree of conceptual equivalence between ‘enterprise’ and ‘social enterprise’

further development of existing research and survey tools. Given such a development it would be possible to start to consider the contribution of social enterprise – and therefore policy initiatives in this area – to overall levels of enterprise. However, the detailed case study work can also contribute, for example, to better understanding how the development or existence of a social enterprise may develop enterprise skills in individuals or groups who would not have otherwise have changed their position.

- 4.3.5 The locality level impact study work could also usefully add to our knowledge of innovations linked to social enterprises, but development of national survey instruments would have to be quite radical to produce data comparable with other sectors. Such data would not address the issue of how far the social enterprise model was instrumental in enabling innovation so this issue would need to be addressed through the detailed case study method, as outlined in section 3.4 above. This would involve making judgements about qualitative changes introduced by the social enterprises. While such studies would provide useful examples of good practice, care would need to be taken to avoid the mere development of a collection of interesting anecdotes. To achieve this such research findings would need to be related to appropriate benchmarks: the identification of such benchmarks needs further research.

Conclusion

- 4.3.6 Measurement of enterprise and innovation is perhaps the most problematic of the social enterprise objectives to address through this research. Generally, detailed case study work has the most to contribute, but recent developments such as inclusion of questions in the ASBS have added an important source of comparable data. Results from case study work will give an indication of the role of social enterprise in promoting enterprise and innovation – particularly the latter – but will be subject to the same strengths and limitations as the locality and added value work reviewed in section 3.

4.4 Enabling regeneration

Introduction

- 4.4.1 A variety of ‘community’ based mechanisms have become increasingly important in regeneration, principally because they are felt able to reach and affect localities and groups not yet reached by other mechanisms. The *Strategy* (DTI, 2002) identifies a number of ways in which social enterprise can contribute to addressing the problems faced by areas and groups suffering aspects of social exclusion. As well as the issues involved being the subject of a significant level of research the policy measures implemented have been subject to a variety of evaluations.

Existing Knowledge

4.4.2 Existing evaluation work on regeneration work does not to our knowledge identify specifically the contribution of social enterprises to regeneration and economic inclusion. This is not surprising as their role will not have been focused on this purpose. However, there are a significant number of evaluations where the role and impact of social enterprises would in some way feature. In addition, evaluations of other community based interventions are likely to raise matters of relevance to research on the impact of social enterprise in this area. Overall, while there is no research which offers the focus required, there is a wealth of literature and area-based and group-based evaluations which can provide guidance and context for research on the contribution of social enterprise.

Methodological Possibilities

4.4.3 The extensive literature on approaches to evaluation of area-based initiatives and other regeneration programmes provides both guidance and context for this element of the research. In particular, there is an interesting parallel with the main study of urban policy impacts, by Robson et al (1994). This combined secondary data of various types with primary research, focused on three large conurbations. The primary research included both extensive – residents and employers surveys – and intensive – interviews with practitioners and experts – methods. Adopting a similar method here would give a similar quality of results – robust findings applicable to the areas studied together with a broad generalised assessment.

4.4.4 The question of what is social enterprise contributing that would not be contributed by other models of regeneration is one which might in theory be approached by the matched pairs approach discussed at several points in this paper. In this case, the existence of a large number of evaluation studies of regeneration projects and programmes can aid in providing comparators, subject to important caveats about the need to find high levels of equivalence of context.

Conclusion

4.4.5 This is an area rich in data and models for research. The approach which we are currently proposing follows a tried and tested model and one which integrates well with the other strands of research, in that it can indent on the broader programme of study at locality and sector level.

4.5 Social enterprise objectives summary

4.5.1 In several respects this part of the research agenda relates well to the others, in that it ought to be possible to use research carried out at the local or sectoral level to answer questions about the impacts related to national social enterprise objectives. This will have benefits for both the project and for the social enterprise community, in that

the burden of the work will be limited. However, it is important to ensure that in seeking such benefits, the quality of results is not compromised: all aspects of the research need to be born in mind when developing detailed research plans.

- 4.5.2 In some areas, the themes of research are particularly difficult to address. The areas of innovation and choice are ones which suffer from a lack of a detailed articulation of the objective and an absence of suitable national level research instruments and data to provide a base from which findings can develop and a context in which they can be viewed. This means that the main focus of research would most usefully be on case study work, carried out at both the locality and sector level.
- 4.5.3 Results produced by the work will identify the impacts of social enterprise and the value added by the model, with value added being subject to caveats that have been mentioned in section 3.4. because of the difficulties which have been outlined with the first two themes, it is in the area of regeneration that we can be most confident in the applicability of the approach to the research task, and of the quality and generalisability of the results produced.

5. CONCLUSION

- 5.1 A summary of this report can be found as an executive summary at the start. In short, we feel that a national impact study is possible but it would rely on careful melding and scaling up of local work to provide national estimates of impacts of the social enterprise sector. We have become slightly doubtful about whether including 'value added' within this study is the best way forward still and recommend serious consideration by the client about whether they still want to proceed on this basis. On balance we would recommend this, but only on cost grounds. Methodologically there is not much to be gained from combining the study of impacts with that of 'value added.'
- 5.2 Although useful as a framing device within the current scoping study, we would want to suggest that the use of the national objectives for social enterprise should not be a central element in framing the objectives for this study. This is largely because, within the current review, there is scope for the objectives to be altered but also because the objectives set out in *The Strategy* are fairly sweeping in their nature, essentially aspirational, and not as amenable to rigorous evaluation work.
- 5.3 Our considered view at this stage of the project is that it may be that several pieces of inter-related work will serve the client better than a single large study which attempts to capture all aspects as currently set out. In light of some of the problems thrown up by this report, this may even mean thinking again about what kinds of questions can be asked in a national study which are capable of leading to robust and meaningful evaluation. There needs also to be a degree of realism in setting out the objectives for the study, and alongside this with the expectations of the types of result which can be generated.
- 5.4 If the project is to proceed in future a new plan would need to be negotiated for the work to be undertaken in anticipation of commissioning any full-scale national impact study. Our advice is that there is a worthwhile national study to be undertaken, but careful thought will need to be given to it's structure and limitations. Our suggestion is that the future work programme could include some or all of the following:
1. Reviewing and reframing the basic objectives of the proposed national study, to ensure that answerable questions are being posed in ways which produce robust and reliable data.
 2. More work could be undertaken on the literature and policy reviews, particularly bringing out:
 - a. the range of potential measures for social enterprise and agreeing on broad themes which the client would wish to pursue – including whether environmental issues should be included.

- b. Develop the work on the range and robustness of different sources of secondary data which can be used in local case study work.
 - c. A review of the work currently being commissioned by RDAs on mapping social enterprise activities in their regions.
- 3. Work on developing the potential sampling frameworks which might be adopted. This would involve working out approximate costings for two or three alternative scenarios.
- 4. Develop clearer recommendations on the sampling basis for any locality studies including consideration of how to aggregate up from local findings to produce data which help inform our understanding of aggregate national impacts.
- 5. Further consideration on whether and how to undertake any extensive survey work on social enterprises and clients. This would require addressing the difficult issue of how to identify potential social enterprise beneficiaries without introducing sampling bias.
- 6. Further consideration of how 'match pair' analysis might actually be constructed – what type of social enterprise with what type of alternative delivery vehicle. If area based matching is opted for – we are not too keen on this – then this too would need to be further considered.
- 7. Work with the steering group to set out clear guidance to potential tendering organisations on the preferred approach to identifying the parameters of the social enterprise sector and also for categorising different types of social enterprise.
- 8. Work could be undertaken to help identify preferred case study regions and how to identify localities for intensive case study. Alternatively, this could be left to tendering organisations to work into their study approach, which would improve their sense of ownership.
- 9. Provide further advice on whether and how there might be any developments in national data sets to better monitor what's happening with social enterprises.

**Appendix 1:
Intensive and extensive research methods – a summary**

	Intensive	Extensive
Research question	How does a process work in a particular case or small number of cases? What produces a certain change? What did the agents actually do?	What are the regularities, common patterns, distinguishing features of a population? How widely are certain characteristics or processes distributed or represented?
Relations	Substantial relations of connection	Formal relations of similarity
Type of groups studied	Causal groups	Taxonomic groups
Types of accounts produced	Causal explanations of the production of certain objects or events, though not necessarily representative ones	Descriptive representative generalisations, lacking in explanatory penetration
Typical methods	Study of individual agents in their causal contexts, interactive interviews, ethnography. Qualitative analysis	Large-scale surveys of population or representative sample, formal questionnaires, standardised interviews. Statistical analysis
Limitations	Actual concrete patterns and contingent relations are unlikely to be 'representative', 'average' or generalisable. Necessary relations discovered will exist wherever their relata are present eg causal powers of objects are generalisable to other contexts as they are necessary features of these objects	Although representative of a whole population, they are unlikely to be generalisable to other populations at different times and places. Problem of ecological fallacy in making inferences about individuals. Limited explanatory power
Appropriate tests	Corroboration	Replication

Source: Sayer (1993) p243

Appendix 2

Methodological issues and relevant literature

1. Introduction

1.1 The original brief for the study identified the key aspects as being:

- To consider how the economic and social impact of social enterprises might be assessed at a range of levels from the individual upwards; and
- To develop a comparative approach, so that it is possible to identify impacts of different modes of support, different structures of social enterprise, and different operating contexts and how these might influence outcomes; there is also a need to draw comparisons with other modes of service provision, such as market based or public sector models.

Before elaborating on potential methodological frameworks it was deemed advisable to undertake a focused review of the existing academic literature. In presenting the results of this review the present appendix raises some key methodological questions and links them to relevant literature.

1.2 To structure the research, we identified a number of critical themes, including:

- *Defining social enterprise*
While this question has already been the subject of study (ECOTEC, 2003), it is still a critical issue given the project brief on identifying 'value added' differences between social enterprise and other delivery vehicles and also between different types of social enterprise. Clarity on what is meant by social enterprise is deemed essential to carrying out the comparative objectives of the research in particular.
- *Identifying objectives for social enterprise*
As with any evaluation, the proposed national study would need to develop a framework of objective criteria if it is to judge the 'success' and impacts of social enterprise; this issue feeds into the questions of what to measure and how to value impacts.
- *How to value impacts*
Various approaches have now been devised which purport to provide better ways for valuing the broad range of objectives covered by social enterprises. However most of these have been developed to meet a different set of objectives from those being pursued here – they are usually focused on measuring and improving performance of individual social enterprises. How far can

they contribute to meeting the broader objectives of this study, what else needs to be done, and what are the key methodological questions which need to be addressed if the study is to produce results which are both robust and can be generated with reasonable facility?

- *How to identify the 'added value' of social enterprise*
Building on the identification of objectives and the development of a typology, what do social enterprises give that other modes of provision fail to deliver, or deliver less effectively?
- *What and where to study*
As what was being considered was a pilot study, what is the basis for selecting localities and sectors to be included and what implications might such a selection have on the assessment of impacts?

Each of these items is discussed in more detail below.

2. Definitions of social enterprise

2.1 Recent discussions of definitions of social enterprises have been developed in the context of mapping studies for the sector. These have brought some welcome order to attempts at describing the population of social enterprises and provide a foundation for this study. Building from the definition adopted in the *Strategy*, these definitions include three tests:

- Enterprise orientation, involving provision of goods or services to a market and with 50% or more of income coming from trading, where trading includes income from contracts or service level agreements with public bodies. Organisations where less than 50% of income comes from trading can be considered to be “emerging” social enterprises: to capture such organisations the IFF study (2005) adopted a threshold of $\geq 25\%$.
- Social aims, such as assisting with training, job creation or capacity building, along with accountability to the wider community for social, environmental and economic impact.
- Social ownership, defined by the ECOTEC study as “autonomous organisations with a governance and ownership structure based on participation by stakeholder groups or trustees”. Surpluses are principally reinvested in the business or the community, and such organisations will normally be identifiable by their registered status, including Industrial and Provident Societies or Companies Limited by Guarantee.

2.2 While there is scope for debate within such an approach – for example, what level of trading or structure of ownership? – this does not expose some key differences of structure, orientation or context which could be critical for the comparative element of the study. The importance of this

factor is perhaps underlined by the Social Enterprise Strategy Review Group when it noted that there was a need for “sector segmentation in the next phase of [impact] evidence.”

- 2.3 There are many approaches to further categorising social enterprises, apart from basic differentiations such as scale, age and location: the IFF study effectively segmented social enterprises in its data collection activity by considering who was helped and how. *Collecting data on social enterprise: a guide to good practice* (DTI, 2004) identifies 16 areas of activity – such as finance, health and retail – largely compatible with the Standard Industrial Classification (SIC), while Paton (2003) suggests a typology based on stakeholder dominance – for example, member-led groups operating at community level and funder-led groups providing services under contract. Such an approach could possibly capture concerns⁴ about the ‘professionalisation’ of the sector that is felt to accompany closer engagement with public policy and funding, and how this might change the operating style and nature of an organisation, distancing it from its original social purpose (Mitchell & Meegan, 2001; Lloyd, 2002).
- 2.4 Defourney (2004) regards the definitions emerging from the work by ECOTEC for DTI as “still under construction” and “restricted”, albeit that this work is starting from the objective of taking into account “the various national traditions and sensitivities present in the European Union” and is less interested in producing “a concise and elegant definition”. The working definition that emerges encompasses a number of economic and social criteria which assist in the definitions of the boundary of what might be considered social enterprises and in describing an “ideal type”, so enabling the position of social enterprises relative to each other to be better understood. In effect, this presents an analytical tool which can help in understanding differences between social enterprises and their position in the wider social economy, but does not yield a precise typology which can be the basis of the type of comparative study sought.
- 2.5 A typology of social enterprises has been advanced by Alter (2004) based on locating social enterprises on a continuum between philanthropic and profit driven organisations and on their mission orientation. It can be contended that this essentially functionalist approach understates or ignores the role of social enterprises in generating and mobilising social capital, contributing to the promotion of social inclusion, local development and neighbourhood renewal. Lloyd (2002) identifies this type of activity as closer to community economic development, and it is undoubtedly the case that its contribution to “entrepreneurship and jobs in areas where traditional ‘investor driven’ enterprise structures may not always be viable” (EC, 2005) helps identify a particular model of social enterprise.

⁴ See, for example, Aiken (2002), who identifies this as a risk rather than an inevitable consequence

- 2.6 Other attempts to base a definition on a focus on purpose include Lévesque & Mendell (2004) who distinguish between responses to social need and responses to new opportunities: such a differentiation might be exemplified by initiatives to address the symptoms and processes of social exclusion, as opposed to the development of activities such as day care centres or natural food cooperatives where a market demand is the dominant driver.
- 2.7 This brief review suggests that, while there are clearly substantial differences between social enterprises on a number of axes, translating this into an easily useable typology for analysis of impacts would be problematic. This is not to suggest that differences should be ignored, rather that a predetermined basis for differentiating levels of impact by social enterprise type may well be difficult to construct in operational form.

3. Identifying objectives for social enterprises

3.1 Structuring definitions, particularly those with an emphasis on purpose, hints at a number of the imputed objectives of social enterprise, but it also contributes to a realisation that all social enterprises do not share all these objectives, or at least not in a uniform manner. At a generic level, the *Strategy* (p19) identifies five groups of objectives the social enterprises might achieve:

- Driving up productivity and competitiveness, which seems to encompass a mixture of product and process innovation and mobilising potentially productive workers currently out of the labour market
- Creating wealth through sustainable economic activity, capturing a mixture of facilitating business start up and generating community benefit
- Neighbourhood and urban renewal and regeneration, including the provision of services, routes into employment and opportunities for area renewal
- Public service delivery and reform, offering the hope of innovation, quality improvement and greater customer satisfaction
- Social and financial inclusion: social capital and active citizenship, emphasising the 'bottom up' nature of social enterprise and the individual and community benefits this can yield.

3.2 Smallbone et al (2001) provide a rather more functional list, based on what social enterprises have been seen to deliver. This includes: job creation; training and skills improvement; provision of goods and services; providing finance and investment; providing physical assets; generating a surplus for community benefit; and involving the community and combating exclusion. Given its origins this has the virtue – for the most part – of consisting of readily measurable items, as well as

differentiating between the potential of different types of organisations to generate different types of benefits.

- 3.3 Issues of measurability – or at least degrees of concreteness – are raised by some of the socio-political objectives that might be associated with social enterprise. The building of social or civic capital is widely acknowledged as being both an objective and an outcome for some social enterprises, particularly when we are focusing on the social economy and community economic development rather than some narrower definition of social enterprise. However, identifying ‘outcomes’ can be a challenging task when we are dealing in concepts such as confidence building, network development or possibly forms of associative democracy and democratic renewal (Smith, 2005). The latter might be associated with the developing ‘choice’ agenda for public services, but deciding how far this translates into measurable objectives for – and set by – social enterprises has not yet been made explicit.
- 3.4 The nature of the origins, missions and client groups that provide the focus for many social enterprises contributes to a tendency for the sector to focus on outcomes rather than outputs, and to have an emphasis on soft rather than hard outcomes. Evaluators have had to develop concepts such as “distance travelled” (Dewson et al, 2000) in an attempt to deal with this. In the context of the current research, there is a need to consider a range of harder and softer impacts, as well as being alert to direct and induced impacts of social enterprise activity. For these reasons, it is necessary to develop a set of definitions of objectives for social enterprises which both provide a focus for the work and recognise the importance of differentiating between types of social enterprises. However, as the previous section has intimated, this is likely to be problematic.

4. How to value impacts

- 4.1 The nature of social enterprise, and particularly the tendency for the sector to have loosely defined heterogeneous objectives – many of which are related to soft outcomes – means that they present a particularly difficult case for evaluators to address. In addition to the normal challenges for policy interventions – identifying deadweight, displacement, substitution and the counterfactual – social enterprises pose some additional or magnified problems:
- *When do you evaluate?*
 - To allow for births, deaths, growth and displacement impacts of social enterprises?
 - When is it reasonable to expect increased social capital to start to be translated into economic outputs and outcomes?
 - In the case of social enterprise acting as an engine for area renewal in deprived communities, when should we look for some transformational impact? Will it be masked by some form of ‘area effect’, where individuals whose capacity is developed

‘move up and move out’? In a similar context, are there leakage and spillover effects to be taken into account?

- *How do you evaluate?*
 - Given the mix of objectives that can be associated with social enterprises, is it possible or desirable to try to translate all benefits (and costs) into some comparable form, such as monetary values?
 - Given that social enterprises are often attempting a ‘Heineken effect’ – reaching the parts that other mechanisms have not reached – how do we account for the value of this transformational impact in the light of the often difficult contexts in which social enterprises work? Also, how do we disentangle social enterprise effects from the impacts of say national or regional trends and the impacts of other actors, initiatives and projects?
 - Similarly, do we have the right mechanisms for balancing costs and benefits: so, for example, is displacement of an individual with labour market advantages by an individual who formerly had few advantages to be counted as a more or less desirable outcome?

4.2 Recently, there has been significant effort put into the development of approaches to “proving and improving” the value of social enterprise – a mix of activity in part directed towards ‘marketing’ the sector (and supporting bids for funding), and in part aiding the management and development of social enterprises. Much of an expanding suite of management techniques – benchmarks, dashboards and other quality measures – do not centrally concern us here, but three items could contribute to evidence that may play a part in an impact study. These are:

- There has been development of the concept of **social accounting and audit** but it faces some of the same problems as the financial accounts it seeks to build on – social accounts can be the basis for ‘management accounting’ type processes and demonstrating performance against targets but making useful comparisons of performance depends on finding suitable comparators and ensuring that similar accounting conventions have been followed.
- A development from social accounting is the measurement of **social return on investment (SROI)** developed by NEF from a model initially developed by REDT in America: it has some significant relationship to cost-benefit analysis. At present it has only been applied – or results published – for studies undertaken by NEF itself.
- NEF (2002) has also produced a **local multiplier tool (LM3)** aimed at assessing the scale of the economic impact of a social enterprise on its locality, using the basic principles of Keynesian multipliers but which suffers from the usual limitations of these type of studies.

- 4.3 Evaluation results and information are also available from a number of other sources, often related to a requirement to evaluate the impact of a funding programme. Some of these will focus specifically on social enterprise programmes, such as a number of evaluations of finance initiatives (for example NEF, 2004; GHK, 2004; FREISS, 2004). Others capture social enterprise impacts as part of a range of activities funded by particular regimes, such as SRB, mainstream EU Structural Fund Programmes, or Community Initiatives such as EQUAL. However, most of these evaluations share the problem that they are normally undertaken for the specific purpose of measuring the effectiveness of the programme, resulting in a greater emphasis on process evaluation and less of a discussion on final impacts than we need for the current task. In the case of reports of evaluations for wider funding regimes – SRB, Structural Funds – publication of results specifically concerned with social enterprise activities often relies on supplementary work by the researchers (for example, Armstrong et al, 2002; Hill & Kumi-Ampofo, 2004) so findings are rarely available in useable form in main end-of-programme reports.
- 4.4 Two evaluations which have been carried out by independent researchers and have adopted different approaches and which give an indication of possible alternative approaches are:
- Work undertaken for ONE (ICRRDS, 2005) to consider the **creation of social capital** through community based projects. This is an interesting study as it emphasises the value of a wide-ranging assessment of impacts of social enterprises, but it also indicates the need for primary research to identify the scale nature of impacts.
 - Undertaken by the Department of Land Economy at Cambridge University (Lovatt et al, 2003), a **cost-benefit analysis** of Emmaus Cambridge (a charity working with the homeless), jointly commissioned by the project and EEDA. This imputed monetary values to a wide range of factors, from savings to the legal/justice system to reductions in death costs. It did also note – but not comprehensively identify – “many immeasurable outputs”. Again, primary research was required to develop the results.
- 4.5 The delivery of public services by/through social enterprises is a relatively recent development so evaluation evidence is yet to become available. Objectives and impacts to be achieved can be imputed and many could be measured through similar performance frameworks as might be adopted for many mainstream public services, adding the virtue of comparability. However, there remains a need to take account of other benefits which may stem from the model of social enterprise adopted, such as possible individual and area impacts on social exclusion.
- 4.6 Broader community impacts that may be seen as growing from an increased role for social enterprises in service delivery may be able to be

in some ways captured by changes in a range of basic indicators available through secondary sources. As part of the initial stage of this project we have undertaken a review of a range of secondary data sources that could be used to assess and monitor such impacts, including: housing rents and vacancies data; employment and unemployment data; surveys of customer satisfaction with public services; small firms and enterprise data; health and quality of life data; data on voting and democratic engagement; and information on child care provision. Work in three cities in the Yorkshire and Humber region – Leeds, Wakefield and Hull – suggests that there are significant discontinuities in much of the data, both between localities and between time periods. This acts to limit the potential of such an approach, but further work is to be undertaken on this aspect. However, the initial conclusion is that there is some scope for developing forms of comparability and benchmarking, but there are limits on the ability to move from association to causation with many of the variables. The findings of this piece of work are more fully reviewed in Appendix 5. As part of this aspect of the programme, we also assessed the range of measures regularly collected by the Audit Commission. While these have an attractive benefit of comparability between localities, few of the performance measures seemed to bear any immediate relevance to the central focus of this study.

- 4.7 At the other end of the scale, there are impacts at the national level sought by the *Strategy*, including promoting diversity in the provision of public services, increasing levels of enterprise and innovation, and improved productivity and competitiveness. Data which is currently collected for many of these themes does not identify social enterprise as a separate category so there are immediate problems in attempting to estimate impacts, at either local or national level. This is perhaps beyond the scope of the current study, except insofar as local level impacts of this type can be indicative of net national gains. However, many of the outputs claimed and offered by social enterprise – innovation, social inclusion, income retention, resource provision, development of social capital – are recognised as goals of and contributors to regional development.
- 4.8 It has been pointed out that the role of social enterprise in delivering public service is relatively new and as such has yet to be evaluated. However, the increased prominence given to the idea of “choice” in public services has recently been accompanied by efforts to assess the impact of its implementation: this may provide some markers to be considered by subsequent research on the impact of social enterprises. Work by the Audit Commission (2006) has assessed public attitudes to choice and impacts on the quality of services, while a linked piece of work by Frontier Economics (2006) looked at some of the cost implications of choice. While these studies do not consider the role of social enterprises, they do point up some useful lessons. Generally, they point to the need to adopt a mix of intensive and extensive methodologies when addressing such questions and identify that, in

many respects, each case needs to be assessed on its merits – there are dangers in assuming that costs and benefits experienced in one context will automatically be experienced elsewhere.

5. Added value of social enterprise

- 5.1 The approach to developing a typology advanced by Alter (2004) highlights a key issue in identifying the added value of social enterprise *as a model*. At the margins between (say) a social enterprise and a socially responsible business, it may be hard to distinguish between many of the outputs and impacts achieved: this may extend to areas such as social capital if there is a real effort on the part of socially responsible businesses to develop the capacity of a variety of stakeholders to engage in decision making and generally develop their governance role.
- 5.2 Additionally, social enterprises may be doing very different things from those which might be fully embraced by public, market or near market enterprises. In such cases it will be unrealistic to look to construct a meaningful comparison – none will properly exist. Conclusions would, in all probability, have to be based on assumptions about what other forms of enterprise could or could not deliver and to what degree of success.
- 5.3 However, the degree of difficulty – in both principle and practice – is not uniform across the sector. So, while it might be difficult to compare the impacts of (say) shops provided by community enterprise and by a conventional small business – there would be likely to be difficulty in both selecting valid cases and securing a willingness to cooperate – in the case of public services and programmes the quest for consistent standards between localities and providers offers greater scope for the identification of the particular contribution of social enterprise. In this context it would be possible to go beyond a comparison of individual enterprises by focusing on regional and sub-regional programmes in fields such as social care, advice and training. Suitable targets for such work are currently under investigation.
- 5.4 At a higher spatial scale, there are questions related to the macro-economic impact of social enterprises. How, if at all, does the delivery of services by social enterprises add to national, regional or sub-regional competitiveness? Does the additional choice that can accompany the insertion of social enterprises into the delivery chain for services improve allocative efficiency, and can this be assessed⁵?

⁵ Flynn (1997, p176) claims that “in practice, allocative efficiency is never measured”

6. What and where to study?

- 6.1 The mapping exercises which have been undertaken have given a picture of national, regional, urban/rural and deprived/non-deprived distribution of social enterprises. Other characteristics can be put alongside this spatial distribution from the IFF, ASBS, Household and GEM *Social entrepreneurship monitor* studies. What is not explicitly associated with observed patterns of distribution are the strength and nature of policy and support available to social enterprises – i.e. we do not have a clear understanding of the development and operating context of social enterprises. In turn, there is no guidance on what to select by reference to impacts, as these are yet to be measured and any partial information available is not developed in a place-specific manner.
- 6.2 Given the proportional and numerical dominance of London in the distribution of social enterprise, the question arises as to how far it is an exemplar or an exception: this is a question which needs to be addressed at some stage, particularly when considering the relationship between a localised pilot study to test methodology and a national scale study.
- 6.3 Decisions on where to focus research – given that a sample approach will be taken – will require further, largely iterative, work but with all sample selection, the absence of a robust sampling frame means that great care will need to be taken to fully understand the history, context and policy environment in which social enterprises being studied have developed and operate.

Appendix 3

Some International Evidence

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1. Introduction

- 1.1 This appendix provides a selective international review of experience in evaluating social enterprise activities. For each area, some contextual information is provided – on how social enterprise is defined and distinctive characteristics of the sector – before reporting on approaches to assessing economic and social impact, where they exist.
- 1.2 The areas selected for this review all have well-established social enterprise sectors, allowing some interesting differences, similarities and successful approaches to be clearly established. The areas reviewed are: USA; Canada; Australia; European Union; and the devolved administrations of the United Kingdom
- 1.3 Within the literature reviewed a considerable variety of methods were found for measuring impact, albeit with varying degrees of relevance to a national study for England. Methods range from developing tools to measure soft outcomes, mainly reliant on subjective judgements, to more traditional methods such as social auditing and statistical analysis. This report focuses on the dominant methods utilised within the countries under study, rather than attempting to review them all.

2. USA

- 2.1 The USA has a long-established social enterprise sector, dating back to the 1960s response to industrial decline, social unrest, and public service reduction (Kellog, 1998). The distinguishing feature of US social enterprises is frequently said to be the adoption of a ‘business-led’ approach, involving the application of (big) business principles to management and enterprise activities. The [Social Enterprise Alliance](#) of the USA defines social enterprises as:

“Any earned-income business or strategy undertaken by a nonprofit to generate revenue in support of its charitable mission. ‘Earned income’ consists of payments received in direct exchange for a product, service or privilege” (www.se-alliance.org).

- 2.2 It is worth noting that US social enterprises are eligible for a number of major tax exemptions for operating on a non-profit basis. Because of the business-like model of social enterprise, in the US they are encouraged to draw on support structures in place for general businesses. Funding for social enterprises in the US is often sourced from conventional

business as well as the normal diverse range of central or state government and other charitable foundations.

- 2.3 Social enterprises in the USA fulfil a range of functions and deliver a wide range of services. Many of these reflect the low – compared with the UK – provision of welfare and universal services by the state. This context leads to a large number of targeted, single-issue social enterprise organisations, which vary dramatically in scale.
- 2.4 The majority of the support organisations for social enterprise in the USA are subscriber membership organisations, offering training, consultancy and networking facilities to member individuals or organisations⁶. One of the largest of these organisations is the Roberts Enterprise Development Fund (REDF). This organisation provides guidance, leadership and investment to a portfolio of [social enterprises](#) engaged in a range of activities. A key aspect of the REDF's work with clients is measuring impact. It does this by enabling social enterprises to build a culture of 'social outcome measurement' into the everyday working practice of the organisation.
- 2.5 Examples of measures used include:
 1. Collecting quarterly aggregate information on the mission-related employees of each of their portfolio enterprises since 1998:
 - total number of new hires into enterprise
 - highest and lowest wage paid to enterprise employees
 - total number of employees leaving enterprise
 - reason for leaving enterprise
 2. Collecting social outcome information on every new hire into enterprises since 1998, through a system called RISE (Real Indicators of Success in Employment):
 - 40 questions across seven outcome areas
 - baseline surveys and follow-up surveys every six months thereafter up to two years post-hire
 - demographics (gender, age range, ethnicity)
 3. Combining enterprise financial and employee social data into a Social Return on Investment ([SROI](#)) framework that calculates:
 - the societal cost savings generated by each enterprise's employees
 - the blended value of the financial and social value of the enterprise
 - the blended index of return for the enterprise and social mission (<http://www.redf.org/results-intro.htm>⁷)

⁶ See also; Stanford Social Innovation Review www.ssireview.com; Social Enterprise Reporter www.sereporter.com; Social Enterprise Alliance www.se-alliance.org.

⁷ The REDF's (2005) [Social Impact Report](#) provides more information about the social outcome measurement of social enterprise organisations.

- 2.6 The Skoll Foundation is another organisation that has striven to measure the impact of social enterprise. The report *Measuring Innovation* (Kramer, 2005), is an attempt to detail the predominant methods of evaluation in the field of social entrepreneurship, as well as providing a guide for social enterprises conducting evaluation at all stages of their development.
- 2.7 The US social enterprise sector places considerable emphasis on evaluating and monitoring internal processes such as management, practice and resource allocation (Harvard Business School, 2006). A report by Morley et al (2001) found that whilst the majority of the organisations had some experience of outcome measurement, regular outcome measurement was a relatively recent activity. Therefore the use of the information that outcome measurement provides was in the majority of cases only recently being used to support marketing campaigns and fundraising applications.
- 2.8 This focus on individual purpose acts to limit the value of this work as a contributor to overriding national objectives such as are the focus of this study, but the US work has given an impetus to the development of a reflective evaluation culture in the UK sector.

3. Canada

- 3.1 The Canadian Government define the social economy as “*a grass-roots entrepreneurial, not-for-profit sector, based on democratic values that seeks to enhance the social, economic, and environmental conditions of communities, often with a focus on their disadvantaged members*” (http://www.sdc.gc.ca/en/cs/comm/sd/social_economy.shtml).
 - 3.2 The growth of the social enterprise sector in Canada partly reflects the move away from state social welfare and development towards a more neo-liberal approach. Many state initiatives now employ the services of an increasingly diverse range of social enterprises to deliver services and development. Much of the funding to social enterprises delivering welfare services initially came from the state. However, the increasing number and range of social enterprises present, paired with decreased state spending on welfare, has led social enterprises to seek funding from other funding sources. Consequently, there is competition between enterprises seeking funding, which is said to have driven up standards in the sector and acted as a catalyst for impact measurement and performances management (Johnson, 2000). Like the USA, social enterprise in Canada tends to adopt what is referred to as a business-led approach.
 - 3.3 Politically, the social enterprise sector in Canada has experienced a recent resurgence, due to the recognition of its growing contribution to the economy and social well being of the nation. There has been a
-

particular emphasis in providing community-based processes and initiatives to address local problems with local solutions. This approach, as in the US, is again a targeted rather than universal policy response. This positive political stance was consolidated during the 2004 budget which pledged increased support for the social economic sector. An amount of \$132 million was allocated for initiatives to support the social economy:

- capacity building (\$17 million over two years);
- financing (\$100 million over five years); and
- research (\$15 million over five years).

- 3.4 The budget also made a commitment to improving the access of social enterprises to programmes and services for small and medium-sized enterprises. Social Development Canada is responsible for developing the federal social economy policy framework that will guide efforts of the federal government to support the social economy.
- 3.5 Canada has several large social enterprise alliances that offer guidance, support, and networking through a network of member organisations⁸. However, many of the resources on offer borrow strongly from the USA, so do not represent a distinct Canadian approach.
- 3.6 Commentators have indicated a lack of research on Canada's social economy, a criticism which the government addresses in the social economy policy framework (see above). There has also been a related criticism of the increasing move to use social enterprise for welfare service provision, due to a perceived lack of accountability. This is not helped by little research and attention surrounding the use or development of measures that are indicative of the claimed positive outcomes that social enterprises are currently making to the country.

4. Australia

- 4.1 Talbot *et al.*, (2002: 2) define social enterprise in the Australian context as *"a means by which people come together and use market-based ventures to achieve agreed social ends. It is characterised by creativity, entrepreneurship, and a focus on community rather than individual profit. It is a creative endeavor that results in social, financial, service, educational, employment, or other community benefits"*.
- 4.2 While Australia has strength in the differing social enterprise activities and types, much development has taken place in isolation rather than as part of a joined-up strategy (ACCORD, 2006). Thus Australian policy makers are looking to the international community for lessons on consolidating the social enterprise sector, which will inevitably involve methods of measuring impact to inform funding and policy decisions.

⁸ See also ; Canadian Social Entrepreneurs Network (CSEN) www.csen.ca; and Social and Enterprise Development Innovators (SEDI) www.sedi.org;

- 4.3 The development of the social enterprise sector in Australia is considered to be restricted by several factors. Namely, poor state and federal government relations, and the lack of a coherent policy framework (Parry and Lyons, 2006). Funding regimes for social enterprises have held back the sector with a two sector rather than three sector economy favoured by the Australian Government. This two-sector culture has also had the effect of reducing grants and donations to social enterprises from the private sector (Schwager, 2000).
- 4.4 Talbot et al., (2002) claim that their report *Social Enterprise in Australia: An Introductory handbook* is a first attempt at providing a detailed guide and resource kit for social entrepreneurs. They recognise that future issues of the document will become more comprehensive as knowledge in this field expands and as other resources are produced. This also refers to methods and techniques for measuring impact which as yet remain undeveloped. Where social enterprise impact measurement is mentioned in literature, it tends to be led by, and links to, guidelines, methods and techniques from the US such as the RDEF and SEA.

5. European Union

- 5.1 The European Union recognises social enterprises as a key part of the social economy sector. The social economy sector of each member State has developed differently, reflecting differing economic and policy frameworks. The EU defines Social Enterprises as constituting:

“a collection of organisations that exist between the traditional private and public sectors. Although there is no universally accepted definition of a social enterprise, its key distinguishing characteristics are social and societal purpose combined with an entrepreneurial spirit of the private sector”

(http://europa.eu.int/comm/enterprise/entrepreneurship/coop/social-cmaf_agenda/social-enterprises.htm).

- 5.2 The economic and social significance of Social Economy enterprises is widely recognised by the nation states that comprise the European Union. In general the European perspective on social enterprise is similar to that of Britain with an emphasis on the use of social enterprises as a major part of the response to social problems such as unemployment. The EU favours a holistic and pluralistic approach to social issues including state, business and social enterprise, centred responses. Lloyd (2002) argues that it is this debate in Europe that is driving renewed interest in the social economy and social enterprises.
- 5.3 The Commission Guidelines for 2001 (agreed by the Council in 2001) for the National Action Plans for Employment continue to emphasise the importance of the social economy under the entrepreneurship pillar. Guidelines call on Member States to "encourage local and regional authorities to develop partnership-based strategies for employment in

order to exploit fully the possibilities offered by job creation at local level and in the social economy".

- 5.4 The 'Entrepreneurship action plan' (2004) also includes a reference to the social economy enterprise sector. The European Parliament has on several occasions pointed to the need for Community actions to take full account of the Social Economy's potential for economic growth, employment and citizen participation.
- 5.5 The Commission's Communication on *Promoting the Role of Voluntary Organisations and Foundations* in Europe aimed at illustrating the growing importance of voluntary organisations and foundations within the European Union, revealing the problems and challenges facing these organisations. It has produced a positive response from the sector, the European Parliament, the Committee of the Regions, and the Economic and Social Committee. It was followed up by a series of Conferences, each of which addressed one of the Communication's themes (Information from <http://europa.eu.int/comm/enterprise>).
- 5.6 Examples of recent policy that has impacted on the development of the social enterprise sector in Europe include;
- 1% of the European Social Fund allocated to a Local Social Capital Fund open exclusively to these organisations
 - the emphasis on the role of Social Economy organisations in the Structural Funds and in Community Initiatives
 - proposals for a European Volunteer Service programme
- 5.7 All this activity has led to growing concern with how effectiveness is measured and monitored, although currently there are no EU guidelines on how to do this which specifically relate to social enterprise. Therefore, examples of impact measurement of EU programmes in practice exist at national and, more commonly, the local level and are part of the evaluation process for the funding regimes supporting social economy initiatives⁹. These are mainly focused on programme process issues and are more concerned with assessing the effectiveness of the intervention than with attempting to make the wide ranging economic and social impact assessments sought in this study.

Devolved Administrations of the United Kingdom

6. Scotland

- 6.1 Scotland intends to increase support for the social enterprise sector with the aim of increasing their role in public service delivery (Scottish Executive, 2003). The *Scottish Strategy for Social Enterprise* links this to the Scottish Executive's commitment to deliver better public services and

⁹ A good overview of social enterprise in individual European Union member states can be found at: <http://www.emes.net/index.php?id=49>

grow Scotland's economy. It will also link to the Executive's vision for the voluntary sector and the wider social economy.

- 6.2 Much social enterprise funding is delivered through Futurebuilders Scotland. This is an investment programme to help those social economy organisations which provide services to the public. Social economy organisations are defined as "*voluntary and community organisations that use a business like approach to delivering goods or services*". The programme invests in social economy organisations that are working to achieve the Scottish Executive's 'Closing the Opportunity Gap' objectives and targets:
- to deliver services to the public; and
 - to increase their financial sustainability.
- 6.3 In terms of impact assessment there is currently no official directive on Scottish social enterprise. However, independent support networks such as SENSCOT advocate the use of social auditing, measuring social capital and capturing social return on investment. The SENSCOT website recognises that there is not one type of evaluation that will suit all SEs, and also that it is a developing area in terms of methods and techniques. The Scottish Parliament (2002: 5) support such an approach arguing that the funders should ensure that "*evaluation and monitoring of projects should be carried out at the earliest possible stage to allow initiatives which are not meeting targets the maximum amount of time to review and improve*".

7. Northern Ireland

- 7.1 There has been longstanding recognition in Northern Ireland of the potential of social enterprise to have a significant role in the delivery of policy and programmes. As a consequence of this view the development and strengthening of monitoring and evaluation within the social enterprise sector is regarded as a key focus (VAU 1996). The Northern Ireland Administration currently has a three year plan in place *Developing a Successful Social Economy* (2004). This strategy as the name suggests, aims to support the development of a sustainable social economy through an integrated partnership approach, which recognises the diverse nature of the sector.
- 7.2 One of the key aspects of this strategy is to establish the value of the social enterprise sector in order to raise awareness and develop the sectors capacity and strength. It is hoped that the successful implementation of the plan will result in a more sustainable and diverse social economy, the establishment of more social enterprises and the development and growth of current ventures in Northern Ireland. A programme of monitoring and evaluation is planned to ensure that this is achieved. The first progress report has now been published (DETI, 2005). Whilst many of the targets have been successfully or partially met, they largely reflect the implementation of the policy framework rather than impacts of individual social enterprises and their wider impacts on social and economic development at national and local level.

- 7.3 The measurement of impact relating to the activities of social enterprises in Northern Ireland appears to be largely limited to the individual enterprise. However, there has been work to produce shared guidelines, such as the hand book for 'Measuring Community Development in Northern Ireland' (VAU, 1996). This hand book was aimed at social enterprises who wished to measure the impact of their community development work. The publication gives guidance on methodology, collecting evidence and selecting measures, and also the cultural rationales behind conducting evaluation. The Northern Ireland Council for Voluntary Action and Social Economy Agency (2000) have also attempted to identify impacts from individual social enterprises, (which have subsequently been used as models of best practice). These impacts vary within the different organisations but are based upon impact concerning the following factors:
- People - Employment numbers
 - Communities - Funding attracted into the community
 - Local Services - Increases in service provision e.g. schools, health centres and Post Offices.
 - Policies - Results have led to change in local or regional policies

8. Wales

- 8.1 The Welsh Assembly launched the *Social Enterprise Strategy for Wales* in 2005. The policy combines with *Wales, a Better Country*, the Assembly's vision for integrated social, economic and environmental activities. Tackling social deprivation is central to the Welsh policy concerning social enterprise development, but they are also seen as a means of delivering a range of public sector services. Therefore, the rationale for developing the sector is social rather than economic, although the economic sustainability of social enterprises is also a desired goal of the Welsh strategy.
- 8.2 In terms of impact measurement the social enterprise strategy includes a number of targets, which will be reviewed annually. These targets include:
1. Increasing the number of SEs with a turnover in excess of £1m by 200% over 3 years
 2. Creation of 50 mentoring places for Chairs and CEOs of SEs over the life of the strategy
 3. 300 delegates to attend annual social enterprise conference by 2008
- 8.3 Targets such as these, concerned with monitoring the strategy, do not produce clear results showing the actual impact of individual social enterprises nor the wider outcomes of their activities. However, the development of social accounting measures for implementation in 2006/7 represents a positive development.

9. Conclusions

- 9.1 This brief summary suggests that there is currently no example of a definitive approach to social and economic impact assessment of social enterprises at a national level. Rather, systematic impact assessment is relatively new to the social enterprise field. At the local and individual level, impact measurement is becoming established. However, the work currently underway is yet to be standardised or organised in a level that can be meaningfully benchmarked or analysed at a national level.
- 9.2 One reason for these difficulties is the difference and diversity present amongst the organisations which comprise the social enterprise sector. This diversity is in terms of organisational structure, objectives, and outcomes. The differences require a range of tools and methods for impact measurement in order to establish impact in a meaningful manner.
- 9.3 Social auditing methods are being developed in the UK, US and Canada. However at present these tend only to be utilised on an individual enterprise basis. Additionally, these methods have tended to focus upon statistical measures of variables such as, employment, unemployment or achievement. This leads to a several key problems. Firstly, the methods rely on the statistical analysis of easily quantifiable 'impacts'. Thus the methods cannot be used to assess impacts from social enterprises whose outcomes are difficult to quantify. Secondly, social auditing is often criticised for assuming 'cause' and 'effect', at the expense of other variables, that may have an impact upon the quantification of outcomes. For example, employment figures will be affected by a number of contextual social and economic variables external to and independent of the social enterprise, as well as social enterprise activity. Consequently, isolating cause and effect and proving direct causal relationships between social enterprise activities and outcomes continues to represent a challenge the international community. This is a challenge well known to evaluators but nonetheless one which remains hard to address.
- 9.4 The nations reviewed here have distinct policy approaches and stances on social enterprise. However, all commentators agree that there is no ideal type of impact measurement that can be used to assess the performance of all social enterprises nationally or locally. The varied range of social enterprises and their varied aims and objectives makes it hard for a single approach to be universally supported. Therefore, evaluation that is standardised and can be bench marked against other social enterprises has been the exception rather than the norm.
- 9.5 All countries see a role for evaluation but no single model has been seen as dominant. This reflects differences in:
- Development of social economy (networking and policy frameworks)
 - Awareness of measures (tools, techniques, purpose)
 - Resources available to evaluate (time/money)

- Requirement to undertake evaluation by stakeholders (e.g. customers, funding organisation).
- 9.6 As the social enterprise sectors have established and consolidated with maturity, measurement of impact becomes increasingly important, to ensure accountability and for funding requirements. However, it can take time for the importance of evaluation to reach smaller social enterprises, particularly if staff (many of whom are volunteers) have little time to undertake evaluations. To help address such issues, support structures now produce universal toolkits for monitoring and evaluation. However, this individual level activity can do no more than make a small contribution to meeting the national assessment objectives considered by this study.
- 9.7 The increasing emphasis on impact assessment in social enterprises is highly related to the tendering of public services. Services that are being delivered by social enterprises that are state funded are the most likely to have some type of impact assessment requirement. Thus, if the services of small social enterprises are utilised for service delivery by a larger entity, it is becoming more common for evaluation is built into the contract. Because of this impact assessment is often a prerequisite for initial, continued or additional funding for social enterprise projects. Thus it is essential that new and existing social enterprises build some form of impact measurement or evaluation into new or current ventures to ensure their future security. However, whilst this can contribute to the development of an evaluation culture and the assembly of some useful information, it remains some distance from the wider economic and social impact assessment being considered here.

Appendix 4

Social Enterprises and Public Service Provision: The Example of Health and Social Care *Aidan Hesslewood, CCRS, University of Hull*

1. Introduction

- 1.1 Health and social care represents a key area where social enterprises have recently been subject to promotion as new, innovative vehicles to deliver public services, lending itself to analysis of expectations of 'added value'. It is worth noting in this respect that it is a sector where social enterprises are seen as having a role to play in meeting a number of different policy objectives. So, as part of the changes taking place in the NHS, there is a desire to move towards a "patient-led" NHS, accompanied by a "commitment to a diverse provider base" (Department of Health, 2006b, p1). Social enterprises are seen as having a big part to play in the re-constitution of health and social care provision in the UK: "Primary care trusts are being encouraged through the National Primary Care Development Teams "Engaging Communities" programme to identify and support potential social enterprise ventures in their local communities" (Social Enterprise Coalition, 2005).
- 1.2 Similarly, the White Paper *Our health, our care, our say: a new direction for community services* (Department of Health, 2006a) sets out the "Government's vision of more effective health and social care services outside hospitals", identifying five areas for change. These include "more personalised care; services closer to people's homes; better co-ordination with local councils; increased patient choice; and a focus on prevention as much as cure". The idea of services provided by social enterprises comes to the fore in section 3 of the White Paper, where paragraph 3.11 explains: "In some places this [equal access to a General Practitioner for all] will mean encouraging or allowing new providers, including social enterprises or commercial companies, to offer services to registered patients alongside traditional general practice. Increased capacity – and contestability – will allow people to choose services that offer more convenient opening times, tailored specialist services or co-location with other relevant services".
- 1.3 This emphasis was reinforced by Liam Byrne, Care Services Minister in a statement saying: "The third sector, including voluntary sector and other not for profit social enterprises have shown themselves to be innovative, efficient and effective, and are often well connected within their communities. They are key to providing a choice of health and social care services to local communities and I would like to strengthen their role in involving local people in shaping the services they want, and in unleashing creativity and innovation, in delivering these core services" (Department of Health, 2005).

1.4 However, neither the Department of Health nor the NHS has given any indication of how the impacts of the introduction of social enterprises will be measured or evaluated. Commentaries are available on a number of initiatives involving social enterprises and some examples of these are given below: these often illustrate some of the benefits of social enterprise over other forms of delivery – which perhaps might be termed ‘added-value’. However, how these potential benefits actually pan out into social and economic impacts remains ambiguous.

1.5 Similarly, social enterprises have been seen to have a role in meeting national objectives for addressing the shortage of affordable and quality childcare accessible by most people. The National Childcare Strategy (1998), with Early Years Development and Childcare Partnerships, Sure Start and the Neighbourhood Nurseries Initiative was introduced to help address the problem. While such programmes have been subject to evaluation, for the most part any focus on the contribution of the social enterprise model is absent, and how this may translate into economic and social impacts is not considered in any systematic manner.

1.6 The examples below illustrate something of the diversity of activities where social enterprises are involved in delivering health and child care, as well as hinting at the range of structures and approaches that are adopted. The very diversity which is represented can be seen as contributing to the complexity of the task. For the most part, a requirement for evaluation producing the sorts of results considered in this report is not built into the process for engaging social enterprises in the delivery of public services. Whilst there are established mechanisms to encourage social enterprises to better engage with public procurement processes (for example, SBS, 2003), any emphasis on monitoring and evaluation here is on performance in delivering against contracts. This is not to say that there is no recognition of the wider impacts that social enterprises can offer. A number of sources (for example, Social Enterprise Magazine, 2004; Social Enterprise Coalition & NHS, 2005) encourage social enterprises to better understand the impacts they can have in the areas in which they operate, but with an emphasis on commodifying this understanding and ‘selling’ it during the procurement process.

2. Case studies

2.1 The following ‘pen pictures’ – six from the health sector and four offering childcare – provide examples of the range of activities undertaken by social enterprises in delivering services.

Central Surrey Health is a social enterprise set up by Tricia McGregor and Jo Pritchard that provides community nursing, physiotherapy, dietetics and a range of other therapies available on the NHS outside hospitals. It is said that “patients may benefit from the nurses’ and therapists’ greater freedom to organise services more intelligently” (Carvel, 2006), through empowering professional health workers and allowing them to “innovate to streamline services, instead of

leaving patients to struggle to assemble the care they need from separate organisational silos” (ibid.).

Cuckoo Lane Health Care in Hanwell, West London, is a social enterprise run by three nurses. Cuckoo Lane was previously an ‘ordinary health centre’ owned and run by three GPs, however, the contract to provide the service became available when the three GPs retired. Carol Sears, Nicci Boyce, and Anne Hamerton, the three nurses in question, now run the centre with two GPs as employed workers, rather than being owners and partners.

Cuckoo Lane Health Care, under the management of the three nurses, teamed up with *ECT Group*, a social enterprise usually specialising in transport, refuse and recyclables collection, recycling, street cleaning, civic amenity site management, and clinical and bulky waste (Social Enterprise Coalition). ECT backed Cuckoo Lane with financial support and bought the main building in which the health centre is situated. Cuckoo Lane did have a previous relationship with ECT, when ECT helped with the mobilisation of housebound patients visiting the surgery for treatment.

The re-structuring of Cuckoo Lane into something more resembling a social enterprise means that the profits are now reinvested. Most of the money provided by Ealing Primary Care Trust is used on salaries and the surpluses are used to develop new services, such as equipment needed to provide minor surgery (Social Enterprise Magazine).

Sunderland Home Care Associates is a social enterprise that provides personal care and domestic services for the elderly in the Wear region of North East England. It employs around 160 people with an extremely low staff turnover of 3.5%. The company offers training and employment opportunities, adding social benefits to what is described as a deprived area. Working for Sunderland Home Care also entails a greater degree of flexibility for its employees allowing greater negotiation between waged and non-waged work (Social Enterprise Coalition).

Sunderland Home Care Associates promotes independence allowing older and disabled people to stay in their homes for longer. The work that is typically done involves getting people up and out of bed, getting washed and dressed, cooking breakfast and cleaning homes, all activities usually dealt with in private establishments run for profit. The company also helps the Disability Support Team at Sunderland University, helping disabled students with academic work and personal care (Social Enterprise Coalition).

The founder of Sunderland Home Care Associates states that the style of management - being a social enterprise and owned by all of its employees – influences the staff: “It has been our experience that these methods of work are a very powerful tool in raising self-esteem and

confidence in employees...Staff feel valued and have a sense of responsibility" (Social Enterprise Coalition).

South East London Doctors Cooperative (SELDOC) was established in 1996 by 120 GPs in the three boroughs of Lambeth, Lewisham, and Southwark, serving around 900,000 patients aiming to improve out-of-hours care. SELDOC now has more than 400 GPs across 146 practices that each pay £1 for every patient on their books, as part of membership (Social Enterprise Magazine).

The cooperative operates a 24-hour answering service and functions as a duty doctor service in atypical working hours – at night and at weekends. SELDOC guarantees telephone advice from a GP within 30 minutes of the initial call and home visits within 90 minutes.

SELDOC is owned, managed and financed by GPs, as an organisation independent of the primary care trust, unlike most other GP out-of-hours cooperatives. The majority of its income derives from the health authority, and any surpluses generated are re-invested to provide improved services through subsidiary co-operatives. These include a primary care GP and nurse locum service, and an answering service for police surgeons (Social Enterprise Coalition).

Future Health and Social Care Association (FHSCA), based in Birmingham, supports vulnerable, mainly ethnic minority members of the community, by providing training, homes, care facilities and education. It employs around 145 people full-time.

The company has distinct advantages over other possible providers. FHSCA understands the needs of its users as the vast majority of its staff are members of the communities of which it serves, an aspect which cannot easily be matched by other mainstream companies (Social Enterprise Coalition).

Expert Patients Programme Community Interest Company is set to be the first national CIC and could be seen as an example of a 'top down' initiative in involving social enterprises in the delivery of services for the NHS. It has around 105 staff and 1500 volunteers.

The Expert Patients Programme is a peer-led self-management programme for people with long-term health conditions. Small groups of patients attend six training courses – delivered by the volunteers – which look at ways of managing the effects of their long-term condition. The intention is that patients take responsibility for their own care, but at the same time better develop their relationship with health and social care professionals.

One of the roles of the EPPCIC will be to increase the capacity for delivering courses by roughly eightfold over the next six years, and this is being facilitated initially by an increase in funding from the DoH, although

the CIC is “to become financially self-sustaining” in the longer term (Department of Health, 2006c)

Community Foster Care is a social enterprise that provides care for children and provides jobs and training to individuals in deprived communities. It was set up in 1999, first in Gloucestershire and then around the UK, to help alleviate the shortage of foster carers.

The local Neighbourhood Renewal Project and Gloucestershire social services got together in 1997 and concluded that an independent fostering agency was needed that could find carers on behalf of social services. The result was Community Foster Care, enabled by a European Social Fund grant and money from Social Services. It became self-financing within six months (Social Enterprise Coalition).

The Oxford, Swindon and Gloucester Co-op is a social enterprise that ventured into childcare, whilst already running car dealerships, funeral services and travel agents under common ownership. Their aim is to provide affordable childcare in areas of deprivation, where there previously was none. This meets the government’s need to provide childcare services for parents in disadvantaged areas, in order to enable those parents to work. How, by providing affordable childcare in disadvantaged areas, this initiative will translate its work into social and economic impacts on an area remains to be investigated (Social Enterprise Coalition).

The Trojans Scheme has a similar aim. This social enterprise was set up by a head teacher of a primary school in South London, in an area of deprivation, to give children in that area something to do out of school hours. The Trojans Scheme now has partnerships with around 14 schools offering educational and recreational activities in after-school and breakfast clubs, as well as in the school holidays (Social Enterprise Coalition).

It is argued that the scheme provides a vital source of childcare in an area marked with multiple levels of deprivation, allowing parents to work knowing their children are being looked after. The extension of this ‘added-value’ in the social enterprise into clear economic and social impacts is again, under-investigated (Social Enterprise Coalition).

Hill Holt Wood is a service that provides education to young people in Lincolnshire. A community-controlled social enterprise employing 14 people, Hill Holt Wood operates a self-sustaining woodland whilst delivering vocational training to young people in the area of traditional crafts but incorporating modern techniques (Social Enterprise Coalition).

Appendix 5:
Secondary Data Analysis.
Felix Kumi-Ampofo, ERBEDU, Leeds Metropolitan University.

1. Introduction

- 1.1 We decided to undertake a desk-based review of the potential for secondary data sources to contribute to a national impact study. Our interest was firstly in their general role in providing background information on social and economic conditions in particular at various scales, and secondly to explore whether officially held data might be useful for studying 'added value' across different delivery mechanisms (e.g. social enterprise, public, private providers) and across localities. There was also a financial concern to double-check that any newly commissioned primary surveys were actually necessary. Finally, following steering group advice we wanted to explore whether new forms of public sector contract management initiatives were developing in ways amenable to use in a national comparative study of e.g. delivery costs, comparing between areas and over time.
- 1.2 It is worth emphasising that we were not setting out to review all sources of data comprehensively – rather we wanted to selectively interrogate the main sources of data to examine what types of data were available which might lend themselves to a national impact study of social enterprise. To keep the work manageable we chose seven broad indicators to examine, reviewing existing datasets to identify key parameters: availability, regularity of review, levels of spatial aggregation and comparability.
- 1.3 Because we envisage considerable case study approaches being an essential part of any national study, in line with most other national policy evaluation work in recent years, we chose to focus in on what type of data could be identified in three northern local authority areas, Leeds, Wakefield and Hull. These areas covered a range of economic circumstances: Leeds is a buoyant city-region with inner city problem areas, Wakefield is a classic case of coalfield decline with pockets of rural deprivation, whilst Hull is an area with long-standing unemployment problems. The selection of areas was also partly pragmatic, in that the research team had some familiarity and good contacts. We are grateful to those officers of various organisations who helped point us in the direction of the data which they either collected themselves or accessed in their decision making processes. The findings in relation to each of the eight themes of study are reviewed below and are summarised in a table at the end of this note.

2. Housing, Rent and Vacancies

- 2.1 Data sources for housing (e.g. rent levels, vacancies and waiting lists) and commercial and industrial space were explored on the basis that they in various different ways might be useful to provide indications of a social enterprise's success – for instance in reducing housing and retail unit vacancies, increasing rent levels which could be charged etc.. Clearly such data would be open to misinterpretation without detailed

local knowledge, but nonetheless as part of a wider study they might be useful.

- 2.2 Housing data, especially rent levels, number of dwellings and vacancies, is now compiled by the Department for Communities and Local Government (DCLG) in the Housing Strategy Statistical Appendix. Comparable data for Housing Associations is compiled by the Housing Corporation and recorded in the Regulatory Statistical Return (RSR). This data is prepared by Data Spring (University of Cambridge) and can be used for time-series analysis.
- 2.3 Commercial and Industrial Floorspace and Rateable Value Statistics (2005 Revaluation) is available at Local Authority (LA) level and is collated annually. This is compiled by the DCLG, Valuation Office Agency and researchers at UCL. It is readily available via the Neighbourhood Statistics website.
- 2.4 Currently all of these datasets are presented at LA and not ward level. However Neighbourhood Statistics intends to launch ward level “vacant dwellings” data by the end of April 2006. Full ward level coverage of rent, stock and vacancies by private landlords, LAs and Housing Associations will not be available for at least another five years according to the DCLG.
- 2.5 Many LAs have transferred the maintenance and management of housing stock to Arms Length Management Organisations (ALMOS). These organisations are usually very locally focused and manage stock in only a few wards, as in Leeds, where common performance measures are used creating the potential for comparing, for instance, costs – although given that the quality of housing stock can vary massively this is not always a useful indicator. In the Wakefield District however, the Council has transferred the bulk of its housing stock (about 32,000 units) to a district-wide arms length organisation which is tasked with managing and investing in social housing. It is debatable whether these organisations can be classified as Social Enterprises, but if they are, then for certain variables it may be possible to assess their impact over time, comparing key indicators from before the new structures were set up with contemporary data.
- 2.6 In sum, in terms of housing, it is difficult to see much scope for using the very limited available data at ward level and below to inform a national impact study for social enterprise. However, at district level the opposite is true and even time-series analysis can be attempted. We can measure and compare rent levels, vacancies, waiting lists, number of housing stock and industrial and commercial floorspace rates across districts and over time.

3. Unemployment

- 3.1 Unemployment and other labour market data relating to economic activity can be helpful in providing broad contextual information at a wide

variety of scales. This can be particularly helpful when researching social enterprises specifically engaged in labour market interventions and various forms of area-based regeneration.

3.2 Information on (un)employment is widely available and accessible online. This information is compiled at national, regional, district, ward and even Super Output Area (SOA) level (on the Neighbourhood Statistics website) across the UK. This information is presented in various forms on the NOMIS database as shown below:

- claimant count with rates and proportions (Jun 1983 to Jan 2006)
- claimant count - age and duration (Jun 1985 to Jan 2006)
- claimant count - seasonally adjusted (Jan 1971 to Jan 2006)
- claimant count - occupation (Jan 2005 to Jan 2006)
- claimant count - occupation, age and duration (Jan 2005 to Jan 2006)
- claimant flows (Jun 1983 to Jan 2006)
- claimant flows - age and duration (Jun 1983 to Jan 2006)
- claimant flows - occupation (Jan 2005 to Jan 2006)
- claimant flows - seasonally adjusted (Nov 1988 to Jan 2006)
- claimant in-flows - occupation and age (Jan 2005 to Jan 2006)
- claimant off-flows - occupation, age and duration (Jan 2005 to Jan 2006)
- claimant off-flows - reasons, age and duration (Jan 1998 to Jan 2006)
- claimant count denominators - current residents / workforce series (1971 to 2005)

3.3 The data can be used to perform time-series analysis but recent boundary changes make historical ward level comparisons difficult. The data on unemployment is most likely to be contextual and it is unlikely to be of value in assessing for instance 'value added', where an organisation is attempting to improve the range and quality of jobs on offer to local people for instance. Such aspirations might include job security, wage levels, fairness to all groups in accessing jobs and so forth. Most such indicators would require new surveys to be undertaken. Local wage level secondary data is not generally available, though some academic studies have found that local recruitment agencies can hold data on wages by job type. Such data might be difficult to compare across agencies and also between areas, particularly at ward level and below. It is also unlikely to be made freely available on a national scale.

4. Customer Satisfaction Surveys

4.1 With the rise of competitive tendering in particular, all LAs now conduct customer satisfaction surveys periodically. These wide-ranging surveys explore resident/customer impressions and satisfaction levels of the provision with local services. The survey findings are particularly useful

when comparing (both across districts and within districts) satisfaction levels where services are being provided by social enterprises.

- 4.2 However, as there is no national template, the questionnaires are locally designed, frequently creating problems in comparing findings across local authorities. Another frustrating issue is that methodologies are continuously reviewed and altered, which makes historical analysis particularly challenging. In Wakefield, for example, the Council contracted with a private agency to conduct its latest survey, and the agency involved opted to conduct one-on-one interviews with a sample of residents rather than send out questionnaires to everyone which was the previous practice. Furthermore, the specific questions asked in these kinds of survey are usually different from district to district, even if the general thrust is similar.

5. Health and Quality of Life

- 5.1 We were interested in health and quality of life issues as part of the potential broader portfolio of impacts which might be expected of social enterprises, not least (and not exclusively) those directly involved in delivering care and environmental improvements.
- 5.2 Neighbourhood profiles are available on the Neighbourhood Statistics website at Super Output Area (SOA) level. The profile includes a summary on 'Health and Care' (health, life expectancy, hospital episodes, healthy lifestyle behaviours and provision of unpaid care), 'Community Well-being / Social Environment (information to support work on community involvement, social inclusion and improving overall standards, including those relating to street cleanliness, plus other potentially useful areas such as economic activity, deprivation, education and skills training, housing and crime. This is a valuable initial source of local information and can be used for analysis such as policy on/off comparisons. Datasets on health cover life expectancy, general health and well being and hospital episodes.
- 5.3 IMD 2004 provides health indices and rankings at SOA and district level. The 2001 Census results also provide further health and quality of life data, but as a snapshot every 10 years is of limited value to the proposed study other than as broad contextual information.
- 5.4 The data from these sources allow for comparative analysis between SOAs, wards, districts and regions and historical analysis is possible albeit limited due to the introduction of new aggregate levels like SOAs.

6. Civic Participation and Voting Patterns

- 6.1 Civic participation is sometimes seen as reflecting levels of local social capital, although it is a very rough proxy. Still, it is an area in which we were interested because the development of social capital is often seen

as a key part of the 'value added' of social enterprises in rural areas and in areas of deprivation in particular. More generally voter participation data might be explored to probe for any links/co-relation between voter participation/apathy and:

- levels of deprivation;
- level and quality of education;
- economic activity and unemployment;
- aspirations.

- 6.2 Analysis of secondary data is of itself of little use because it will be important to understand broader issues for any changes in voting patterns. But if a social enterprise does claim to have improved social capital over time, then voting patterns might provide one way of triangulating such claims.
- 6.3 Local Authorities keep information on all elections. The information is aggregated at either constituency, ward or district level depending on the type of poll (i.e. local, parliamentary or EU). It is possible to track voter turnout over time and compare that trend with others such as unemployment, quality of life and deprivation, or to compare trends between seemingly similar wards with very active social enterprises and those without them.

7. Child Care

- 7.1 Many social enterprises already provide child care and many others aim to do so in the near future. Some Local Authorities, like Sheffield City Council, have put out-of-school play and care provision out to tender, resulting in services being provided by a social enterprise. Secondary data on costs, waiting lists and number of places could be used to help assess whether social enterprises are providing 'value added' relative to other providers – albeit on a limited range of quantifiable indicators. Longitudinal and both inter-ward and district comparisons might also be possible.
- 7.2 In the UK, information on child care places and Child Minders is kept by Local Authorities. However data on waiting lists are kept at individual Crèches and nurseries and not collated by the LAs. It is thus difficult to aggregate upwards to compare social enterprises individually or collectively against other forms of delivery agency.
- 7.3 Average district cost of child care is available but costs vary greatly depending on the provider. It is possible to compare Sure Start child care costs and quality of provision with that of Social enterprises and the private sector.

8. Deprivation

- 8.1 The Indices of Deprivation 2004 provides in-depth data on various domains and sub domains with scores and ranks. This data is freely available and is widely used by various agencies. Potentially it could be used for area benchmarking and comparisons, but it is difficult to see how they can be used for the purposes of the proposed research. There are seven domains provided: Income deprivation, Employment deprivation, Health deprivation and disability, Education, skills and training deprivation, Barriers to Housing and Services, Living environment deprivation and Crime.
- 8.2 It is possible to use this data to assess the progress districts and localities have made, for example since the IMD 2000, although changes in methodology mean some care has to be taken when attempting this. SOA level data could be used to help triangulate claims about very localised impact of a social enterprise or any such agency but great caution needs to be used in assuming causality. The 2004 Indices are not yet available at ward level, making comparisons at that level difficult especially when compared to the Indices of Multiple Deprivation 2000.
- 8.3 The Indices of Deprivation only provide a snapshot image and need to be used in association with other indicators and data sources to provide a fuller and more accurate picture.

9. Conclusion

- 9.1 This Appendix has provided a brief and admittedly rather selective review of the secondary data available to assist analysing and assessing the economic and social impacts of social enterprises. We have indicated some of the potential but also some of the considerable problems which exist in using the data. Whilst there is a wealth of data available, the results here suggest that there are significant gaps and inconsistencies between what is available and what would be needed for a robust assessment of the economic and social impact of social enterprises.
- 9.2 We are unconvinced that there is sufficient secondary data to allow for any complex modelling of variables to assess the impacts of social enterprise at local and regional levels. We are convinced that appropriate use of the main national datasets can help in providing useful contextual material for any locality case study work, and that this might be supplemented by more locally available data sources, including customer satisfaction surveys at local authority level.

Summary of data sources reviewed

Indicators	Can it be used for time series analysis?	Levels of aggregation	Regularity of review	Comparability
Rent				
Residential	Yes but only at district level	Up to district level	Varied depending on source	Yes but only up to district level
Commercial	Yes but only at district level	Up to district level	Annually	Yes but with significant difficulty
Vacancies				
Residential	Yes but only at district level	Varied	Some monthly, usually annually	Yes but only up to district level
Commercial	No	Varied	Some monthly, usually annually	Yes but with significant difficulty
Housing				
Owner Occupied	Yes but only at district level	Ward level, but comparability difficulties exist	Varied depending on source	Yes but only up to district level
Housing Association	Yes but only at district level	Ward level, but comparability difficulties exist	Varied depending on source	Yes but only up to district level
Council Owned	Yes but only at district level	Ward level, but comparability difficulties exist	Varied depending on source	Yes but only up to district level
Waiting Lists	Yes but only at district level	Ward level, but comparability difficulties exist	Varied depending on source	Yes but only up to district level
Childcare				
No. of places	No	District	Varied	Yes but with significant difficulty
Waiting List	No	Individual Crèche level thus difficult to compare	Varied	Yes but with significant difficulty

Indicators	Can it be used for time series analysis?	Levels of aggregation	Regularity of review	Comparability
Unemployment	Yes, but boundary changes lead to complications	Ward level	Monthly	Yes
Customer satisfaction surveys	No	District, where possible	Usually annually	Yes but with significant difficulty
Health	No	SOA, ward and district	Varied	Yes
Ward profiles				
Immigration	No	usually LA	Depends on source, if Census then once a decade	Yes
Deprivation	Yes	SOA level	IMD (every 4 years)	Yes
Population growth patterns	Yes but not at ward level	ward level	Census (once a decade)	Yes
Voting Patterns/Participation	No (due to boundary changes)	Ward, constituency and district level	Depends on electoral cycle	Yes
Quality of Life	No	some SOA, some ward and some district depending on source	Varied	Yes for nationally collated data

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