

SOCIAL ENTERPRISE THINK PIECES

Outline proposals

2007

What are the future scenarios for social enterprise?	Page 2
Charles Leadbeater	
What is the future of social enterprise within ethical markets?	Page 6
Alex Nicholls	
How can measuring and communicating social value make social inclusion competitive?	Page 9
Jeremy Nicholls	
How can innovation in social enterprise be encouraged and spread?	Page 11
Andrea Westall	
What is the role of social enterprise in creating and maintaining employment for disadvantaged groups?	Page 14
Mike Aiken	

What are the future scenarios for social enterprise?

Charles Leadbeater

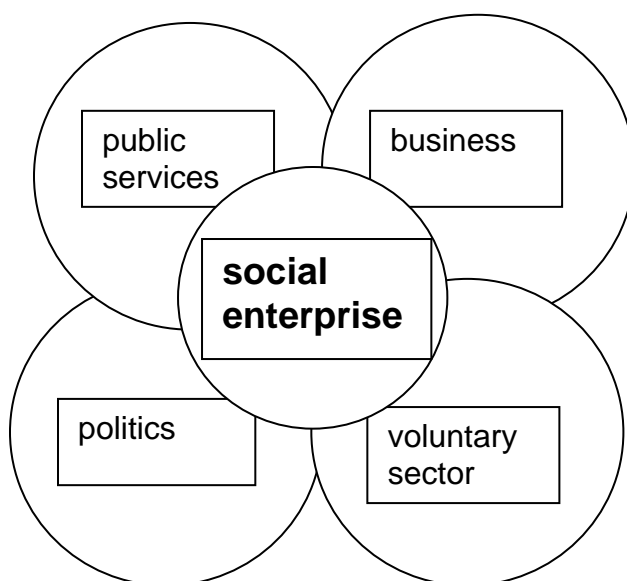
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This short paper will examine the conditions for the growth of social enterprise through a set of outline scenarios. The aim is to inform both policy-making and the wider debate about social enterprise: what its potential might be and how that potential can be realised in different settings.

The starting point is this (widely used and adapted) diagram for understanding the position of social enterprise. Social enterprise sits at the meeting point of these other sectors. It is not a stand alone sector. We can only understand its potential for growth through its interaction with these other sectors: i.e. the way it changes and in a sense infiltrates established sectors of activity.

The paper's argument is that social enterprise will grow through taking a larger share of the activities of these other sectors. That forms the framework for the scenarios.

The scenarios will take into account trajectories for demographics, technology, values and market competition that will shape the context in which social enterprise operates. The potential for social enterprise will depend on the way its unique strengths – to generate trust, to engage with users, to operate at low cost, to identify emerging needs – interact with the changing context.



Scenario 1: socialisation of business

Social enterprise will create new ways to do business.

Social enterprise is often defined as finding business and market based solutions to systemic social issues, such as social exclusion, long-term unemployment and sustainability. A social enterprise puts a higher premium on its social mission and its social returns which moderate the way it runs its business.

Factors at play in this scenario include changing consumer perceptions of business (continued rise of ethical consumption); changing attitudes of workers and staff who seek more responsible business; campaigns by NGOs and pressure from government; possible new reporting regimes; corporate social responsibility as a feature of competition; more pervasive, transparent, open and critical media. Other pressures may include attitudes in financial markets and investors' perceptions of reputational risks.

One way social enterprise could grow is through a further socialisation of business culture, governance, norms and accountability. More mainstream businesses may try to model themselves as social enterprises in the way they operate and hold themselves to account. The spread of fair trade from a marginal campaign into the business mainstream might be a good example. Corporate approaches to 'carbon neutral' business might provide another example.

Entrepreneurial social enterprises often open up markets or ways of doing business that mainstream businesses do not see, in part because social enterprises are driven to innovate in marginal markets even when there is little profit to be made. Social enterprises could be an important source of disruptive innovation, for example in the environmental services and technology sector.

Finally changing attitudes among young entrepreneurs who seem to favour a new mix of making money and social purpose could produce a new wave of social start-ups: commercial businesses with a stronger sense of social mission at their heart, along the lines of Innocent drinks.

Policy could play several roles in furthering the socialisation of mainstream business through: helping open up new ethical markets; regulation, for example on environmental standards; changes to corporate governance towards more social forms of accountability.

Scenario 2: socialising public services

The socialisation of the state and public services.

The UK social enterprise sector is heavily dependent upon state funding and contracting out, especially in social care and local government services. In some respects the social enterprise sector has become a creature of public funding and an alternative to in-house public services.

The main forces behind this scenario will be: the growth of more open markets in public services, for example through individual budgets; decentralisation to local government and communities; innovation to tackle emerging social challenges.

A good example of the first is the potential for the voluntary and social enterprise sector to play a much larger role in provision of social care as individual budgets come to play a larger role.

As public services allow more choice and personalization, so social enterprises could play a larger role as service providers, brokers and navigators. If individual budgets spread into health and education then it's likely there will be growth in public social enterprises in these sectors as well.

Moves towards more decentralisation and community ownership of assets could allow new growth of local mutuals, for example owning local assets such as parks.

Environmental policy might create new social carbon trusts to manage local carbon budgets.

Another possibility is growth of social enterprises around public priorities such as community safety and long term health conditions.

Scenario 3: politics – social enterprise and social movements

Social enterprises often emerge as the business expression of a social campaign or movement addressing a social need. The original cooperatives and mutuals emerged alongside the growth of trade unions and the Labour Party. Movements around child care, mental health and learning disabilities for example have produced both campaigns to change legislation but also new services for client groups.

One way to plot the future of social enterprise is to examine the possible development of the social movements and campaigns that could spawn them.

Changes in technology, the growth of Web 2.0, are creating a new information and media backbone for democracy, allowing many more people to have their say in debates but also to mobilise one another in local action.

Web 2.0 allows campaigns to be ultra local, organised around specific communities of interest and also global in scope. New social movements and campaigns may spawn social enterprises at similar scales. Some of these are likely to adopt Web 2.0 business models themselves.

Scenario 4: social enterprise and new forms of volunteerism

Social enterprises are sometimes based on a charity or a form of volunteering, for example a charity's commercial arm.

However Web 2.0 has also given rise to growth of a new voluntary/social economy, the prime example of which is probably Wikipedia, the free encyclopedia created largely by volunteers. Open source software – also often created by volunteers – is another example. In the Netherlands a new social network for elder care has been created in which people in different parts of the country agree to keep an eye on their relatives. Time Banks are another model for organised volunteering.

This scenario would explore the potential growth of social enterprises that could organise this new kind of reciprocal and voluntary economy which already plays a critical role in community groups and in social care networks.

Social enterprises could emerge to organise and promote these new forms of social, open source and wiki style activities. Social enterprise's main impact on society would be through an expansion and transformation of the voluntary sector.

Conclusions

The paper's conclusions would try to draw some general lessons about the role of the state and business in supporting social enterprise, models of governance and ownership of both public and private assets and the changing character of 'social enterprise'.

The long-term future of social enterprise depends on whether it has organizational strengths to cope with future developments: for example the ability and motivation to innovate in embryonic markets that are too small for large organizations and closeness to customers, ability to use new social technologies of the web.

The paper will conclude with some of the key questions/dilemmas for policy-makers and social enterprises themselves in positioning for the future.

What is the future of social enterprise within ethical markets?

Alex Nicholls

Dr Alex Nicholls is the first lecturer in social entrepreneurship appointed in the UK, as part of the Skoll Centre for Social Entrepreneurship, University of Oxford. He has developed particular interests in fair trade, business ethics and the interface between business, the public sector and society. Dr Nicholls is widely published in peer reviewed journals and is the co-author of a major research book on fair trade, as well as a collection of key papers on the state of the art of social entrepreneurship globally.

Introduction

The rapid growth of ethical consumption in the UK over recent years – particularly Fair Trade and organic products – has demonstrated a systemic shift in the public perception of the nature of modern supply chains. At the same time, Socially Responsible Investment funds have mushroomed around the developed world, suggesting that there is investor appetite for economic returns that also generate social and/or environmental benefit (or, at least, do no harm). At a policy level, the UK government has been at the forefront of moves to enable and encourage the proliferation of social enterprises as part of both welfare services delivery and community regeneration. The impacts and influence of these three examples are empirically proven and demonstrate that all three of the conventional sectors of society – public, private, citizen – are playing a part in reassessing the value creation opportunities offered by market (or quasi-market) mechanisms.

However, the time is ripe for some more ambitious thinking to build on these ethical market foundations. Through both conceptual modelling and empirical case studies, this report will suggest that government has a unique policy opportunity to exploit this ethical turn in the behavioural economics of modern society. There is clear evidence that conventional notions of the ‘invisible hand’ as portrayed in the atomistic individualism of neo-liberal interpretations of economic theory is giving way to a more ‘regarding’ society that values community, reciprocity, and authenticity above isolated self-interest. This provides the seed bed for the development of more expansive visions of ethical markets that can shape the next generation’s attitude to work, society, and the environment. This report will explore three practical dimensions of this opportunity for change.

Objectives of report

1. To establish a forward-looking model of ethical markets that reflects both praxis and theory
2. To broaden the discourse around ethical markets both conceptually and sectorally
3. To inform the development of effective public policy to support the growth of ethical markets in the UK
4. To offer alternative scenarios of future ethical markets

Structure of report

The report will fall into three sections:

1. Context

This section will introduce key concepts, build a new, more holistic model of ethical markets, and set the historical background for the subsequent analysis. Three questions will be addressed:

- What is the landscape of ethical markets currently operating in the UK?
- How has this landscape developed over time and why?
- How far have social enterprises driven the development of such markets to date?

2. Emergent scenarios

- Where can social enterprises leverage their influence most in growing existing ethical markets?
- What new and emergent ethical markets could be developed/fostered by social enterprises?
- What can be learnt from non-UK examples?

3. Policy implications

- How can UK public policy support the growth of ethical markets?
- What are the larger policy implications of growing ethical markets?
- What are the risks and dangers of new policy initiatives to support the development of ethical markets?

Conceptual basis

The report will develop a value chain model to explore points of leverage and opportunity for new and growing ethical markets. Along each point of the chain new opportunities for social value creation will be identified in the context of extant and emerging ethical markets. For example, Fair Trade represents a new model of community trade justice at the start of the value chain and green technologies offer new value adding mechanisms in the production and distribution phase. In addition, a holistic account of the context of a range of value chains will be used to suggest macro-level opportunities for ethical markets. These will centre on the development of new models of social finance, as well as growing the ethical consumer market segment.

Methodology

The report will use a case study methodology based upon a combination of new analyses of existing semi-structured interviews already carried out by the researcher and new desk research. Given the timelines of the project there will be only limited opportunity for new data collection. Five short cases – from a range of countries – will be developed to underpin the analytic arguments of the report, including:

1. a Fair Trade social enterprise
2. an environmental social enterprise
3. a mainstream 'ethical' retailer
4. a social finance intermediary organisation
5. a public-social enterprise partnership

Policy agendas

The report will develop policy recommendations across three dimensions:

- education: new curricula for secondary schools and higher education
- community economic development and cohesion: new exchange and connection models that build social and economic capital across geographically distant groups
- fiscal policy: new VAT recommendations for ethical products as both a low-cost market growth strategy and a key policy signalling device

How can measuring and communicating social value make social inclusion competitive?

Jeremy Nicholls

Jeremy's work covers a range of areas relating to value creation and accountability. He started the Cat's Pyjamas in 2002 which runs programmes to stimulate social innovation and social entrepreneurship and he works with Responsibility North West, a programme to increase the extent to which small businesses manage their social environmental and economic impacts. He is a fellow of the new economics foundation (nef) where he is developing approaches to social return on investment and a founder and director of the Beta Model which provides online access to reports on trends and dynamics in business size and numbers in the UK. He is an associate Fellow of the Said Business School in Oxford and a member of the European SROI Network.

This paper would overlap between the future of social enterprise and innovation within social enterprise.

The major transformations in history have involved new ways of measurement and reporting. It is common to see these as related developments but not always to recognise that the interrelation between changes in the way people organise and changes in the way people can measure is critical to transformation. For example, the agricultural revolution in what is now the Middle East was associated with development of writing and numbers that allowed agricultural surpluses to be stored and traded; the development of trade expanded following the development of double entry book keeping in Venice; the industrial revolution was possible only after developing new ways of measuring in physics; and the expansion of the joint stock company was only possible with the development of accounting and audit. All these allowed societies to create value as new systems allowed innovation.

If there is to be a shift in the way people organise economic transactions then there needs to be new ways of measuring and communicating the value being created. New ways that are aligned with the demands of people recognising that the pursuit of personal wealth is not resulting in increases in happiness and will often, and increasing commonly in a global market, lead to increasing costs that offset any increases in income. Could a common approach to managing social value could release the same scale of social value as accounting practice and the joint stock company released in financial value?

Alongside all the optimism that is being generated by discussions of social, sustainable and responsible enterprise, the importance of new ways of measuring is something of a backwater. And yet a new form of social plumbing – which is what all the measurement systems that have been developed over the years can be described as – is fundamental. Plumbing only becomes interesting when the water stops flowing and the toilet stops flushing.

Currently discussions of the future of social enterprise often look ahead to a time when there are more social enterprises, which must imply that delivery of a wide range of goods and services is possible for this model, both ensuring inclusivity in method of delivery and also in the goods and services that are being delivered. Either this increase in social enterprise is based on an increase in the share of economic activity being carried out by organisations with particular legal forms, which may be

the goal of some, or it is being carried out by organisations which can evidence the value they create. Current discussions of the overlap and difference between small businesses, perhaps involved in CSR, and social enterprise still retain a focus on some business models and the nature of profit rather than a focus on the value being created.

If social enterprise as a way of doing business is to become more than the way of delivering services that address the results of the inequality (that can arise from the accumulation of trading in markets) then the understanding of value will have to become relevant to other business models.

Any new approach to measuring value need not result in new ways of reporting value in balance sheets. If changes in markets result in an increase in demand for goods and services which generate equality, in which actors can evidence their understanding and management of impact and the relationship between their values and the value they create, then they will be more competitive and outperform (whether performance is growth, viability or profit) those that do not. But it will require management systems that provide that evidence.

Neither, in the short term, does it require all organisations to wake up tomorrow and use the same system. Those that do would be more competitive than others. Nonetheless all the examples of changes in measurement listed above have required supporting system-wide legislation to ensure consistency in approaches. There is after all already considerable legislation around many social and environmental issues, for example health and safety, age discrimination, but these do not require an understanding of the relationships between values, products and services, markets, legislative compliance and value creation.

There are a variety of approaches to measurement of social value being considered. GRI, Accountability, social accounting, sroi, to name a few, are all striving to solve the problem and often seemingly expected to achieve a level of complexity to the answer that has taken the accounting profession 100 years, a profession still debating the correct way to account, for example, for derivatives. Nonetheless there is a developing consensus on the principles of a shared approach and a growing interest across Europe.

This proposal is for a paper on the importance or otherwise of measuring and then selling and buying social value, the challenges we face to increase convergence between existing approaches and proposals and suggestions to overcome these challenges. This will probably require agreement on a set of principles that underpin methods of accounting for social value.

How can innovation in social enterprise be encouraged and spread?

Andrea Westall

Andrea Westall is an independent policy analyst, researcher and writer with expertise in social enterprise and enterprise policy. She has worked as an adviser to the Social Enterprise Unit and was a founding director of the Social Enterprise Coalition. Previously Andrea was Deputy Director of the New Economics Foundation; Director of the Policy Unit of the Foundation for Entrepreneurial Management at the London Business School and a Senior Research Fellow at the Institute for Public Policy Research.

Overview

This paper will look at how innovation in social enterprise can be understood, encouraged and spread. It will also explore the ways in which the concept of 'social enterprise' itself challenges existing categories and ways of working, showing how these practices can illustrate different ways of conceiving and implementing public policy or of doing business.

The think piece will explore all stages of innovation from the generation of new ideas, to organisational and individual practices to diffusion and dissemination. It will take a critical look at the different ways in which the idea of 'innovation' has been conceived and used by different groups such as business and policymakers, showing how the primacy of the high-tech product orientation of much language and practice has limited relevance to social enterprise. Using a range of thinking techniques and creativity approaches, it invites the reader to become aware of their own frames of reference and see how this affects their view of 'social enterprise' and 'innovation', the possibilities and the potential ways forward for different stakeholders. It will also point out how interventions from a range of actors, by focusing on various aspects of innovation, can enable or disable different activities which may be more or less useful to society or to public policy outcomes.

The paper will also look at the relative extent of different innovatory practices and evidence across the spectrum of social enterprise activity, divided in a range ways, for example, by kind of organisation, size, sector and type of innovation. A particular focus of the work will be to explore 'systems of innovation' (not just individuals, networks of organisations) to see how social enterprises interact, innovate and diffuse or scale their ideas, particularly if their goals are in fact also systemic change of some kind.

The think piece will build on and develop an existing evidence base that is broad and useful with respect to innovation in mainstream business, partial but developing in public services, and virtually non-existent, except in anecdotal form, in social enterprise.

The research and suggested practice will be applicable to supporting innovations in public service delivery and local community development but also to creating other social, environmental and economic outcomes as well as exploring how innovations in internal processes might also be useful to public policy as well as to social enterprises (and other players) – for example, employee incentives, governance models,

motivation, achievement of combined economic, social and environmental goals, or sustainability.

A key element of the paper will be to explore the truth of a range of assumptions made about innovation and social enterprise. For example:

- *That innovation for social enterprises is particularly relevant to and exemplified by local service delivery.*

The brief says that social enterprises are “especially innovative, creative and flexible in finding new ways of providing effective services to the local community”. There is currently no evidence that innovation is necessarily more apparent in local service delivery than in other types of outcome. Social enterprises can also operate in regional and national markets or in product creation. Some social enterprises are primarily focused on how individuals are empowered and engaged in delivering goods that are little different from those of mainstream private sector providers, for example, through co-operatives.

- *There are distinctive skills of social entrepreneurs and social enterprises that need to be teased out.*

It is highly unlikely that there are specific and distinctive skills since social enterprise is not a distinct category of organisation (it blurs with the voluntary sector, private sector and public sector). However, given the hybrid nature of social enterprises – business and social aims – they adopt novel ways of structuring relations between stakeholders, creating sustainability, meeting social and economic need.

- *That innovation is always a good thing.*

A constant search for newness can be to the detriment of making existing ideas and practices work in context. Innovation is often about applying what is known in new contexts and adapting to new needs and circumstances. This is part of effective ‘diffusion’.

- *That social enterprises are all innovative.*

Many social enterprises, like many organisations, will not be innovative in all or any areas of their performance.

What is innovation to the public sector, may be business as usual to organisations that are social enterprises. Since social enterprises are not a new phenomena (although constantly changing), issues around, for example, different forms of governance, employee incentives, marrying social values with economic goals are well known to particular kinds of social enterprises, but need to be articulated and re-presented.

Overall, this paper will therefore explore:

- all stages of innovation and the complex interactions between them;
- the systems of innovation in which different kinds of social enterprise find themselves, for example those that are focused on local trust-based service

- delivery or those that concentrate on international markets as well as different types of social enterprise – development trusts or co-operatives for example;
- different types of social enterprise innovation such as product and service creation and delivery, sustainability of the organisation, governance and engagement of stakeholders, attitudes and behaviours of participants supported by frameworks such as relevant incentives, mission etc.;
 - the skill sets, governance and management frameworks that support innovation;
 - the extent to which social enterprises can be seen to be innovative and in what areas;
 - the specific relationship between different forms of innovation and the ongoing achievement of social, economic and environmental goals and impacts;
 - suggestions of practical ways in which different stakeholders, including the public sector, can support the development and diffusion of innovation between social enterprises, and between social enterprises and others such as the voluntary sector, mainstream business and the public sector. These solutions may already exist but in different contexts, be extensions of what already exists, or be new ways of supporting innovation.

What is the role of social enterprise in creating and maintaining employment for disadvantaged groups?

Mike Aiken

Dr Mike Aiken is a social researcher who has specialised in third sector research and the related policy environment since 1996. He is an active researcher in the social enterprise field and is engaged in several associations in this field including ISTR (International Third Sector Research) and EMES (European Social Enterprise Research). He is a research officer at IVAR and a visiting research fellow at the Co-operatives Research Unit, Open University.

Introduction

Over the last ten years there has been a significant growth in the recognition of the role and importance of social enterprises in the UK. There have been important institutional developments, such as the founding of the Social Enterprise Unit in the DTI and the Office of the Third Sector. This has created an important national policy framework for research, policy development and support structures in the sector as well as keeping the issue high on the agenda of government and other agencies. The successful introduction of the new legal structure of CICs has also been an important step. Shifts in procurement policies in terms of the delivery of public services (Audit Commission 2005¹) alongside funding and advice services have also been significant drivers in the field. Survey results on the size and scale of the sector, while at times conflicting, provide base lines from which to assess the population of social enterprises.

For researchers in the field, the Social Enterprise Research Conference, initiated at the Co-operatives Research Unit at the Open University and now developed by South Bank University, has become an established part of the calendar. It has been accompanied by the Social Enterprise Journal which was established as a pilot within Social Enterprise London. The opportunity to now reflect on the existing evidence base with specific key themes, and to open opportunities for debate and influence is an important and welcome initiative by the Communities and Local Government and the Office of the Third Sector.

Policy Context: Social Enterprises and Employment

Employment role of social enterprises: some immediate issues

Employment remains an important policy issue in the UK despite historically low levels of unemployment. It is often claimed that social enterprises can undertake an employment role and be a 'better employer' alongside delivering social or environmental products. However, this has raised a number of questions in several recent and current research projects conducted by colleagues at the Open University². Here are just four current dilemmas we have seen emerging which illustrate a nestled set of issues that could be examined together.

¹ Audit Commission (2005), Government Funding of Voluntary and Community Organisations, Working with the Third Sector Conference QEII Centre, London, 30 June 2005.

² Aiken, M. (2007) 'UK: Strukturen und Entwicklungstendenzen/ Structure and development trends in the UK policy on work integration' Aktiv Arbeitsmarktpolitik und Überwindung sozialer Ausgrenzung - Europäische Politikstrategien und Bewertungsmethode EMDELA dissemination conference, Zoom E.V. & Justus-Liebig-Universität, Giessen, 1-2nd March, 2007 Giessen, Germany.

- There has been little analysis of if, how, and where **social enterprises can deliver training and employment to disadvantaged groups** and the institutional, financial, and management barriers to developing this role. The debate on the future of the quasi-government REMPLOY for disabled people highlights many of the themes which apply to smaller set-ups. From UK and European research in this area we can draw together insights on the dynamic interaction of social enterprises operating in both ‘social inclusion’ and ‘productive’ markets with public policies around active labour market, social inclusion and decentralisation.

- **The distinction between ‘disadvantaged and ‘non-disadvantaged’ workers can be extremely blurred** in some localities. In mainland Europe ‘work integration’ approaches have been seen as having a vital contribution to overcoming social exclusion. They have utilised the local connectedness of third sector organisations combined with a social enterprise orientation to train and provide transitional work for hard to reach groups. But apart from such ‘specialised’ work integration organisations we should also be aware that in disadvantaged areas third sector organisations can often be the most significant employers whether we are considering the ‘disadvantaged’ or the ‘core’ staff. This can be the case whether or not they are targeting disadvantaged explicitly for work. A good example to consider here are the multi-purpose community anchors³ such as Development Trusts, larger Community Centres, and Settlements and Social Action centres which may generate 200+ jobs in poor localities.

- **Worker involvement?** We have found low levels of worker involvement in governance issues in many types of social enterprises. This was partly due to regulation and statute – for example board membership by paid staff in charitable organisations is seen to create a conflict of interest. It is sometimes seen as a competence issue by some social enterprises: would board membership or a representative council over-politicise the management? This may be particularly the case where there are large numbers of entry-level workers with low skills or people with learning disabilities who it can be felt will not be able to understand the discussions sufficiently. It can also be seen to conflict with a ‘business orientated’ approach to management which may require the organisation to compete in markets and need professional and qualified managers or directors to take decisions. Where the social enterprise is operating in tough marginal or niche markets there can be an additional imperative to ‘get it right.’ Worker co-operatives often have much higher staff involvement – even with a partially disadvantaged workforce – nevertheless there can be more subtle informal mechanisms that can act as excluders.

- **Contracting environment: squeezing smaller social enterprises?** There appears, in certain sub-sectors, to be a tougher contracting environment arising: with contracts bundled in two ways: *laterally* (increasingly demanding a wider range of services e.g. recycling *and* street cleaning and waste collection) and horizontally (demanding a regional or national spread in order to cover risk factors and to gain the demanded economies of scale). Both of these tendencies are tending to squeeze the margins for smaller, local and community-based providers making it harder to offer good or empowering working practices.

Aiken, M. with Spear, R. (2006) ‘Subsidised Employment in Britain: background and dilemmas’ Subsidized employment: experience in Metronet partner cities conference, 18 Parnell Square, Dublin 5 – 6th September 2006, Publicly Subsidized Employment in Europe project organised by the Dublin Employment Pact.

³ Community Alliance (2006) Community Anchors – see www.communityalliance.co.uk, Corsham Street, London E1.

3.2 Policy context: some contradictory tendencies?

The policy context for social enterprises is at times contradictory at local level, with a lack of decentralised powers for sub-regional public agencies, with short term contracts inhibiting long-term partnerships. For example, Job Centre Plus contracts to social enterprises are offered regionally – partly it seems due to reductions in civil servants which make managing many local contracts costly. The Freud Report (2007)⁴ seems set to favour larger bigger players to engage in workfare contracts while the Local Government White Paper (November 2006)⁵ seeks to encourage more decentralisation.

Not-for-profit organisations have maintained their ‘freedom’ to select funds however this must largely be undertaken within the framework of national policy tied to programme funding. With the impending end of European Social Fund programme funds to areas of industrial decline, local actors are seeking other sources. The mixing of social programme funds from different sources to provide a flexible service is something pioneered by organisations like Childcare Works – a social enterprise programme initiated by a not-for-profit in Glasgow. Nevertheless such approaches have involved them in high transaction costs in investigating and managing so many income streams.

A different approach to funding is where social enterprises aim to capitalise on a trading stream to generate funds and thus operate outside, or partially outside, public sector income. This has been undertaken by FRC in Liverpool: using trainees to undertake productive work alongside a training provision for the trainees.⁶ This provides freedom from public sector managerialism nevertheless it is probably only effective where trainees are not far from the labour market. There are examples too of where local authorities have set up ‘arm’s length’ subsidiaries to undertake regeneration work including employment and training elements using a mixture of public funds (e.g. Renaisi in East London).

An important issue here around social enterprise and employment may turn out to be to what extent is there flexible local decentralisation that is not ‘backdoor centralism.’ Are centrally determined outputs or outcomes in fact giving little room for local decision making in practice and impeding the development of good employment practices?

Sector linkages and support structures: lumpy

In addition to the above considerations the social enterprise sector is itself ‘lumpy’ in terms of mutual intra-organisational support structures, sharing of services and umbrella bodies. This can be within regions or within sub-sectors. The result can be a sector that, in places, can be ad-hoc, isolated and characterised by ‘heroic’ stand alone projects. How far are collaborative approaches, mergers or strategic alliances being utilised successfully in scaling up?

Think pieces

Some starting questions are: what is needed at a policy level (locally and nationally) and what are the financial, organisational and governance needs of social enterprises to enable them to deliver their promise of a triple bottom line of environmental,

4 Freud, D. (2007) Reducing dependency, increasing opportunity: options for the future of welfare to work, London: DWP.

5 NCVO (2006) Briefing in the Local Government White Paper 2006: strong and prosperous communities, London: NCVO.

6 Spear, R. & Aiken, M. (2003), Gateways into Employment: UK work integration, NCVO Research Conference, Birmingham, UK, 2-3 Sept 2003

(<http://technology.open.ac.uk/cru/publicatold.htm>)

financial and social benefits *with a focus on employment issues*? A ‘think piece’ provides an excellent opportunity to connect the research to peers and policy makers.

Rationale and Aims

Rationale

Within the time allocated there is little scope for primary research. Indeed an important and unique part of this project is the opportunity to bring together existing research and take time for critical reflection on the literature. Drawing on three advisers, who have agreed to act in this capacity, additional seams of experience, research and critical insights can be accessed. Undertaking a few ‘reality check’ interviews to some targeted policy and practitioners towards the middle, and possibly end, of the project will be undertaken.

Aims of the ‘think pieces’

At this stage we see the project aims as:

- to draw together a ‘state of the art’ analysis of existing sources of data and expertise on social enterprise and employment activities
- to add new ideas about social enterprise and employment activities
- to encourage debate amongst policy makers, researchers and practitioners on issues uncovered

Notes

Advisers

In addition to Mike Aiken, three advisers will be involved in the project to reflect on the development of the paper and suggest ideas. The responsibility for the paper will remain with the author.

Rob Paton (Professor of Social Enterprise) Open University Business School.

Rob has extensive experience over a 20 year period in the management and development of social enterprises in one of Europe’s largest management schools. He has taught, researched, written and spoken as a key note speaker extensively in social enterprise forums. Recently published: *Managing and measuring social enterprises* (2003).

Roger Spear (Senior lecturer in systems theory) Faculty of Technology, Open University.

Roger is chair of the Co-operatives Research Unit, vice president of the EMES European research network on social enterprises) and was the chair of the International Co-operative Alliance. His major interests have been on innovation and development in social enterprises and co-operatives. He has been the research director for several major projects over the last 10 years investigating third sector organisations undertaking work and training activities for disadvantaged. Recently published: *...Mobilisation of social capital in European Social Enterprises* (with Lars Hulgård 2006); *Tackling Social Exclusion in Europe* (joint editor 2001); *UK – a wide range of Social Enterprises* (2001); *Success and Enterprise* (ed. with Voets, H 1995).

Peter Ramsden – Director of Inclusion (formerly the Centre for Social Inclusion CESI)

Peter has been director of Inclusion since September 2006 and a Board member of the East Midlands Development Agency for the last five years. He has worked for Freiss Ltd and for the European Commission and was a senior lecturer at Sheffield Hallam University. One of his major skills is in public policy development and he has key knowledge in labour market economics and enterprise and social exclusion. Recently published: *Evaluation: The Phoenix Development Fund* (2005); *Policy measures to promote the use of micro credit* (et al 2005); *The Competitive Inner City* (et al 2002).