

## **Social and Community Enterprise – an alternative business model for the 21<sup>st</sup> century.**

### **1 Community Enterprise to Social Enterprise**

Shift in emphasis – from belonging to and benefiting the community to social purpose and social entrepreneurs  
Now use terms interchangeably – but there is an important issue....

### **2 Why do we do social enterprise?**

**Why is it important?**

**What is meant by “an alternative business model for the 21<sup>st</sup> century”?**

Need to understand what drives the concept, what are the values which underpin it, what makes it different from other forms of business.

Therefore want to identify the key values-based characteristics of social and community enterprise:

#### **2.1 Working for Common Good – aka “having a social purpose”**

= social (people) + environmental (planet) + economic (local economy) – not to be confused with financial performance (= sustainability)

CICs

The triple bottom line for social enterprises – different from the private sector.

ICOF

Also – undertaking “good work” - that is not harmful to people, planet or local economy.

#### **2.2 Non-profit distributing (rather than “not--for-profit” or “non-profit”) and closely linked: holding **assets in trust****

Surplus ploughed back to strengthen the enterprise, or start new, or in some other way benefit the community – but not to benefit private shareholders or directors.

Where capital has to be bought it will be given a reasonable rate of return – but no more

Asset lock –  
model CB  
constitution and  
CICs

And assets held in trust for the “community” (however defined – geographical or interest) and may not be sold off to benefit individuals.

- 2.3 **Accountability** to constituency  
 Geog or of interest – acknowledge stakeholders  
 Achieved usually though some form of democratic, open membership structure based on the co-op principle of one member one vote  
 Strengthened through developing channels of communication and consultation with stakeholders Has to be worked at
- 2.4 **People-centred**  
 Adopting good employment practices for all workers – paid and not paid Pay ratios  
 Ensuring that work is “good work” – non-exploitative, safe, enjoyable  
 Adopting inclusive practices and ensuring that all people are treated well and without discrimination
- 2.5 **Environmentally sensitive**  
 Adopting sound light-footprint policies and practices  
 Cannot be socially responsible now without being environmentally responsible Soc ents have taken a while to acknowledge and act on this
- 2.6 **Fair-trade**  
 Where do we buy from? Local? Social enterprises?  
 Fair-trade companies?  
 How do we treat our suppliers?  
 What policies and practices do they have?
- 2.7 **Independence**  
 Of government and of capital  
 Financial sustainability crucial + acquisition and growth of assets – also as we shall see later – nature of the work undertaken by social ents – need to avoid becoming just an extension of the State
- 2.8 **Co-operation**  
 Working together as a movement – building social capital  
 UK coalitions Tim Barnett?  
 Make poverty history – unity with diversity
- 2.9 **Subsidiarity** – decentralization  
 Do locally what can best be done locally – and delegate upwards (Charles Handy) when there are clear advantages UK questions where SEs winning contracts nation-wide

- 2.1 **Engage in trade** – defining characteristic  
 0 To a greater or lesser extent –  
 And to a clearly growing extent as more vol orgs move into enterprise and income generation
- 3 **A modern mixed economy of three systems**  
 Private – profit oriented – market-driven  
 Public – planned – non trading  
 Social economy – straddles market-driven and planned; trading and non trading
- Circles of scale from neighbourhood to international  
 The social economy continuum – movement – blurred distinction between social enterprises and others –  
 Social enterprises often come from small beginnings -
- Diagram  
 Note would extend soc econ to whole third system now  
 Concept of public service.  
 Rochdale pioneers  
 Coin St + GWL  
 Community markets
- 4 **Scale of the social economy** – and recognition in the UK  
 55,000 in UK; 5% of all businesses; £8.4bn = 1% GDP; 500,000 employees + 200,000 volunteers  
 Probably understated = + small community organizations like Harburn Village Hall; + older co-ops and remaining mutuals (Co-op Congress); + credit unions; + housing associations; + vol orgs and charities that increasingly trade  
 No longer a bit player and acknowledged as such; aim to be part of routine consultation alongside CBI and TUC.  
 A growing part of the economy with some very different ideas about what the economy and economic activity is all about – common good rather than unbridled profit and personal gain; quality of life; quality of environment.  
 “people and the planet before profits”
- All political parties.  
 Social Enterprise Zones.  
 Robert Crawford.
- Scandal of pay-offs  
 Bhutan – GNH

## 5 **Proving the added value**

Importance of demonstrating the social added-value achieved

Have we done what we said we would do? what impact has it had?

Ethical imperative to explore this and report on it – owe it to ourselves as well as to our stakeholders, to our investors and to the wider society

= social accounting and audit - a process to clarify Objectives & Activities; to articulate Values; to acknowledge and consult stakeholders; to gather information and produce social accounts and have them independently audited.

Trailer for workshop

Closely linked to the need for SEs to demonstrate their value is the need for society to know when an enterprise is a bone-fide social enterprise

Hence the need for some form of kite-mark – like the fair-trade mark or organic certification

So that we can spot the “usurpers dressed up as social enterprises” – J Bland

Experimentation in SW England;

Precedent with co-operatives in the 1970s

Need a very clear and acceptable definition based on the values plus some form of regulation which includes annual confirmation that it is performing and operating as a social enterprise

CICs again

## 6 **What do social enterprises do?**

Anything.....but some trends apparent:

Health services

Care services – elderly and handicapped

Children and young people

Waste and recycling

Renewable energy

Employment creation – for people experiencing barriers to employment – labour market initiatives

Workspace (incubator) and local economic development

Training

Area development

Leisure services

Transport

Community shops

Social housing

Examples....

Anytown vision and diagram

Community  
Anchor  
Companies

### **Some important issues to consider:**

- Becoming an extension of the state or an alternative to state provision
- Being boxed into just dealing with disadvantage and poverty rather than being seen as a alternative business model throughout society
- Being seen as a cheap, lower cost alternative to mop up what the private sector will not, cannot do
- Therefore essential that the true cost of providing certain services in certain difficult circumstances is recognized – full cost recovery, even subsidy
- Making procurement of public sector contracts more accessible to social enterprises – by specifying accordingly – talk of a level playing field – I would prefer a tilted playing field.

## **7 How can we build the social economy?**



8

### **Finally**

Exciting moment – people seeking a concept on which to focus which can be an alternative to private business and to public sector – not necessarily to substitute for them but to be an equally valued system and one that brings with it quite different perspectives. A political choice – to grow the third system because of what it stands for.

“Every issue we face demands a collective response: climate change and flooding; terrorism; housing crisis; insecurity at work; immigration; the ageing population – free market not the solution – often the problem”

“make society master of the markets”

If social enterprise is to be that alternative we must work together not only within countries but around the world.

Unity is essential and to achieve unity it is necessary to be relaxed about diversity of detail while being firm about fundamental principles.

Good luck in your endeavours!