

John's Recent Random Thoughts

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I feel that social enterprises should no longer try and totally distinguish themselves from the voluntary/community sector but rather see themselves with vcs as part of a wider social economy which is quite different from the private and public sectors and which has common key values and an over-riding sense of community benefit purpose. It is often difficult these days to distinguish between a social enterprise and a vcs. That would mean that the debate about added-value etc is about the whole social economy and not just one sub-set - which is itself a collection of further sub-sets!

For me there are perhaps three reasons why social economy organisations want to engage in social, environmental and economic reporting. First, is to demonstrate to themselves and to their stakeholders that they remain true to the key principles of being a social economy organisation and their values; second, to explore and report on their performance of what they do and its impact; third, to identify and report on the "extra stuff". Sometimes the extra stuff and impact may be the same.

Showing that they are true to key principles leads of course to the argument that there should be some over-arching registration/regulation process for social economy organisations such that they may apply for the "kite-mark" and in order to obtain and retain it they are required to produce annual evidence that they remain true to the key principles (as was introduced in the CIC legislation - and in the 70s for worker co-ops as part of the ICO Act). I think the social economy should be lobbying for such registration and regulation. It may be also that in addition to the generally accepted fundamental principles to do with social purpose, non-profit distribution, democratic governance etc might be added certain "operational" principles to which social economy organisations are expected to adhere - for example "good work" in the sense of fair and just rewards, good human resource management and non-exploitative work; fair trade both in the usual and in the local economy sense; as light as possible environmental footprint; and paying reasonable (capped) returns on investment.

My experience is that organisations are slowly recognising the need to explore impact as well as performance and are beginning to look for ways of doing that. It will take time as it is easier to report on performance, but it has been a significant achievement of the Q&IP to put impact firmly on the map.

Although I have like others often used the phrase "added-value" I am not sure now I think I know what we mean by that - therefore your debate is certainly important. There could be a down-side to the concept if government and others think they are getting something for nothing. It may be that the added-value of a social economy organisation will be what they pay for out of profits or do instead of making profits. That should be their choice and not something that others expect to determine unless there is quid pro quo such as reduced rates of corporation tax, lower rates of VAT etc for recognised social economy organisations.

Sometimes impact will be the added value as when the contract giver specifies not only what should be done but what consequences are expected. But more often added value will be what social economy organisations do on top of their contracts - the extra stuff. I recently audited first social accounts prepared by a school where they had selected a social objective to explore and report on which they see as being additional to what they are required to do as a school. In future they hope to identify and explore other such additional objectives.

I think it is helpful to distinguish process from tools. A process, such as social accounting and audit, provides a framework for an organisation to think about and act upon exploring, measuring and managing its performance and impact. But for that process to be effective different tools are needed for different situations. Continually building up the toolkit will be an important way of making it all simpler for organisations - some tools will be simple sets of questions or techniques for asking questions, others will be more complex such as LM3. But to build such a toolkit requires a degree of co-operation and sharing.

I suspect that some people are still looking for a quick fix to be able to demonstrate their added-value in all its dimensions. But it is not something that can be done too simplistically if it is to be meaningful and worthwhile. And there is no doubt that some organisations shy away from the need to commit resources, and social accounting (or whatever) slips down the to-do list because it is a voluntary effort and not a requirement. Were it a requirement then people would find the resources and commitment. (Equally were the requirement a consequence of regulation (kite-mark) and the quid pro quo some fiscal advantages for registered social economy organisations then it would be and would seem to be much more affordable).

Our experience has very much been that organisations respond to having support (carrot and stick) and having someone to link them to how others have done it and what tools are available. Working in clusters also seems to bring the advantage of learning from and supporting each other. However a weakness has been the failure to acknowledge that some support continues to be required if organisations are going to continue with the process over a number of years. Expectations that an organisation can learn how to do it and do it once and then have it embedded for all time were naive - especially when there is no external pressure. So yes, there is an important role for intermediary organisations to offer guidance and support.